



**Far North
District Council**



Te Kaunihera o Tai Tokerau ki te Raki

AGENDA


Assurance, Risk and Finance Committee Meeting

Wednesday, 31 August 2022

Time: 11:00 am
Location: Council Chamber
Memorial Avenue
Kaikohe

Membership:

Chairperson John Vujcich
Deputy Chairperson Bruce Robertson
Mayor John Carter
Deputy Mayor Ann Court
Cr Mate Radich
Cr Rachel Smith
Cr Kelly Stratford
Cr Moko Tepania
Member Mike Edmonds
Member Adele Gardner
Reina Penney

 Far North District Council <i>Te Kaunihera o Tai Tokerau ki te Raki</i>	Authorising Body	Mayor/Council
	Status	Standing Committee
COUNCIL COMMITTEE	Title	Assurance, Risk and Finance Committee Terms of Reference
	Approval Date	19 December 2019
	Responsible Officer	Chief Executive

Purpose

The purpose of the Assurance, Risk and Finance Committee (the Committee) is to assist and advise the Governing Body in discharging its responsibility and ownership of finance, risk and internal control.

The Committee will review the effectiveness of the following aspects:

- The robustness of financial management practices.
- The integrity and appropriateness of internal and external reports and accountability arrangements.
- The robustness of the risk management framework.
- The robustness of internal controls and the internal audit framework.
- Compliance with applicable laws, regulations, standards, and best practice guidelines.
- The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.
- Data governance framework

To perform his or her role effectively, each Committee member must develop and maintain

his or her skills and knowledge, including an understanding of the Committee's responsibilities, and of the Council's business, operations, and risks.

Membership

The Council will determine the membership of the Assurance, Risk and Finance Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.

The Assurance, Risk and Finance Committee will comprise of at least five elected members (one of which will be the chairperson), and one independent appointed member.

Mayor Carter

John Vujcich – Chairperson

Bruce Robertson – Deputy Chairperson and Independent Member of the Committee

Moko Tepania

Mate Radich

Rachel Smith

Kelly Stratford

Ann Court

Mike Edmonds

Adele Gardner

Reina Penney

Non-appointed Councillors may attend meetings with speaking rights, but not voting rights.

Quorum

The quorum at a meeting of the Assurance, Risk and Finance Committee is 4 members.

Frequency of Meetings

The Assurance, Risk and Finance Committee shall meet every 6 weeks, but may be cancelled if there is no business.

Power to Delegate

The Assurance, Risk and Finance Committee may not delegate any of its responsibilities, duties or powers.

Committees Responsibilities

The Committees responsibilities are described below:

Financial systems and performance of the Council

- Review the Council's financial and non-financial performance against the Long-Term Plan and Annual Plan
- Review Council quarterly financial statements and draft Annual Report

Far North Holdings Limited (FNHL)

- Recommend to Council the approval of statement of intent and Annual Report (s67 LGA)
- Receive 6 monthly report on operations (s66 LGA)
- Receive quarterly financial statements
- Recommend appointment of directors of FNHL

Risk Management

- Review appropriateness of Council's risk management framework and associated procedures for effective risk identification, evaluation, and treatment
- Receive and review risk management dashboard reports
- Provide input, annually, into the setting of the risk management programme of work
- Receive updates on current litigation and legal liabilities

Internal Audit and Controls

- Review whether management has in place a current and comprehensive internal audit framework
- Receive and review the internal audit dashboard reports
- Provide input, annually, into the setting of the internal audit programme of work
- Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

The Committee will manage Council's relationship with external auditor.

The Committee will approve applications to declare land abandoned and any other such matters under the Rating Act.

Rules and Procedures

Council's Standing Orders and Code of Conduct apply to all the committee's meetings.

Annual reporting

The Chair of the Committee will submit a written report to the Chief Executive on an annual basis. The review will summarise the activities of the Committee and how it has contributed to the Council's governance and strategic objectives. The Chief Executive will place the report on the next available agenda of the governing body.

Far North District Council
Assurance, Risk and Finance Committee Meeting
will be held in the Council Chamber, Memorial Avenue, Kaikohe on:
Wednesday 31 August 2022 at 11:00 am

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1 KARAKIA TIMATANGA – OPENING PRAYER**2 NGA WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Committee and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Democracy Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3 NGĀ TONO KŌRERO / DEPUTATION

No requests for deputations were received at the time of the Agenda going to print.

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

File Number: A3793199

Author: Joshna Panday, Democracy Advisor

Authoriser: Aisha Huriwai, Team Leader Democracy Services

PURPOSE OF THE REPORT

The minutes are attached to allow the Committee to confirm that the minutes are a true and correct record of previous meetings.

RECOMMENDATION

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 23 June 2022 as a true and correct record.

1) BACKGROUND

Local Government Act 2002 Schedule 7 Section 28 states that a local authority must keep minutes of its proceedings. The minutes of these proceedings duly entered and authenticated as prescribed by a local authority are prima facie evidence of those meetings.

2) DISCUSSION AND OPTIONS

The minutes of the meetings are attached.

Far North District Council Standing Orders Section 27.3 states that no discussion shall arise on the substance of the minutes in any succeeding meeting, except as to their correctness.

Reason for the recommendation

The reason for the recommendation is to confirm the minutes are a true and correct record of the previous meetings.

3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or the need for budgetary provision as a result of this report.

ATTACHMENTS

1. **2022-06-23 Assurance, Risk and Finance Committee Minutes [A3763713] - A3763713** [↓](#)



Compliance schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	This report complies with the Local Government Act 2002 Schedule 7 Section 28.
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	It is the responsibility of each meeting to confirm their minutes therefore the views of another meeting are not relevant.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	There are no implications for Māori in confirming minutes from a previous meeting. Any implications on Māori arising from matters included in meeting minutes should be considered as part of the relevant report.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example, youth, the aged and those with disabilities).	This report is asking for minutes to be confirmed as true and correct record, any interests that affect other people should be considered as part of the individual reports.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.

Assurance, Risk and Finance Committee Meeting Minutes

23 June 2022

**MINUTES OF FAR NORTH DISTRICT COUNCIL
ASSURANCE, RISK AND FINANCE COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, MEMORIAL AVENUE, KAIKOHE
ON THURSDAY, 23 JUNE 2022 AT 9:31AM**

CRS PRESENT: Chairperson John Vujcich, Deputy Mayor Ann Court, Cr Rachel Smith, Cr Kelly Stratford, Cr Moko Tepania, Member Mike Edmonds, Member Adele Gardner

CRS ONLINE: Cr Mate Radich (*left the meeting at 10:30am*)

GMS PRESENT: William J Taylor, MBE (General Manager Corporate Services), Dean Myburgh (General Manager District Services),

GMS ONLINE: Andy Finch (General Manager Infrastructure and Asset Management),

STAFF PRESENT: Angie Thomas (Manager – Accounting Services), Sheryl Gavin (Manager – Corporate Planning & Community Development), George Swanepoel (In-House Counsel), Lisa Huria (Manager – ICT Operations and Delivery), Jamie Dyhrberg (Chief Transformation and Technology Officer), Tania Heath (Project Administrator), Rob Cottrell (Business Architect), Rakesh Pinao (Asset Investment Portfolio Manager), Marlema Baker (Democracy Advisor).

1 KARAKIA TIMATANGA – OPENING PRAYER

Chair John Vujcich commenced the meeting and Cr Stratford opened with a karakia.

2 NGĀ WHAKAPĀHA ME NGĀ PĀNGA MEMA / APOLOGIES AND DECLARATIONS OF INTEREST

APOLOGY

RESOLUTION 2022/1

Moved: Cr Rachel Smith
Seconded: Cr Kelly Stratford

That the apologies received from Deputy Chair Bruce Robertson for absence and Cr Mate Radich for early departure, be accepted and leave of absence granted.

CARRIED

3 NGĀ TONO KŌRERO / DEPUTATION

There were no deputations for this meeting.

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES

Agenda item 4.1 document number A3703038, pages 12 - 17 refers

RESOLUTION 2022/2

Moved: Chairperson John Vujcich
Seconded: Cr Kelly Stratford

Assurance, Risk and Finance Committee Meeting Minutes

23 June 2022

That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 27 April 2022 as a true and correct record.

CARRIED

5 REPORTS

5.1 APPROVE ADDITION OF RESOURCE CONSENTS RISK TO ORGANISATION TOP RISK DASHBOARD

Agenda item 5.1 document number A3733521, pages 18 - 22 refers

MOTION

Moved: Cr Kelly Stratford

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee;

- a) approves the addition of the Resource Consents" risk onto the Organisational Top Risks Dashboard;

AMENDMENT

Moved: Deputy Mayor Ann Court

Seconded: Cr Rachel Smith

- b) and that this matter be escalated to Local Government New Zealand and the Crown.

The amendment became the substantive motion.

RESOLUTION 2022/3

Moved: Deputy Mayor Ann Court

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee;

- a) approves the addition of the Resource Consents" risk onto the Organisational Top Risks Dashboard;
- b) and that this matter be escalated to Local Government New Zealand and the Crown.

CARRIED

NOTE: Elected Members request that all graphs/statistics included in the report be scaled for legibility.

Cr Radich left the meeting 10:30am

6 INFORMATION REPORTS

6.1 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 30 APRIL 2022

Agenda item 6.1 document number A3731211, pages 23 - 52 refers

RESOLUTION 2022/4

Moved: Cr Moko Tepania

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 30 April 2022.

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*Tabled Document: Capital Programme Update (Objective ID. A3765426)***CARRIED****6.2 JUNE RISK MANAGEMENT REPORT**

Agenda item 6.2 document number A3732299, pages 53 - 87 refers

RESOLUTION 2022/5

Moved: Cr Kelly Stratford

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee receive the report June Risk Management Report.**CARRIED***Cr Stratford left the meeting 11:10 am – returned at 11:12 am.**Meeting adjourned 11:38 am to 11:49 am***6.3 FAR NORTH HOLDINGS LTD - THIRD QUARTER FINANCIAL REPORT**

Agenda item 6.3 document number A3727235, pages 88 - 95 refers

RESOLUTION 2022/6

Moved: Cr Rachel Smith

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee receive the report Far North Holdings Ltd - Third Quarter Financial Report.**CARRIED****6.4 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 JANUARY - 31 MARCH 2022**

Agenda item 6.4 document number A3732103, pages 96 - 101 refers

RESOLUTION 2022/7

Moved: Member Adele Gardner

Seconded: Cr Kelly Stratford

That the Assurance, Risk and Finance Committee receive the report People and Capability Quarterly Update: 1 January - 31 March 2022.**CARRIED****6.5 TAX GOVERNANCE FRAMEWORK AND POLICY**

Agenda item 6.5 document number A3727308, pages 102 - 108 refers

MOTION

Moved: Deputy Mayor Ann Court

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee receive the report Tax Governance Framework and Policy.

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AMENDMENT

Moved: Member Mike Edmonds

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee **approve** the report Tax Governance Framework **and Policy**.

CARRIED

The amendment became the substantive motion.

RESOLUTION 2022/8

Moved: Member Mike Edmonds

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee approve the report Tax Governance Framework.

CARRIED**6.6 ASSURANCE, RISK AND FINANCE COMMITTEE ACTION SHEET UPDATE FOR JUNE 2022**

Agenda item 6.6 document number A3672062, pages 109 - 110 refers

RESOLUTION 2022/9

Moved: Chairperson John Vujcich

Seconded: Cr Rachel Smith

That the Assurance, Risk and Finance Committee receive the report Action Sheet Update for June 2022.

CARRIED**7 TE WĀHANGA TŪMATATI / PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2022/10**

Moved: Chairperson John Vujcich

Seconded: Cr Rachel Smith

That the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Confirmation of Previous Minutes	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(h) - the withholding of the information is necessary to enable Council to carry out,	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

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23 June 2022

	without prejudice or disadvantage, commercial activities	
7.2 - Technology Update Report	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.3 - FNDC Current Legal Action Potential Liability Claims Report	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
CARRIED		

Meeting adjourned for lunch 12:23 pm – 12:54 pm

The Assurance, Risk and Finance Committee confirms the information and decisions contained in the part of the meeting held with public excluded not be restated in public meeting.

8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER

Cr Rachel Smith closed the meeting with a karakia

9 TE KAPINGA HUI / MEETING CLOSE

The meeting closed at 1:29 pm.

The minutes of this meeting will be confirmed at the Assurance, Risk and Finance Committee Meeting held on 31 August 2022.

.....
CHAIRPERSON

5 REPORTS

5.1 AFFORDABILITY RISK DECISION REPORT

File Number: A3787804

Author: Tanya Reid, Principal Advisor - Organisational Performance and Transformation

Authoriser: Janice Smith, Acting General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

1. To seek approval to accept the Affordability Risk Reference Group recommendation that our current risk position be categorised into four affordability risk themes.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

2. Council has recognised affordability as one of our top organisational risks as it poses significant risk:

- Affordability is acknowledged as one of Far North's key challenges
- Affordability is both complex and multi-faceted.
- The Far North district has high levels of people on low and fixed incomes
- FNDC has a strong reliance on property rates as a revenue generating mechanism
- Risk Management is one of the key pillars to manage affordability
- This report recommends separating the current affordability risk (ARF005) into four grouped under an affordability banner on the top organisational dashboard to maintain a whole of affordability risk view.
- This supports a whole of Council view while allowing for an intentional strategic focus on treatments with clear outcomes and accountability.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee:

- a) Remove ARF005 Affordability risk from the top organisational dashboard
- b) Adopt four affordability risks onto the top organisational risk dashboard. The four risks are:
 - i) ARF020 Ratepayer ability to pay
 - ii) ARF021 Provision of Services
 - iii) ARF022 Integrated planning
 - iv) ARF023 Form and function of Local Government
- c) Establishes regular risk progress reports, for each risk, to the Assurance, Risk and Finance Committee.
- d) Rescores risks and reports, at least annually, an affordability risk management overview to the Assurance, Risk and Finance Committee on the management and progress to treat the affordability risks.

1) TĀHUHU KŌRERO / BACKGROUND

3. Affordability is acknowledged as one of Far North's key challenges. With a small rating base, diverse socio-economic factors and large distributed infrastructure base and service requirement, this will get worse over time without intervention.

4. FNDC has a strong reliance on property rates as a revenue generating mechanism, and this may create some affordability issues particularly for households with low or fixed incomes or high property values. As a district with high levels of low and fixed incomes there are issues regarding affordability. Changes to local government (including climate change, three waters, and local government reform) and to the community we serve (demographics, climate change) will have implications on affordability. Affordability in the context of rates has two aspects:

- The cost relative to income (and wealth to the extent that wealth can be converted into income)
- The ability of ratepayers to earn greater income in the future from the spending of the rates, e.g. investment in infrastructure that will allow an individual to earn higher incomes in the future.

5. Sustainability can be defined as the ability to meet present needs without compromising the needs of future generations. Sustainability represents an extended definition of affordability in the sense that sustainability introduces a longer timeframe in which the issues of fairness and risk must be considered.

6. Affordability is a complex and multi-faceted risk requiring a whole of Council view.

Council's current affordability risk statement

7. In November 2018 the Assurance, Risk and Finance Committee drafted and scored their top organisational risks. These were adopted by Council in May 2019. Since adoption onto the top organisational risk dashboard this risk, described as ARF005 Affordability risk has been subject to a number of deep dives and risk progress reports.

The current risk statement, and risk scoring, is articulated in table 1 below:

Table 1: ARF005 Affordability risk statement and risk scoring.

Risk Score	Risk description	Impacts	Treatments
Inherent risk score=45 Residual score = 26	Delivery of Services Risk (Affordability) <ul style="list-style-type: none"> • Economic development • Economic delivery (affordability) • Alignment of financial & regional strategies • Current and future cost picture 	<ul style="list-style-type: none"> • Financial and remediation costs (large assets / services) • Future cost forecasting including climate change modelling • Rating implications • Affordability pressures • Political & reputational pressure 	<ul style="list-style-type: none"> • Cost Blueprinting – big picture • Revenue Review • Cost and revenue forecasting (in addition to LTP budgeting) • Review financial processes and models (e.g. depreciation) • Existing & additional revenue streams investigated • Scale back discretionary projects / focus on priorities

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The Far North District has a number of attributes which affect affordability. Firstly, who we are:

- We are a growing district of 72,600 with a high level of deprivation (the illustration below, from StatsNZ, details our socioeconomic deprivation profile by mesh area) and a high number of over 65's.
- We are a district lacking public transport - distance, affordability and connectivity are all barriers.
- With 50.5% Māori descent we have a very different ethnic composition compared to the national population:

- We are the 13th largest Council by area
- We do not have a large central hub
- We are one of seven Councils (Mackenzie, Clutha, Central Otago, Hurunui and Westland) with no townships with greater than 6,500 population.



Using the 2018 census data Council commissioned Business and Economic Research Limited (BERL) to conduct data analysis of rates affordability across the Far North District and prepare a report outlining rates affordability issues.

Concerns about the impact of rates increases on low-income households led to the establishment of The Local Government Rates Inquiry (the Inquiry) in 2007. The resulting report, known as the Shand Report after the Chair David Shand, concluded that rates affordability was the ability to pay rates without serious economic difficulty. The inquiry noted that in 2004, the average rates paid by households represented 2.51 percent for all groups and although there are likely to be pockets of affordability in all types of household, they did not consider rates affordability was a problem for the average household. As an approximate benchmark, affordability concerns will arise where rates exceed five percent of gross household income.

The report also suggested that particular household types will demonstrate rates affordability issues:

- Households in the lowest 40 percent of incomes
- One parent households with children
- One person households
- Households whose principal source of income is New Zealand Superannuation.

These households predominantly have low or fixed incomes. Consequently, BERL used the affordability benchmarks of:

- Rates as a percentage of gross household income, where affordability issues are likely to arise when rates exceed five percent.

BERL found that within the Far North District there were a significant number of households with rates affordability issues in the Far North District. These were:

- Single superannuitant with no other income
- Married superannuitants with no other income
- Single adult with two children in receipt of Sole Parent Support households.

These households had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels. A fuller view of household rates affordability by household type / income level is provided in table 2 below.

Table 2: total rates as a percentage of gross income by household type. Far North District

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	7.4	1.1	8.5
	Median	9.0	1.2	10.2
	Upper Quartile	11.0	1.0	12.1
Married superannuitant, no other income	Lower Quartile	4.9	0.7	5.6
	Median	5.9	0.8	6.7
	Upper Quartile	7.3	0.7	8.0
Single working person (no kids)	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Single adult, two children, on benefit	Lower Quartile	9.1	1.3	10.4
	Median	11.0	1.5	12.4
	Upper Quartile	13.5	1.3	14.8
Single adult, two children, employed	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Couple, two children, one employed	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Couple, two children, both employed	Lower Quartile	1.7	0.3	1.9
	Median	2.0	0.3	2.3
	Upper Quartile	2.5	0.2	2.7
Two working adults, based in Auckland	Lower Quartile	1.4	0.2	1.6
	Median	1.6	0.2	1.8
	Upper Quartile	2.0	0.2	2.2

Nationally and internationally economies are feeling the effects of the COVID pandemic, war and climate change. Table three is a bow tie type analysis identifying current external environment influences which are impacting affordability within the Far North.

Table 3: Bow tie analysis current economic issues and consequences.

Cause		Consequence
>3% inflation (both tradeable and non-tradeable)	Affordability Risk	Rising prices have reduced the real purchasing power of households
Down graded growth forecasts		Nominal wages growth
The labour market is forecast to remain tight in the near term, with the unemployment rate decreasing to 3.0%		Tax revenues remain strong
Economic implications of Russian invasion of the Ukraine		Rising oil and other commodity prices
Impact of COVID-19 pandemic e.g. Orange setting expected to reduce economic activity by 0-2%		Continued supply disruptions
Resilient domestic demand		Interest rate rise to reign in economy
Export prices rose significantly, particularly dairy and meat prices which reached record highs		Trade deficit narrows
Ongoing price pressure from a strong construction sector		Ongoing price pressure from a strong construction sector
New Zealand's international border restrictions eased		Tourism recovery
Economic activity in our major trading partners is forecast to grow by 3.7%		

8. A root cause strategic analysis separated the affordability risk into four clear themes. These themes were workshoped by the Affordability Risk Reference group to provide strawman risk statements then further workshoped with the Assurance, Risk and Finance Committee. These statements are captured in table four. Risk and Finance Committee agreed and scored the inherent risk for the four strategically themed affordability risk statements.

Table 4: Affordability Risk statements

Cause (Because of...)	Risk (there is a chance that...)	Effect (leading to...)
<p>a) Ratepayer ability to pay</p> <p>b) We are a district of high deprivation, geographically dispersed small communities with no major hub and no public transport. We are an economically challenged district with limited employment opportunities and a significant number of households with low or fixed incomes.</p> <p>c) Berl's rule of thumb: *rates as a % of gross household income, where affordability issues are likely to arise when rates exceed 5%</p> <p>d) *Rates = cost of essential and social infrastructure and services usually provided by Territorial Authorities.</p>	That Territorial Authorities income requirement, to fund essential and social infrastructure and services, will be outpaced by our ratepayer's ability to pay	If ratepayers' default on their rates payment Council will not have the cashflow to continue operations without borrowing or taking some other actions such as reprioritising service delivery and reviewing the user pays components of current fees and charges.
<p>e) Provision of Services</p> <p>f) We are a district of multiple small scale service schemes (with small number of ratepayers covering the costs of these schemes) with aged infrastructure. We are also experiencing the effects of higher engineering and quality standards, other entities committing Council to ongoing maintenance of new assets and increasing costs to manage / adapt to the effects of climate change.</p>	There is a chance that we cannot continue the expected provision of service to our communities into the future at an affordable level.	Not being able to deliver or provide new assets / amenities / facilities at an acceptable level of service which sustain and promote community wellbeing and resilience. We may also not be legally compliant (statutory services) or be able to continue offering the range of services currently being provided.
<p>g) Integrated planning</p> <p>h) As a Council, district, region, and inter-agency, we are not connected or resourced to plan for the future in a coherent and integrated manner.</p>	This leads to short term and/or adhoc decisions on development and protection of the district (and region), missed opportunities and communities that feel vulnerable and undeveloped.	This leaves us unable to put the right strategies/plans in place and operate from a holistic perspective, i.e. building places rather than individual assets. We are not prioritising the best use of limited resources achieving sub-optimal outcomes
<p>i) Form and function of Local Government</p> <p>j) The form and function of local Government is changing (and will continue to be subjected to reforms and changes), but this Council still only has rates and user pays charges as its core revenue source. There is a lack of certainty around Central Govt's willingness to provide funding as part of current and future devolved responsibilities at local govt. level. Additionally, our processes (10 year long term plan) do not align with the government cycle e.g. Waka Kotahi</p>	There is a chance that we do not have the long-term operational funding and resources to support the mandate; and that Council does not have the instruments to implement policy changes.	We end up in a position where we are forced to take action using existing resources, impeding the delivery of our current workload. And we do not meet the expectations set by central government causing damage to Council reputation Example climate change.

Scoring of affordability risks

9. The Assurance, Risk and Finance Committee scored the inherent risk. The risks were scored by identifying both the risk impact for five organisational areas (see table five) and the likelihood of the risk occurring (see table six). For each organisational area, the risk impact is given a score of “High to Intolerable”, “Medium” or “Low to None” and the likelihood is rated as either “Will happen”, “Probable” or “Unlikely”. The impact and likelihood matrix is used to determine the values for each affordability risk (see table seven). The likelihood of all four risks materialising is assessed as “will happen”.

Table 5: Description of risk impact for each organisation area

k) Organisation area	l) Description
m) Financial	n) Impact on Budget, Department or Team; and /or Impact on annual Council budget
o) Customer	p) Financial impact to customer due to loss of a provision of essential service, or essential piece of infrastructure
q) Reputational	r) The impact on FNDC’s reputation
s) Compliance/Legal	t) The legal impact on FNDC’s legal adherence / regulatory compliance
u) Health and Safety	v) The impact to people(s) health & safety arising from FNDC operations or a situation where FNDC are liable

Table 6: Description of likelihood

w) Likelihood	x) Description
y) Will happen	z) The risk is likely to occur. aa) There is frequent exposure to the risk. bb) There are external influences that make managing this risk ineffective.
cc) Probable	dd) The risk will possibly occur e.g. once in every 2 year event ee) There is an exposure to the risk. ff) There are external influences that make managing this risk difficult.
gg) Unlikely	hh) The risk is unlikely to occur e.g. once in every 10 year event ii) There is a low exposure to the risk.

Table 7: Impact and likelihood matrix

		Likelihood (probability)		
		Unlikely	Probable	Will Happen
Impact	High to Intolerable	5	7	9
	Medium	3	5	7
	Low to None	1	3	5

jj) An inherent risk score has been estimated for each affordability risk. This was derived by summing the risk value for each organisational area (see table eight).

Table 8: Inherent risk score for each affordability risk (inc. organisational area score and overall score)

kk) Risk	ll) Organisational area	mm) Impact	nn) Likelihood	oo) Inherent risk score
pp) Ratepayer ability to pay qq)	rr) Financial	ss) High to Intolerable	tt) Will Happen	9
	uu) Customer	vv) High to Intolerable	ww) Will Happen	9
	xx) Reputational	yy) High to Intolerable	zz) Will Happen	9
	aaa) Compliance/Legal	bbb) High to Intolerable	ccc) Will Happen	9
	ddd) Health and Safety	eee) High to Intolerable	fff) Will Happen	9
	ggg) Overall score			45
hhh) Provision of Services iii)	jjj) Financial	kkk) High to Intolerable	lll) Will Happen	9
	mmm) Customer	nnn) High to Intolerable	ooo) Will Happen	9
	ppp) Reputational	qqq) High to Intolerable	rrr) Will Happen	9
	sss) Compliance/Legal	ttt) High to Intolerable	uuu) Will Happen	9
	vvv) Health and Safety	www) High to Intolerable	xxx) Will Happen	9
	yyy) Overall score			45
zzz) Integrated planning aaaa)	bbbb) Financial	ccc) High to Intolerable	ddd) Will Happen	9
	eeee) Customer	fff) High to Intolerable	ggg) Will Happen	9
	hhhh) Reputational	iii) Medium	jjj) Will Happen	7
	kkkk) Compliance/Legal	lll) High to Intolerable	mmm) Will Happen	9
	nnnn) Health and Safety	ooo) High to Intolerable	ppp) Will Happen	9
	qqq) Overall score			43
rrr) Form and function of Local Government ssss)	ttt) Financial	uuu) High to Intolerable	vvv) Will Happen	9
	www) Customer	xxx) High to Intolerable	yyy) Will Happen	9
	zzzz) Reputational	aaaa) High to Intolerable	bbbb) Will Happen	9
	ccccc) Compliance/Legal	dddd) High to Intolerable	eeee) Probable	7
	ffff) Health and Safety	gggg) High to Intolerable	hhhh) Will Happen	9
	iiii) Overall score			43

Responsibilities

jjjj) All four affordability risks remain classified as both organisational and strategic risks with the GM-SPP responsible for risk governance. All affordability risks will be subject to regular risk

progress reports. The risks have been recorded on the Organisational Risk Register to enable management at a Group level.

Table 9: Affordability risk summary.

Risk ID:	Risk title	Risk Level	Risk description	Inherent risk score	Residual risk score	Accountable Risk Governance	Responsible Risk Governance	Risk Progress Report schedule
ARF020	kkkkk)Ratepayer ability to pay	Organisational	Strategic	45		CEO	GMSP	6 Monthly
ARF021	lllll) Provision of Services	Organisational	Strategic	45		CEO	GMSP	6 Monthly
ARF022	mmmmm) Integrated planning	Organisational	Strategic	43		CEO	GMSP	6 Monthly
ARF023	nnnnn) Form and function of Local Government	Organisational	Strategic	43		CEO	GMSP	6 Monthly

Each of the affordability risks are high-intolerable and will happen. The risks will be clustered on the organisational risk dashboard under the heading “affordability”.

Connecting up the Council affordability risk treatment response:

The terms of reference for the Affordability Risk Reference Group were signed off in February 2022. The purpose of the Affordability Risk Reference Group is to support the provision of a “joined up connected” response. The objective of the Affordability Risk Reference group is to support the organisation through the provision of:

- Advice and guidance
- Explore opportunities within Council
- Inform specific elements of proposed work
- To champion the work impacting Affordability
- Build an organisational network
- To support risks three lines of defence through systems of control (help to monitor the risk and ensure right resources are allocated) and governance (effectively manage escalation of the risk and define strategies to manage).

Take Tūtohunga / Reason for the recommendation

The Affordability Risk Reference Group has recommended:

- a) ARF005 Affordability risk is removed from the top organisational dashboard – this is because we propose to replace it with the recommendation in “b” below
- b) To enable greater clarity and ability to align work programmes and approaches, it is recommended that the four affordability risks are adopted onto the top organisational risk dashboard. The four risks are identified as:
 - ooooo) ARF020 Ratepayer ability to pay
 - ppppp) ARF021 Provision of Services
 - qqqqq) ARF022 Integrated planning
 - rrrrr) ARF023 Form and function of Local Government
- c) To ensure that the affordability risk is managed effectively it is recommended that each risk is subject to a regular risk progress report to the Assurance, Risk and Finance Committee
- d) To enable FNDC to track risk and risk management measure it is recommended that at least annually there is a affordability risk progress report which provides an overview to the Assurance, Risk and Finance Committee on the management and progress to treat affordability risks
- e) Recognising the dynamic nature of environment affecting affordability, it is recommended that these risks are regularly rescored due to the evolving environment including the government’s reform programmes and regulatory changes.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There is no budgetary provision required.

ĀPITIHINGA / ATTACHMENTS

Nil

Hōtaka Take Ōkawa / Compliance Schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
 - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
 - b) Assess the options in terms of their advantages and disadvantages; and
 - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

He Take Ōkawa / Compliance Requirement	Aromatawai Kaimahi / Staff Assessment
State the level of significance (high or low) of the issue or proposal as determined by the Council's Significance and Engagement Policy	The recommendation in this report does not meet the thresholds as per the Council's significance and engagement policy.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Risk Management Policy
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	None
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water. State the possible implications and how this report aligns with Te Tiriti o Waitangi / The Treaty of Waitangi.	While the recommendation in this report does not have any direct implications for Maori, given the disparity in income levels between communities, affordability will be particularly challenging.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences (for example – youth, the aged and those with disabilities).	There are no affected or interested parties to the recommendation.
State the financial implications and where budgetary provisions have been made to support this decision.	There is no financial implication or request for budgetary provision.
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.

6 INFORMATION REPORTS

6.1 REVENUE RECOVERY REPORT 30 JUNE 2022

File Number: A3787760

Author: Margriet Veenstra, Manager - Transaction Services

Authoriser: Janice Smith, Acting General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

The purpose of this report is to provide quarterly reporting to the Far North District Council Assurance, Risk, and Finance Committee.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This is the final report for the financial year 2021-22 and provides information on action taken to collect the current and arrears balances for rates, water and sundry debt so far this year, and to provide information on how collection is tracking against targets.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Revenue recovery report 30 June 2022.

TĀHUHU KŌRERO / BACKGROUND

This document has been prepared to outline current and arrears balances for rates, water and Sundry debt as of 30 June 2022 and the actions taken by the debt management team for the collection of the General Title rates and water, and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

BACKGROUND

This document has been prepared to outline current and arrears balances for rates, water and Sundry debt as of 30 June 2022 and the actions taken by the debt management team for the collection of the General Title rates and water, and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

DISCUSSION AND NEXT STEPS

The data provided is for General Title and Maori Freehold Land rates and water accounts with sundry debtors shown in a separate table. Since the 1st of July 2021, the General Title rates total arrears balance has been reduced by 40% and water rates by 45%.

General Title rates and water debt

Key actions since the last report:

- Revenue recovery team were unable to proceed with final mortgage demand due to staff shortages. Where possible, contact was made with owners and payment plans offered to avoid mortgage demand in the new year.
- Instructions sent to legal services team to commence applications to the courts for financial assessment for properties where judgment was received but no payments have been made.

Next actions:

- Complete reporting for all properties with mortgages and commence pre-mortgage demand calling.
- Prepare and issue mortgage demand to the 5 major banks after the 1st of August 2022 once pre-mortgage demand has been completed.
- Review properties without a mortgage and high arrears and commence demand process in collaboration with Council's Legal Services team.

For the total number of General Title rates accounts marked as 'Debt recovery action to commence':

- These are properties where there is no mortgage, and we do not have a payment arrangement or direct debit set up on the account.
- 32% of properties only have last year's rates in arrears and 13% have 2 years of arrears. Debt management will be contacting these owners by phone, email, or letter. Any water arrears will be picked up at the same time.
- 55% of these accounts have arrears of 3 or more rating years. Debt management will start the final demand process for these which can result in referral to Council's legal services team to commence legal proceedings.

Maori Freehold Land rates and water debt

The debt for Maori Freehold land has reduced since the write-offs were completed in June as per the Local Government (Rating of Whenua Maori) Amendment Act 2021. The rates debt has reduced by 11.54% since the start of the year which was mainly due to write-off's for non-rateable properties and statute barred write off.

Sundry debtors debt

The total sundry debtors aged debt balance has increased since the start of the year. However, two payments from the Ministry of Business, Innovation and Employment, totalling \$2,070,000 were received after financial year end.

The 90 day+ resource consent debt has reduced by \$77,774 since the last report, and the building consent debt has increased by \$10,908. The revenue recovery team continue to work with both teams to reduce this. The 30-to-60-day debt has seen an increase and we are in the process of completing analysis to understand what is driving this increase.

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Provision is made annually for doubtful debts in relation to the arrears owed to council. A higher provision for Maori Freehold land rates and water is made in comparison to General Title rates and water due to the difference in collection options available to Council.

ĀPITI HANGA / ATTACHMENTS

1. Revenue recovery Report attachment 30 June 2022 - A3865504 [📄](#) 

General Title rates and water rates analysis by age at 30 June 2022

General Title Rates and Water Arrears 2021-2022							
General Title Rates 30 June 2022	2020-2021	2019-2020	2018-2019	2017-2018	2016+	Total	# accounts
Abandoned Land	56,917	57,770	57,157	55,294	108,658	335,796	39
Payment Arrangement	5,765	3,420	1,974	1,237	2,587	14,983	6
Deceased Rate Payer	74,842	73,498	69,109	61,895	102,457	381,801	44
Mortgage Run 2021-2022	508,883	93,810	52,049	56,309	83,202	794,255	327
Legal Action Commenced (external)	112,162	107,822	80,917	68,217	161,813	530,931	56
Legal Action Commenced (FNDC)	15,371	15,775	15,684	9,755	21,207	77,791	8
Liquidation	1,938	1,966	1,892	171	-	5,967	2
Direct Debit	69,316	16,438	7,050	3,724	2,314	98,842	56
Debt recovery action to commence	1,139,147	748,445	552,935	435,951	535,451	3,411,928	649
Rates Total	1,984,341	1,118,944	838,766	692,554	1,017,689	5,652,294	1,187

General Title Water 30 June 2022	2020-2021	2019-2020	2018-2019	2017-2018	2016+	Total	# accounts
Abandoned Land	-	-	-	-	-	-	-
Payment Arrangement	528	580	-	1,945	-	3,052	2
Deceased Rate Payer	11,689	26,763	21,266	13,451	12,371	85,541	8
Mortgage Run 2021-2022	124,159	74,072	55,164	28,193	11,066	292,654	205
Legal Action Commenced (external)	7,552	6,303	7,187	2,696	14,083	37,821	11
Legal Action Commenced (FNDC)	4,038	4,860	3,409	6,708	1,108	20,122	2
Liquidation	-	-	-	-	-	-	-
Direct Debit	42,617	21,047	6,046	14,053	776	84,539	68
Debt recovery action to commence	175,363	72,374	72,317	35,568	62,749	418,370	176
Water Total	365,946	206,000	165,390	102,612	102,154	942,100	472

Maori Freehold Land rates and water analysis by age at 30 June 2022

MFL Rates and Water Arrears 2021 -2022							
MFL Rates 30 June 2022	2020-2021	2019-2020	2018-2019	2017-2018	2016+	Total	# accounts
Payment Arrangement	4,091	1,246	-	-	-	5,337	4
Deceased ratepayer	20,726	20,185	7,565	7,290	4,704	60,470	12
Direct debit	39,153	30,721	24,973	22,247	34,900	151,995	23
Abandoned Land	3,492	3,653	3,604	3,648	6,902	21,301	2
Debt recovery action to commence	2,100,143	2,019,300	936,957	807,629	1,593,348	7,457,377	1,189
Rates Total	2,167,606	2,075,105	973,099	840,814	1,639,854	7,696,478	1,230

MFL Water 30 June 2022	2020-2021	2019-2020	2018-2019	2017-2018	2016+	Total	# accounts
Payment Arrangement	-	-	-	-	-	-	-
Direct Debit	2,284	270	503	2,454	908	6,418	3
Debt recovery action to commence	67,700	49,578	53,229	48,356	47,672	266,535	38
Water total	69,984	49,848	53,732	50,810	48,580	272,954	41

Sundry Debtors by age at 31 March 2022

Sundry Debtors Aged Period Report as at 30 June 2022						
Category	30 Days	60 Days	90 Days	90 Days +	Total	% Debt
Sundry	1,025,699	1,161,348	22,524	73,369	2,282,940	71%
Bookings	325	450	-	1,578	2,353	0%
Septage	1,530	600	2,400	381	4,911	0%
Refuse	-	-	-	3,030	3,030	0%
Building	87,238	48,956	15,776	211,281	363,251	11%
Resource	82,531	20,632	3,278	296,383	402,825	13%
Liquor	9,624	4,945	3,059	3,041	20,670	1%
Health	21,771	5,150	4,635	86,038	117,594	4%
Total	1,228,719	1,242,080	51,672	675,102	3,197,574	100%

Rates EasyPay direct debits

Pay rates the easy way

Benefits

Spread rates payments to suit you. Pay weekly, fortnightly, monthly, annually or on the instalment due date — it's up to you.

- Never forget to pay
- Never get charged late payment penalties
- Never get charged card fees
- No need to visit a Council service centre
- No need to carry large sums of cash.

How does it work?

Join Rates EasyPay and we send you a letter confirming your start date and payment frequency.

Rates are automatically paid from your bank account and a schedule of future payments is included on assessment notices.

You control your payments and can change the frequency or cancel Rates EasyPay at any time.

Any changes to rates are calculated automatically — you don't have to visit the bank to make a change.*

Apply now

Fill in a direct debit form and return with a bank account deposit slip or statement header showing bank account details. Go to our Rates pages on the FNDC website

www.fndc.govt.nz to download the form.

*Our variable direct debit facility recalculates in July when rates are generated and automatically adjusts your payments.



HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

6.2 PEOPLE AND CAPABILITY QUARTERLY UPDATE: 1 APRIL - 30 JUNE 2022**File Number:** A3834250**Author:** Mia Haywood, People and Capability Data and Systems Specialist**Authoriser:** Jill Coyle, Chief People Officer**TAKE PŪRONGO / PURPOSE OF THE REPORT**

The purpose of this report is to present the Audit, Risk and Finance Committee with the quarterly update for People and Capability.

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

Included in the report is information on:

- Staff Turnover.
- Exit Interviews and Analysis.
- Personal Grievances; and
- Disciplinary Actions and Costs.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report People and Capability Quarterly Update: 1 April - 30 June 2022.

TĀHUHU KŌRERO / BACKGROUND

This report will be presented to the Audit, Risk and Finance Committee on a quarterly basis.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

This report is Information only.

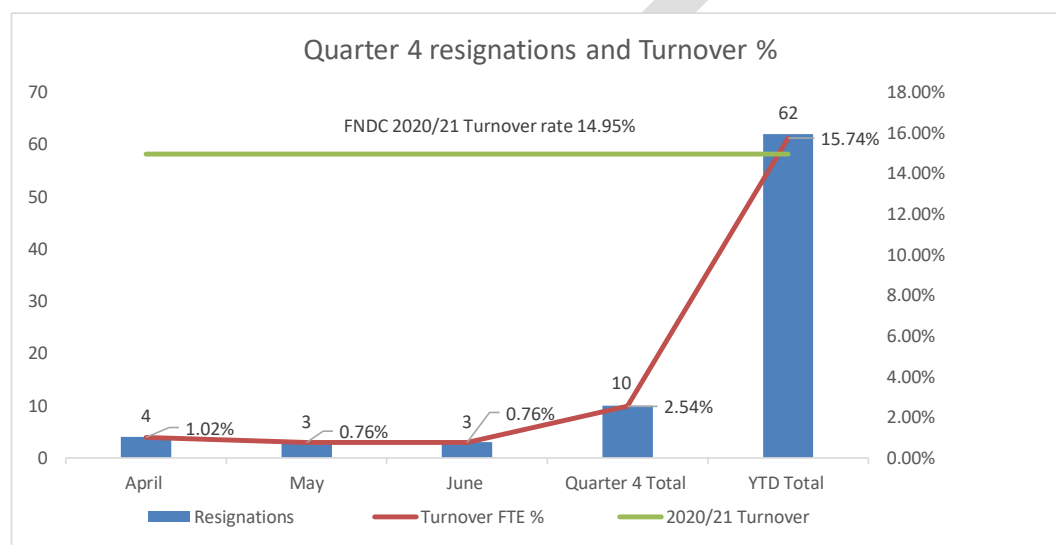
ĀPITI HANGA / ATTACHMENTS

1. People Capability Report 1 April - 30 June 2022 - A3834210 [↓](#) 

People and Capability Report to Assurance, Risk and Finance Committee Period 1 April – 30 June 2022

Staff Turnover

During quarter four, ten staff left Far North District Council. This has resulted in a quarterly turnover rate of 2.54%. Our 2021-2022 turnover rate was 15.74%, comprised of 62 staff having left Far North District Council. This turnover rate is 0.79% higher than the previous financial year's turnover rate of 14.95%.



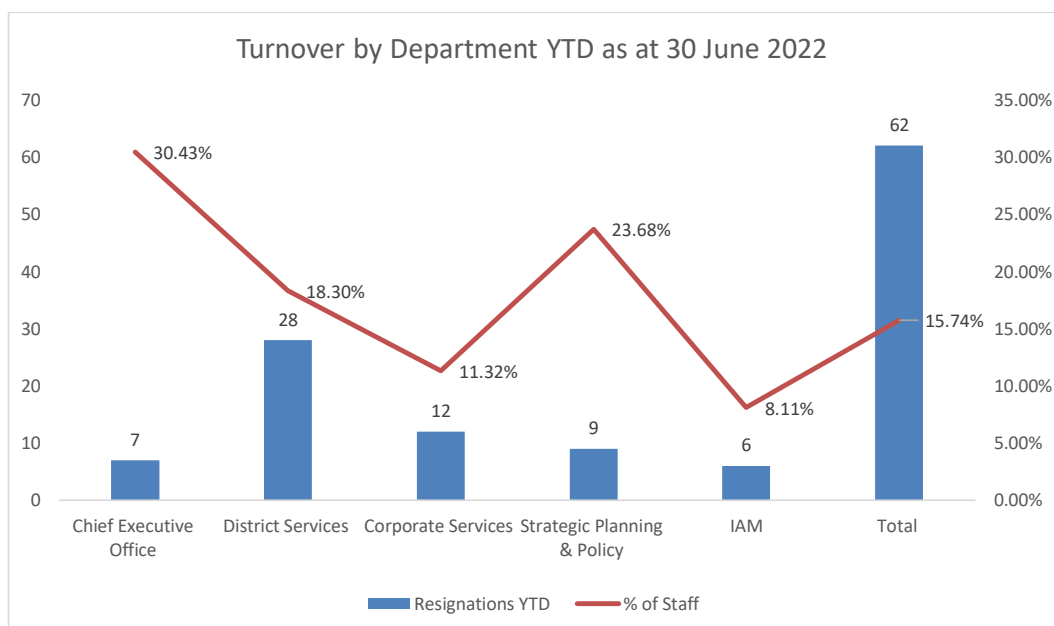
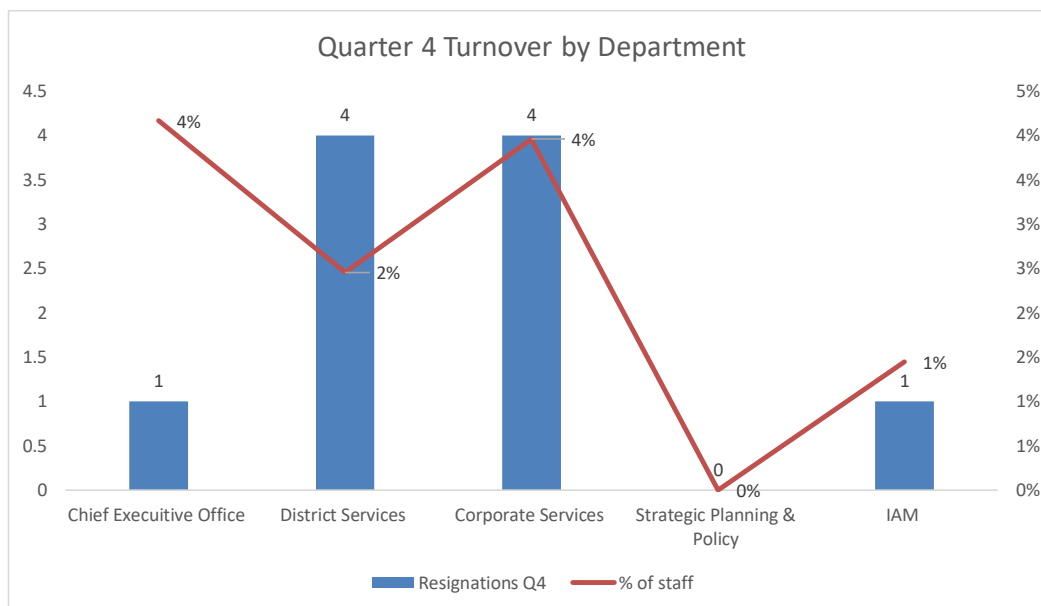
District Services team has seen four staff members leave this quarter. These resignations have come from different areas within District Services, with one from each Building Services, Resource Consents, Administration Environmental Services and the Visitor Information Services teams.

The Infrastructure and Asset Management Team has seen one staff member leave from the Facilities Operations Team.

Corporate Services had four team members leave this quarter. This was made up of one resignation from the Transformation & assurance team, two from the digital information team and one from the Legal Services team

Chief Executive Office has had one resignation from the People & Capability Team.

2



Exit Interviews and Analysis

The total number of survey responses for this financial year was twenty-eight. We are now seeing an uptake in staff completing the exit surveys as part of our re-engineered process. This makes it easier for staff to fill out the survey by redirecting them to the exit survey after they submitted their exit form.

This is providing us with valuable information on why staff are choosing to leave and is highlighting areas where we need to direct attention to.

By using the survey data, the following findings have been identified:

Top reasons to leave FNDC;

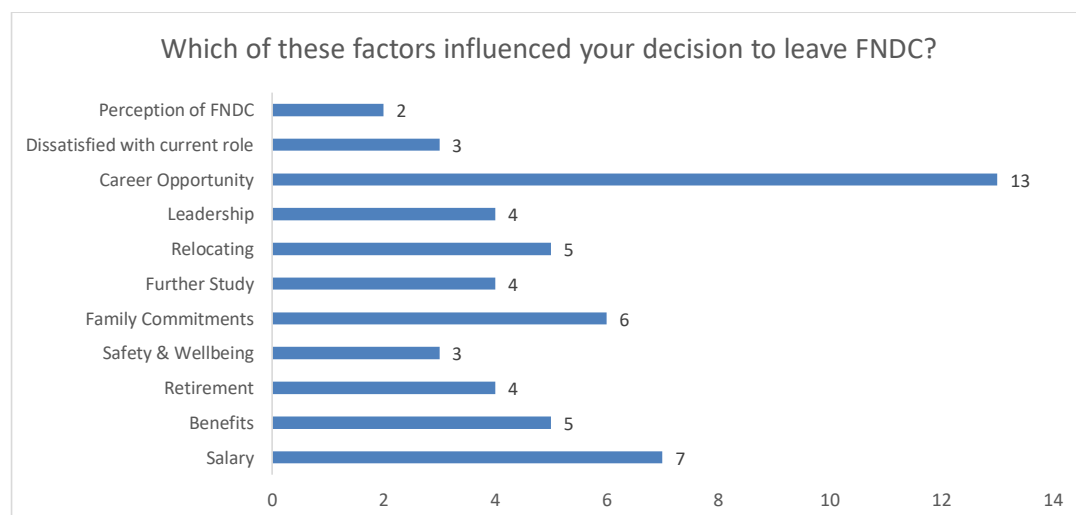
- Career Opportunity
- Salary
- Family Commitments

What staff liked most about working at FNDC:

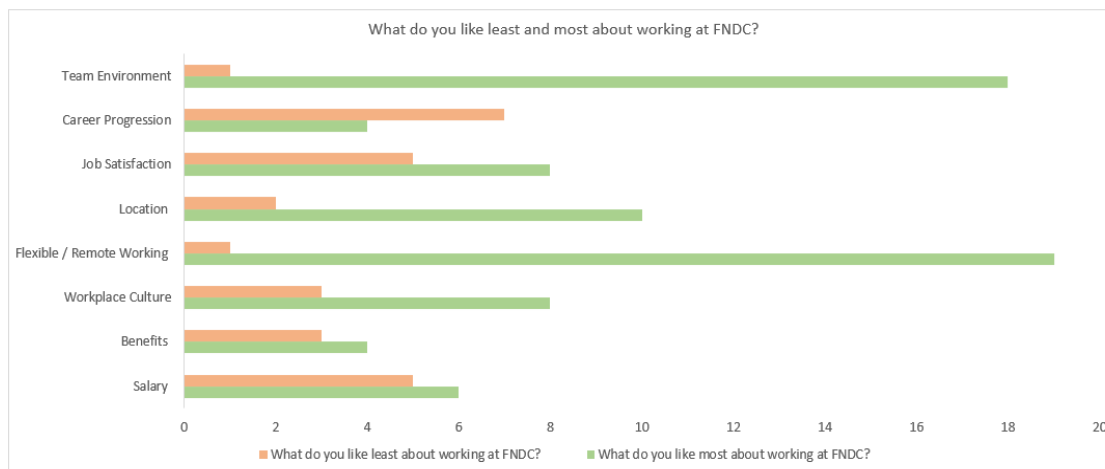
- Flexible/Remote Working
- Team Environment
- Location

What staff liked least about working at FNDC:

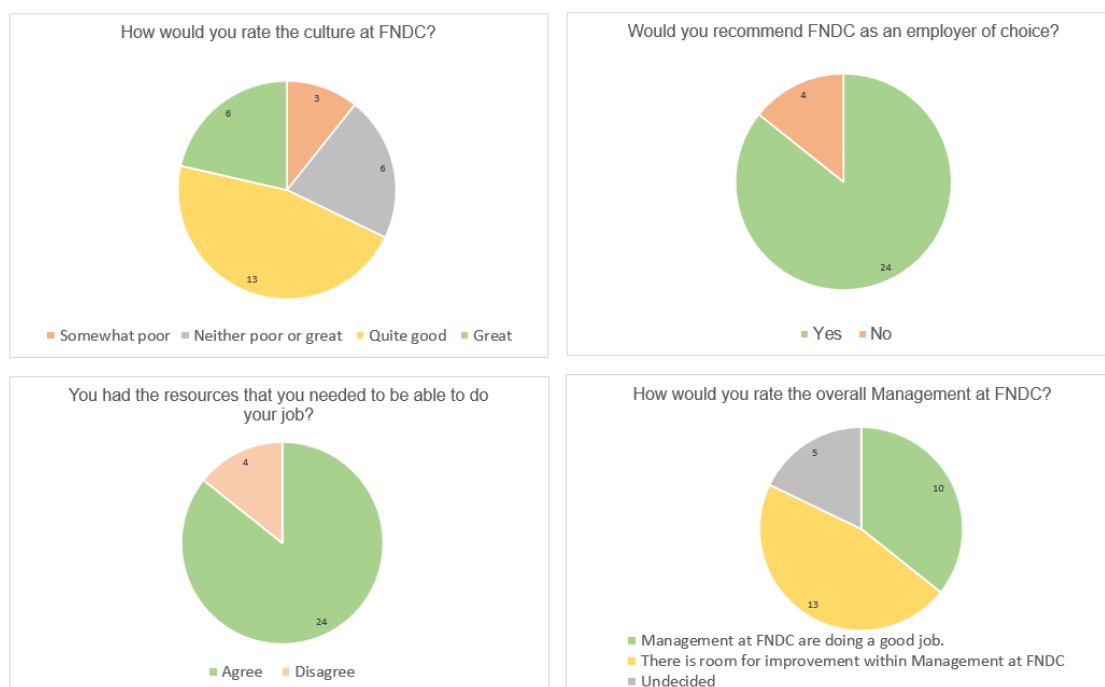
- Career Progression
- Salary
- Job Satisfaction



4



It is pleasing to note that 86% of our survey responders recommend FNDC as an employer of choice, along with this 68% of survey responders rating FNDC's culture to be "quite good" or "great".



Personal Grievances

There have been no personal grievances for this quarter.

Retention and Recruitment Issues

As same as quarter three we are still having continuous issues around gaining suitable talent, resulting in re-advertising roles specifically Infrastructure Planners, the Resource Consents Team and the Building Team. It is extremely evident that we share the nationwide struggle to fill roles in these areas. People & Capability are using premium advertising to include "Award winning hybrid remote working". We are also liaising with both SEEK NZ and Linked In to potentially use their premium offerings to engage with future talent. Further advertising is now being undertaken nationally with the Ministry of Social Development, as well as being targeted locally in Kerikeri, Kaikohe and Kaitia with the assistance of MSD's job matching team.

Stay Interviews

Stay Interviews were carried out with the Resource Consents team during June and July 2022 with thirteen interviews conducted. The interviews lasted approximately 30 minutes with a standardised template for that department used for questions and answers. Each individual was met with either in-person or via Teams and asked if they were comfortable for their feedback to be shared.

All team members appreciated the opportunity to talk and honestly expressed their opinions. Feedback indicated a positive workplace culture, with supportive leadership and management of the Resource Consents department. Challenging areas were discussed together with suggested improvements from staff. The interviews involved discussions about flight risks, employee drivers and career aspirations which can be linked to learning and development plans. Suggestions for management consideration include processing improvements to better manage the backlog for overdue applications, as well as administrative enhancements.

The Resource Consents department have seen career progression during 2022, whereby internal promotions have resulted in a new Team Leader, Senior Planner and Duty Planner. A further two external Planners and a Graduate Resource Engineer have also been employed during this time. With the new financial year, the leadership team will have ongoing discussions for career aspirations with team members to build capability. The People & Capability team are continuing to support the department with their succession planning process.

Due to upcoming legislative changes with the Resource Management Act, management is also giving further consideration to the structure of the department, to ensure that this is fit for purpose for current and future needs. Stay Interviews have enabled insights into thoughts to the structure, with feedback suggesting a Resource Consents Manager, an additional Principal Planner and aligned administrative support would be beneficial to the department.

Disciplinary Actions and Costs

During this period there has been one Performance Improvement Plan in place. Two formal disciplinary processes occurred and have been resolved.

6.3 AUGUST 2022 RISK MANAGEMENT REPORT

File Number: A3834819

Author: Tanya Reid, Principal Advisor - Organisational Performance and Transformation

Authoriser: Janice Smith, Acting General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an information report on:

- top organisational risk dashboard and report schedule
- emergent risk
- scheduled risk progress reports for the organisation's top risks
- organisational risk update; and
- business continuity planning.

No decision is required.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

Risk progress updates are provided for eight of the nine scheduled top organisational risks reports including the first risk progress report for ARF019 Resource consents. The risk trend is stable for five of these risks and increasing for four.

As we continue to operate in dynamic environment a high-level national and international environmental scan is provided.

An emergent risk has been identified for inclusion in this report.

Two additional reports are included on the Assurance, Risk and Finance Committee 31 August 2022 agenda:

- a decision report seeking approval to accept the Affordability Risk Reference Group recommendation that our current risk position be categorised into four affordability risk themes; and
- an information report on the impact of three waters reform on organisational risk management and potential emergent risks.

TŪTOHUNGA / Recommendation

THAT THE ASSURANCE, RISK AND FINANCE COMMITTEE RECEIVE THE REPORT AUGUST 2022 RISK MANAGEMENT REPORT.

TĀHUHU KŌRERO / BACKGROUND

The top organisational risks are risks that may impact on Council achieving its vision, mission and community outcomes and are regularly reported to the Assurance, Risk and Finance Committee to ensure they are being appropriately managed. The top organisational risks are owned by the CEO. A number of these risks are subject to external influences which may affect effective council operations.

Table 1 provides a risk snapshot of the Assurance, Risk and Finance Committee Organisational Risk Dashboard with inherent and residual risk scores as accepted by this Committee, and the risk trend as assessed by the risk subject matter experts. The risk trend is increasing for eight of the 13 top organisational risks and is stable for the remaining five risks. These risks are

categorised into three themes – Climate Change, Enterprise Governance and Infrastructure and Asset Management Risks.

Table 2 provides details of the 2022 risk progress report schedule, as agreed by Assurance, Risk and Finance Committee. The schedule has synchronised risk progress reports to enable the Assurance, Risk and Finance Committee to collectively review reports on interconnected risks.

Table 1: Top organisational risk dashboard

Risk ID:	Risk title	Date Risk adopted	Inherent risk score	Residual risk score	The risk trend is:	Months since risk trend last changed:	High level risk treatment progress:
Climate Change							
ARF015	Climate Change Organisation Transition Risk	01/12/22	31		Stable	5	Climate Change active treatment plan in place with treatment pipeline.
ARF016	Climate Change Community Transition Risk	01/12/22	39		Stable	5	Climate Change active treatment plan in place with treatment pipeline.
ARF017	Climate Change Direct Risk to Council Physical and Natural Assets	01/12/22	37		Stable	6	Climate Change active treatment plan in place with treatment pipeline.
ARF018	Failure to understand and capture climate-related opportunities	01/12/22	29		Stable	0	Climate Change active treatment plan in place with treatment pipeline.
Enterprise Governance							
ARF003	Health & Safety Vulnerabilities	30/05/19	46	34	Stable	0	The risk trend is stable because we have a strategy which identifies a course of action to reduce this risk.
ARF005	Affordability Risk	30/05/19	45	26	Increasing	20	Affordability Risk have been themed to develop four targeted risks. A decision report, to split into the themed risks, is on the August 2022 ARF agenda.
ARF010	Data Governance Risks	30/05/19	39	14	Increasing	8	Cyber security risk, is intensifying with growing digital dependency and increasing geopolitical disruptions.

Risk ID:	Risk title	Date Risk adopted	Inherent risk score	Residual risk score	The risk trend is:	Months since risk trend last changed:	High level risk treatment progress:
ARF019	Resource Consent Risk	23/06/22	41	13	Increasing	2	Council continues to receive an increasing number of applications for resource consents while also needing to manage a significant backlog.
Infrastructure and Asset Management							
ARF004	Asset Management Risks	30/05/19	45	18	Increasing	6	With the reset of Programme Darwin, a significant treatment for this risk, the Infrastructure and Asset Management Group want to revisit this stated risk to articulate the current risk.
ARF006	Project Priorities Deliveries Delays	30/05/19	45	14	Increasing	6	We are now needing to address significant issues as this risk has not been successfully mitigated.
ARF007	Compliance NRC Abatements	30/05/19	45	18	Increasing	8	Council is not meeting all resource consent conditions.
ARF012	Contract Management Risks	30/05/19	39	14	Increasing	0	Treatments such as the new contracts register, and contract management framework are progressing.
ARF013	Drinking Water Resilience	05/07/20	35		Stable	20	Updated Water Safety Plans completed.

Table 2: 2022 risk progress report schedule

	2022 Assurance, Risk and Finance Committee meeting date:	02/02	16/03	27/04	22/06	31/08
CLIMATE CHANGE RISK PROGRESS REPORTING SCHEDULE						
ARF015	Climate Change Organisation Transition Risk		✓		✓	✓
ARF016	Climate Change Community Transition Risk		✓		✓	✓
ARF017	Climate Change Direct Risk to Council Physical and Natural Assets	✓		✓		✓
ARF018	Failure to understand and capture climate-related opportunities				✓	
ENTERPRISE GOVERNANCE RISK PROGRESS REPORTING SCHEDULE						
ARF003	Health & safety vulnerabilities	✓		✓		✓
ARF005	Affordability risk				✓	
ARF010	Data governance risks				✓	
ARF019	Resource consents					✓
INFRASTRUCTURE AND ASSET MANAGEMENT RISK PROGRESS REPORTING SCHEDULE						
ARF004	Asset management risks	✓				✓
ARF006	Project priorities deliveries delays	✓		✓		✓
ARF007	Compliance nrc abatements				✓	
ARF012	Contract management risks	✓		✓		✓
ARF013	Drinking water resilience		✓		✓	✓
	Externally funded shovel ready, economic stimulus employment opportunity projects		✓			

DISCUSSION AND NEXT STEPS

We are operating in a very dynamic context

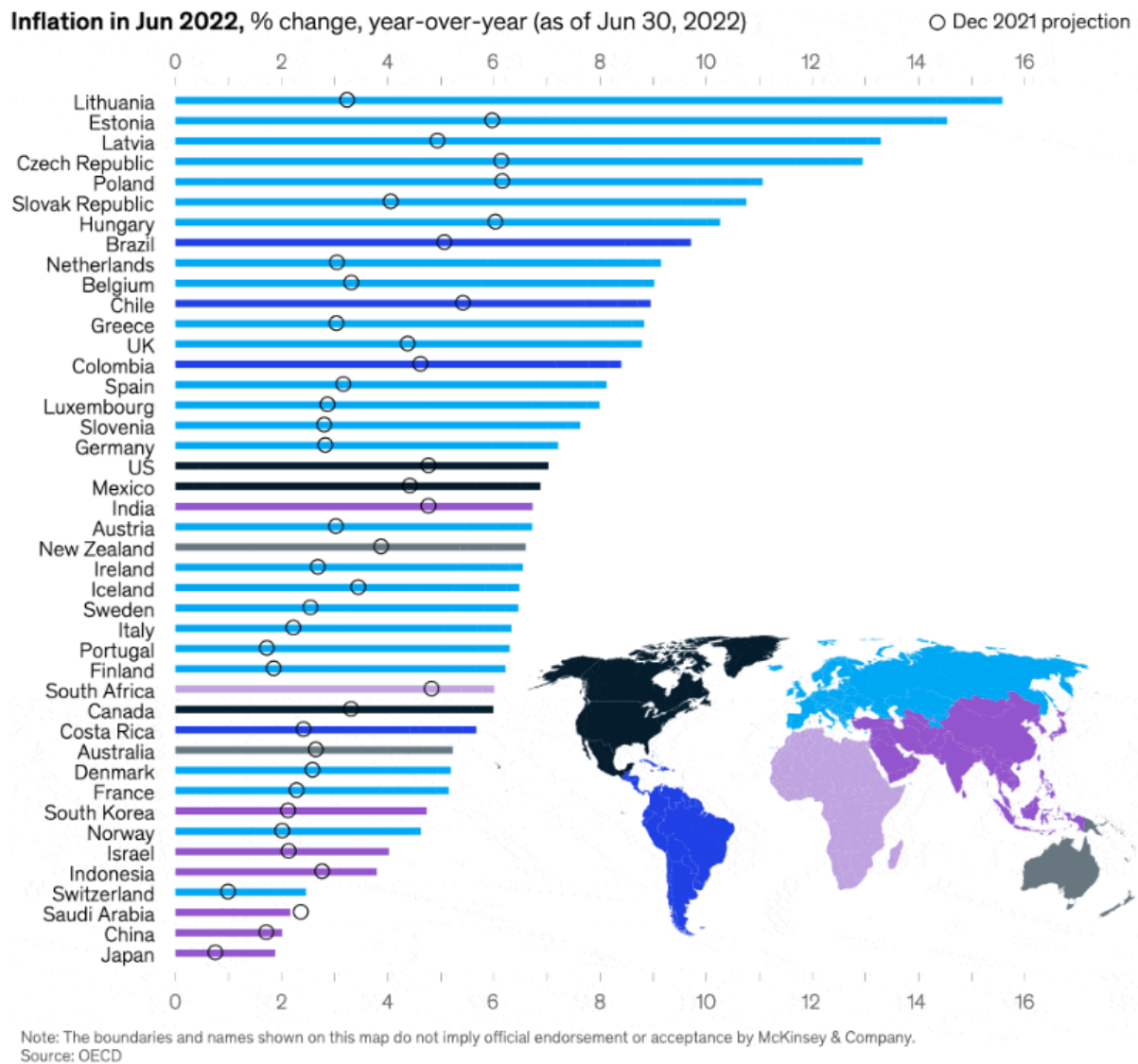
National trends

- Employment remains above its maximum sustainable level
- Employers are experiencing a significant shortage of candidates across all industry sectors, and organisations
- Domestic spending remains supported by high employment levels, resilient household balance sheets in aggregate, continued fiscal support, and strong terms of trade
- Labour and resource scarcity are contributing to upward price pressures which are currently exacerbated by seasonal illness, a resurgence in COVID-19 cases, and a net outflow of labour abroad
- The level of global economic activity, combined with the ongoing supply disruptions largely driven by both COVID-19 persistence and the Russian invasion of Ukraine, continue to generate global inflation pressures
- The Monetary Policy Committee (13/07/2022) agreed to continue to lift the OCR to a level where it is confident consumer price inflation will settle within the target range. The Committee is comfortable that the projected path of the OCR outlined in the May *Monetary Policy Statement* remains broadly consistent with achieving its primary inflation and employment objectives - without causing unnecessary instability in output, interest rates and the exchange rate.

Global economy trends

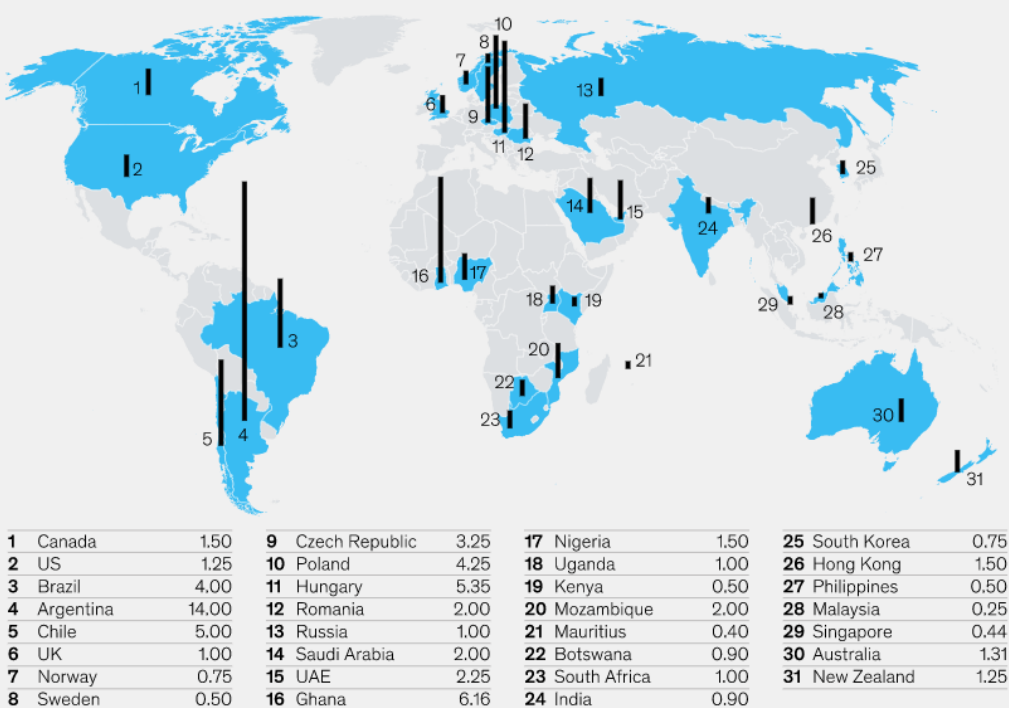
Inflation has altered the economic mood, and potentially reset the path of global and national economies worldwide for years to come. In the past six months, inflation has far exceeded December 2021 expectations. In many countries, actual rates have doubled projections (illustration one). In response to inflation's alarming rise, central banks worldwide are raising their core bank lending rates (illustration two). So far, however, rate raises in most countries have not matched the pace of inflation. Rising rates are expected to ease demand and lower prices for two critical components of headline inflation: housing and commodities such as energy and metals. As economic stimulus reflat the global economy that had been punctured by the COVID-19 pandemic, prices took off (illustration three). Then Russia's invasion sent prices higher still. The biggest rise was in fertilizers. Spurred by shortages of natural gas, a key component in making fertilizer, and by rising demand from farmers, fertilizer prices have risen sharply.

Inflation in many countries has more than doubled projections in the past six months.



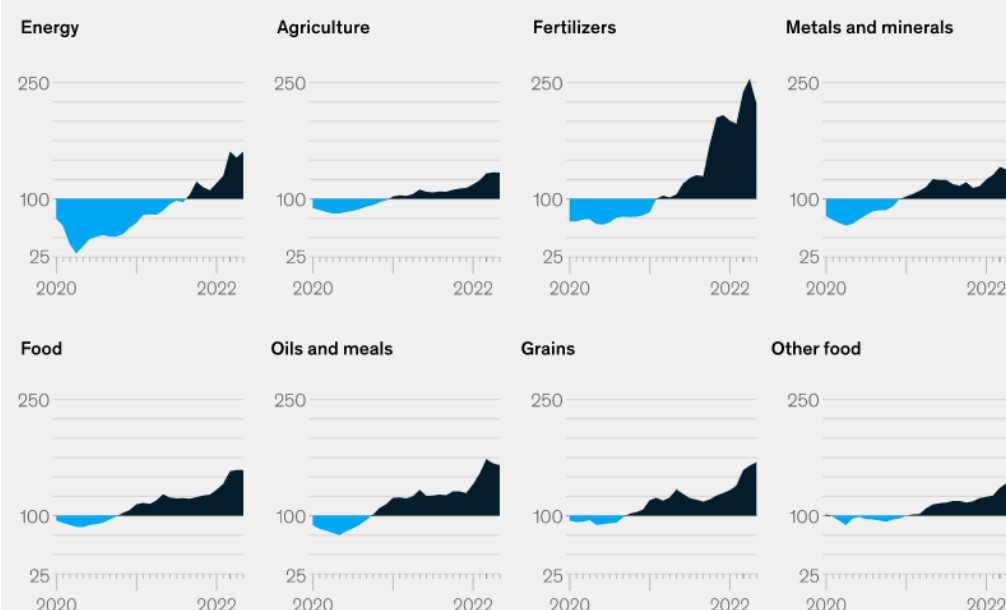
Central banks worldwide are raising rates.

Rise in central bank lending rates in 2022,
percentage points (as of Jun 30, 2022)



Prices for commodities are higher across the board.

World Bank commodity price data, index (100 = 2010 average) (as of May 2022)



Source: Jongrim Ha et al., *One-stop source: A global database of inflation*, World Bank Group, policy research working paper 9737, July 2021.

Emergent risk:

Increasing probability that one current risk may materialise:

Change management is a structured approach to implementing change in an organization, a systematic approach to dealing with changes to goals, processes and technologies. District Services have identified this as a regulatory/compliance risk (DS018) - Because of change management practice (or lack of); there is a chance that inconsistent processing and service level; leading to not meeting statutory requirements, creating legal liabilities and reputational damage. It is probable that we are now seeing this risk materialise. District facilities have also identified an operational/financial risk (DS023) focussed on the lack of an organisation-wide imbedded compliance information flow.

The issue:

Historically, FNDC has issued one or more resource consents with a specific consent condition which required the developer to design, supply and install a reticulated wastewater system on the basis that the area of the subdivision was designated as a 'future area of benefit' for sewer connections.

It has been alleged that, where FNDC has not provided the wastewater connection, FNDC is considered to be in breach of our obligations to facilitate connecting the development. These allegations have been accompanied by requests to re-imburse the cost of the required wastewater reticulated system inclusive of interest on that investment.

At this stage it is unclear how many resource consents may have been issued with the above mentioned conditions and work is underway to understand the scale and extent of any associated risks.

It is also important to note that when testing the liability balance related to resource management deposits, in 2018, Audit NZ found that some of the deposits in the listing were received 18 years ago. A project has been underway to identify these bonds, and to then confirm resource consent conditions have been met, to enable bonds to be returned. There are 11 instances where remedial work needs to be completed. Six of these are roading issues and are with the NTA to confirm work required; two are waiting for assessment from engineers; two are with District Facilities Operations to remediate; and one remains to be actioned.

Table 3 captures previously identified emergent risks. One additional emergent risk, identified 21/06/2022 and verbally advised to the Assurance, Risk and Finance Committee at the June 2022 meeting, has been included in the table below as item number six.

Table 3: Table of identified emergent risk

EMERGENT RISKS	PRESENTED TO ARF:	PROGRESS
1. THE RISK OF EXTERNALLY FUNDED SHOVEL READY, ECONOMIC STIMULUS EMPLOYMENT OPPORTUNITY PROJECTS DUE TO THE IMPACT OF THE COVID-19 PANDEMIC.	OCTOBER 2020	THE ASSURANCE, RISK AND FINANCE COMMITTEE RECEIVED A REPORT AT THE MARCH 2022 MEETING.
2. THE RISK OF NOT FIT FOR PURPOSE BUSINESS CONTINUITY ARRANGEMENTS.	OCTOBER 2020	A PROGRESS UP-DATE IS PROVIDED UNDER THE GROUP RISK SECTION.
3. GOVERNMENT'S THREE WATERS REFORM PROGRAMME.	DECEMBER 2020	SUBJECT TO AN INFORMATION REPORT AUGUST 2022 ASSURANCE, RISK AND FINANCE COMMITTEE AGENDA.
4. POTENTIAL IMPACT OF THE WORKSAFE DECISION, IN DECEMBER 2020, TO CHARGE 13 PARTIES OVER THE WHAKAARI/WHITE ISLAND TRAGEDY; AND THE GOVERNMENT REVIEW OF WORKSAFE NEW ZEALAND'S PERFORMANCE OF ITS REGULATORY FUNCTIONS IN RELATION TO ACTIVITIES ON WHAKAARI WHITE ISLAND.	FEBRUARY 2021	IMPACT TO BE CONSIDERED WHEN FURTHER INFORMATION IS TO HAND.
5. NGAPUHI MANA WHAKAHONO Ā ROHE.	FEB 2022	WORKSHOP WITH ELECTED MEMBERS 09/08/22
6. RISK #IAM066, IDENTIFIED 21/06/2022, OF THE IMPLICATIONS TO BUDGETS OF COST ESCALATIONS TO COMPLETE SCHEDULED MAINTENANCE WORK.	JUNE 2022	SUBJECT OF A DECISION REPORT (ITEM 6.4) TO COUNCIL 11/08/2022 THE ADDITIONAL FUNDING APPROVAL SOUGHT IS BUDGETED WITHIN THE ADOPTED 2021/2024 LTP AND DOES NOT RESULT IN ANY UNBUDGETED EXPENDITURE.

Organisational risk progress reports:

Nine of the scheduled risk progress reports, including high level treatment plan progress, are provided with highlights and analysis of risk progress below. More detail is available in the attached risk progress reports.

The ARF004 Asset Management Risks progress report has not been tabled. This risk was established in 2018. At this time the main focus for addressing, what is really an issue, was the establishment of Programme Darwin to deliver technology and process change, alongside appropriate resources and skill that would dramatically increase the maturity of Council's asset management functions.

The Infrastructure and Asset Management Group would like to revisit this stated risk to articulate what the current risk is in this space. Then the impacts and proposed treatments will better match that statement of risk. Improvements to our asset management practices are underway, these are both within the previous auspices of Programme Darwin, like the condition assessments across Three Waters and District Facilities asset portfolios, and also as improvements to processes and procedures such as preparing project briefs for delivery and establishing the comprehensive Asset Management Plan Council needs.

Additionally, Council has not quantified climate risks to its assets, nor are these risks addressed in asset management plans. Without quantifying the risks and the impact of risk treatment options, it will be nearly impossible to maintain effective oversight of the council's assets.

Risk progress reports – highlights and analysis:

1. ARF003 Health & Safety Vulnerabilities risk progress report. The inherent risk rating trend has been assessed as **stable** as we have a strategy which identifies a course of action to reduce this risk.
2. ARF006 Project Priorities Deliveries Delays risk progress report. The inherent risk rating trend has been assessed as **increasing** as we are now needing to address significant issues as this risk has not been successfully mitigated.
3. ARF012 Contract Management Risks risk progress report. The inherent risk rating trend has been assessed as **increasing** due to the increasing cost of money, labour, chemicals, fuel, raw materials; ability to retain and attract new staff; and the ability to access supplies and import specialist plant & equipment.
4. ARF013 Drinking Water Resilience risk progress report. The inherent risk rating trend has been assessed as **stable**. The Draft Water Safety Plans contain a risk register and improvement plan for each scheme.
5. Consolidated Climate Change Risks (ARF015, ARF016 and ARF017) progress report. The inherent risk rating trend has been assessed as **stable** for these three Climate Change risks. There is an active structured Climate Change treatment plan in place:
 - Treatments have been analysed then clustered into one of six distinct themes to help synthesize information and provide insights
 - Treatments are provided in two tables, those in progress and a pipeline of potential / planned treatments
 - The Climate Change Risk Reference Group continues to progress actions working with WSP to develop a science-based emissions reduction programme
6. ARF019 Resource Consents risk progress report. The inherent risk rating trend has been assessed as increasing as Council continues to receive an increasing number of applications for resource consents while also needing to manage a significant backlog. District Services provide a monthly resource consent status report to Elected Members.

Organisational Risk Up-date

Group risk registers have been retired with the establishment of a SharePoint register containing all identified organisational risks. An overview of total organisation risk by risk theme is provided in table four. The largest number of risks are in the operational/financial risk category and the

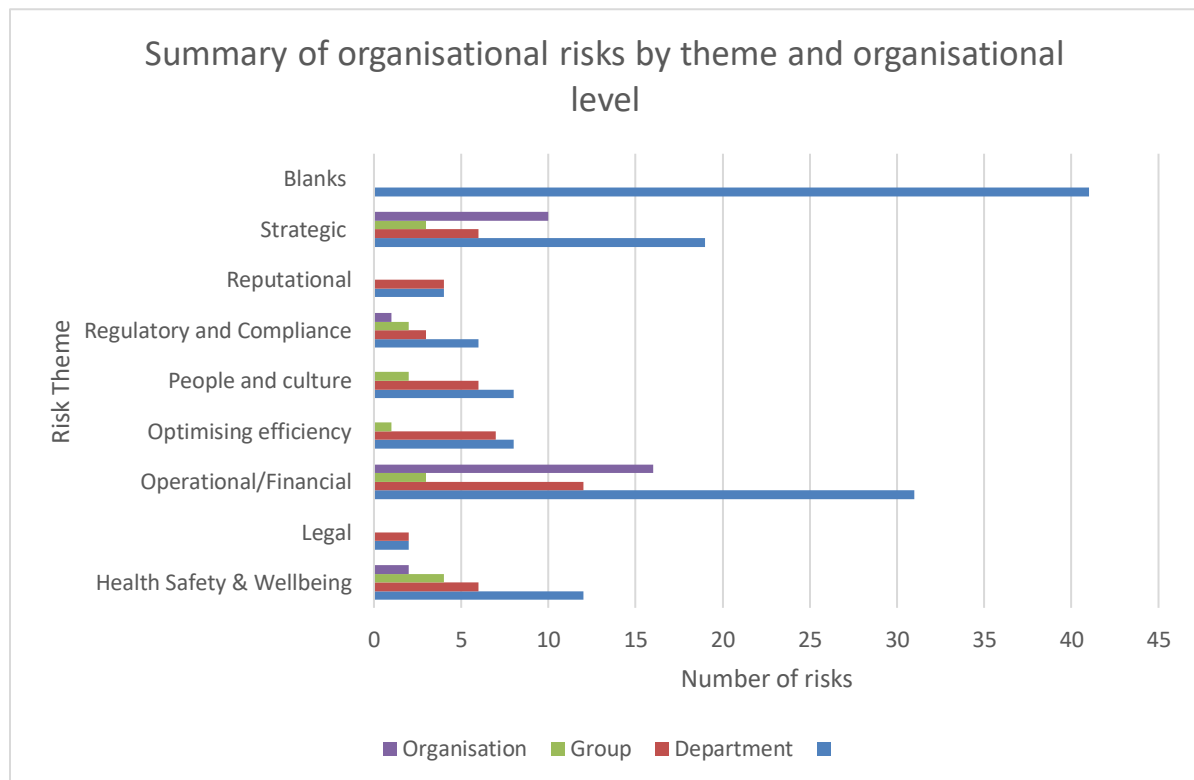
majority of risks are assessed as medium impact. Further business intelligence will be provided once BI reporting has been implemented.

Protecting Council data

Two potential issues have occurred which could have resulted in data security breaches:

1. FNDC received a security alert of a potential cybersecurity breach involving 20 FNDC email addresses. This risk was immediately mitigated with affected staff contacted and instructed to change their passwords. The upside is that this event provides evidence that our cyber security controls are working.
2. Privacy Act, potential privacy breach: the K drive, available in citrix, is a shared network drive that all staff have access to. Private and personal information was identified in some of the records located in K drive. These records were promptly removed, and a cross functional team established to investigate and mitigate this risk. After a review by Legal, of the information and facts, it was determined that it was highly unlikely that a privacy breach had occurred. Treatments in place include:
 - a. ongoing management of K drive by the Information Management Team with the intention that K drive will likely be made redundant and in the meantime a process for its short-term use, management and destruction of information currently held in the K drive is underway
 - b. internal communication campaign (SharePoint article, People Leaders notification, individual follow up with staff)
 - c. All of staff Friendly Fishing training on the Privacy Act.

Table 4: Table of total organisation risk by risk theme

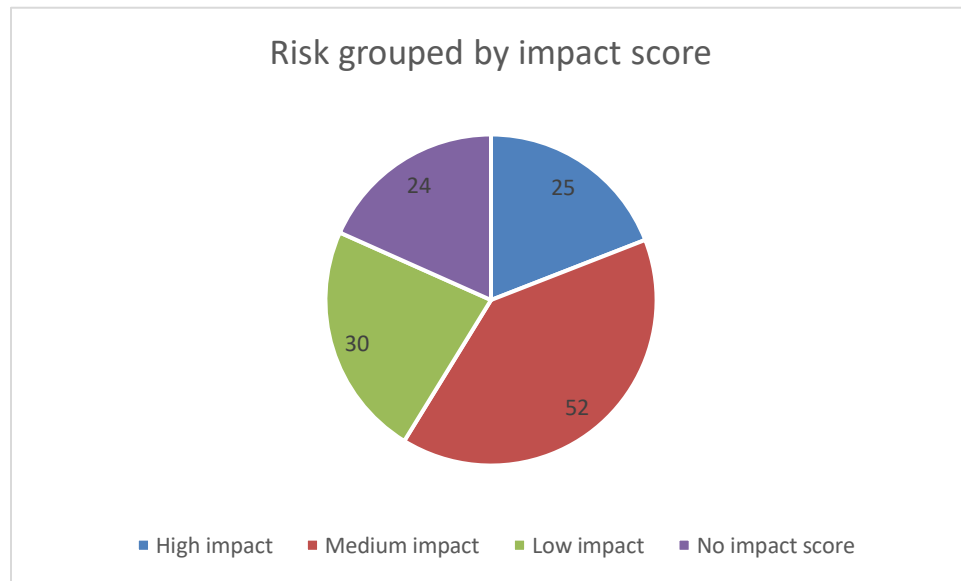


Key: description of risk category:

- Health Safety & Wellbeing - a work environment that is without risk to health and safety, so far as is reasonably practicable
- Legal - Application of the law (and its consequences) to FNDC actions
- Operational/Financial - Whole of business view of FNDC performance including service/services delivery, risk, finance, environmental,
- Optimising efficiency - Managing the present, lineal response to what exists today such as system, Continuous Improvement, process
- People and culture - Capability, mindsets, behaviour
- Regulatory and Compliance- Conforming to rules, external = law or regulation; internal = policies
- Reputational - The external estimation in which FNDC and brand is held
- Strategic - Adapting to change: Innovation / create the future / selectively forget the past.

Table five provides a few of total organisational risk by impact score (high, medium, low). 19% of organisational risk has been scored as high impact, 40% medium impact and 23% low impact. A number of risks are yet to be scored.

Table 5: Table of total organisation risk by impact score (high, medium, low).



Work continues at group level to understand where there is a greater than 70% probability of the risk materialising within the next three years and to regularly assess the risk trend, particularly for the high impact risks.

Business continuity arrangements

The COVID-19 crisis response and crisis management teams continue to manage the Council's COVID-19 response reviewing and up-dating protocols as the Government changes measures in response to the omicron outbreak.







Business continuity arrangements for essential services:

Business continuity plans are all available at [Business Continuity Planning - Home \(sharepoint.com\)](#)

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

No additional budgetary provision is requested.

ĀPITIHINGA / ATTACHMENTS

1. 2022 08 ARF003 Health Safety and Wellbeing Vulnerabilities Risk Progress Report - A3844048 [↓](#) 
2. 2022 08 ARF006 Projects Priorities Delivery Delays Risk Progress Report - A3832795 [↓](#) 
3. 2022 08 ARF012 Contract Management Risk Progress Report - A3832792 [↓](#) 
4. 2022 08 ARF013 Drinking Water Resilience Risk Progress Report - A3832799 [↓](#) 
5. 2022 08 ARF0019 Resource Consents Risk Progress Report - A3834279 [↓](#) 
6. 2022 08 Climate Change Risk Progress Report - A3832797 [↓](#) 

ARF003 Health Safety and Wellbeing Vulnerabilities

Risk Status Progress Report for August 2022

Prepared 11/08/2022

Description of risk and impact

Health, Safety and Wellbeing Vulnerabilities are those elements defined in the Health & Safety at Work Act (2015).

The Council has a duty to ensure, so far as is reasonably practicable, that our workplace is without risks to the health, safety and wellbeing of any person and has controls in place to firstly eliminate or minimize those risks.

90-day Health Safety and Wellbeing Review

The Health, Safety and Wellbeing Manager has now been in place for five months. During that time meetings have been held with all Council's general managers as well as with health and safety managers from neighbouring councils and key stakeholders, such as Ventia and Top Energy.

The 90-day review found that FNDC does not use a specific health and safety management system. There are records in Objective detailing the use of the Workplace Safety Management Practices Programme (WSMP), which was administered by the Accident Compensation Corporation (ACC). That system officially ended on 31 March 2017 following the introduction of the Health and Safety at Work Act 2015 (the Act).

Although the Act does not require the use of a specific management system, the Health, Safety and Wellbeing team (HSW) believe that it will be worthwhile, in the long term, for FNDC to align their processes and systems with a recognised system, that incorporates regular independent audits. The two options currently being reviewed are ISO45001, which is a specific health and safety standard, and SafePlus, which is a health and safety performance improvement toolkit for businesses designed by Worksafe.

The current health, safety and wellbeing policy and strategy will be reviewed with the CEO over the coming months.

Existing Treatments - What has been done so far?

- Regular health and safety reporting included in the People and Capability section of the CEO report.
- FNDC's Health and Safety Committee continue to meet monthly.
- See table 1 for examples of existing health and safety treatments.

FNDC has a policy and a process for workplace harassment, discrimination and bullying prevention, titled 'PC 006 Workplace, Harassment, Discrimination & Bullying Prevention'. In addition, the HSW team have information around bullying on their TK3 page. Any bullying allegations would be reported in the P&C bi-monthly report to the SLT. There have been no allegations in the last six-months.

Table 1: Examples of existing treatments

Examples of existing treatments in place to support the Health, Safety & Wellbeing of FNDC Staff		
Health & Wellbeing Focus	Training & Competence Development Focus	Risk Management/Contractor Management
Employee Assistance Programme (EAP)	HSW staff training profiles	SiteWise Pre-qualification
Wellness Advocates	HSW training catalogue available	Job Safety Analysis (JSA)
Flu/COVID-19 Vaccinations	All available training in CiAnywhere	Tender & Contractual references to H&S
Hybrid Working	Lone Worker/Vehicle GPS	Project Safety Inspection Audits
Wellbeing Leave & Policy	Staff HSW inductions (new starters)	Quarterly workplace inspection schedules
Injury Rehabilitation & Management	Health & Safety Representatives	Emergency management procedures/policies

Reviewing evidence

- A new HSW strategy has been produced, agreed on by the Chief People Officer, and is being presented at upcoming leaders' meetings across Council. The strategy is one page and can be read via the [HSW TK3 page](#). The strategy incorporates both health and safety and wellbeing and outlines the major work programs for the next two years.
- The lone worker safety project has been reviewed. There are good devices and procedures available, but the HSW team will be rolling out further training across Council to highlight what is available.
- Generic job safety analysis documents (JSA's) have been produced for some activities, such as driving on council business. More are being collaborated on with various operations teams for accuracy and suitability (e.g. Animal Management are working on lone working).
- An HSW training programme, for the new fiscal year, is being put together to ensure staff are suitability trained and equipped to do their roles safely. This training will, in the most part, be paid for by HSW and will be booked through CiAnywhere. A recent example is the roll out of Fleetcoach driver training to teams using allocated vehicles. This training may be rolled out across the organisation during the year.
- Wellbeing across Council is currently being supported through:
 - o Free access to Employee Assistance Programme (EAP) to all staff.
 - o Advice and assistance on the HSW TK3 page.

- o A new wellness platform called [My Everyday Wellbeing](#), that offers a wide range of wellbeing advice and challenges was introduced in July. So far approximately 48% staff have used the site.

Where are the gaps? / what more could we be doing?

- FNDC has roughly 300 *Asbestos Management Plans* that are due for review by 2023.
- Development has started on a *Standard Operating Procedure* to improve and coordinate staff and Elected Member safety should they be compromised from external threats.
- Non-compliance against HSW Act regulations at five water treatment plants is progressing with the expectation that all work will be completed within the statutory five-year timeline.

The overall assessed risk trend as stable because we have a strategy which identifies a course of action to reduce this risk.

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
High	Stable	Medium	Responsible:	Chief People Officer	Date accepted:	16/06/19	3 monthly

ARF006 Projects / Priorities Delivery Delays

Risk Status Progress Report for August 2022

Prepared 28/07/2022

Description of risk and impact

Project / Priority delivery continues to be driven by the project lifecycle (conception and business casing through delivery and ongoing management / maintenance) and involve having robust capabilities to support each stage of this lifecycle.

Existing Treatments - What has been done so far?

Tracking progress of individual projects is reported in the monthly IAM Business Report.

Increased DFA levels has improved the efficiency of our processes through reduction of approvals.

Where are the gaps? / what more could we be doing?

Current environment:

We are now needing to address significant issues as this risk has not been successfully mitigated.

1. Uncertainty around asset management - conception and business casing

Programme Darwin was established to increase the maturity of Council's asset management functions through a mix of technology and process change alongside appropriate resources and skill. While Improvements to asset management practices are underway, with the dis-establishment of Darwin ARF006 Project / Priority delivery delays continues to experience the impact of the materialisation of the ARF004 Asset Management Risk. This will continue until improvements to Asset Management processes and procedures, such as preparing project briefs for delivery, and establishing comprehensive Asset Management Plans are on time and fit-for-purpose.

While numerous scopes have been received for FY22/23, each stage has yet to be checked against the Project Management Framework requirements. These scopes need to be triaged and prioritised.

2. Uncertainty around actual cost

- Insufficient budget risk – insufficient budgets as indicative concept design and pricing was not undertaken prior to budgets being set
- Impact of inflation on not completing work in the planned cycle (i.e. if the work is not completed when planned it is likely to become more expensive). This risk needs to be priced into the project as an allocated risk allowance with a quantitative risk assessment, as appropriate.

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Increase		Responsible:	GM IAMs	Date accepted:	30/05/19	Three monthly



HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

ARF012 Contract Management Risks

Risk Status Progress Report for August 2022

Prepared: 04/08/2022

Description of risk and impact

Contract management risk can arise due to contract wording, contract breaches, contract performance and relationship management.

Contract management risks have the potential to negatively impact on financial, legal, reputational, service delivery and create long term issues for the Far North District. If not managed correctly we could see delays and interruptions with lengthy, drawn-out disruption. Commercial and legal resource demand could be impacted.

Existing Treatments

Treatments established:

A. Two specialists are in place:

1. Contract Management Specialist, PMO (currently supporting the Procurement Specialist)
2. Contract Specialist, District Facilities.

B. A FNDC-wide Contracts Register is available in TK2. This was retired 31 July 2022.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Internal Contract Management Processes	
Develop Contract Management Framework. The Contracts Framework covers three main contractual arrangements, AOG (All of Government) and syndicated contracts.	Completed. Phase 1 of the roll out (to IAM) has commenced.
Develop Policy, process and templates.	Completed.
New treatment May 2021: Refresh of the contract register.	In progress. This will be accessible to all staff from 31 July 2022. <ul style="list-style-type: none"> The new Contract Register is 50% complete Continuing to search for contract documentation to attach to register Secure repository required to hold hard and soft copies of contract documents (contract, bonds and warranties and insurance certificates).
New treatments June 2021	In progress. PMO is developing a new process for small contractors.

Develop process to manage “Small” contractors contract management risk (health and safety, delivery and financial risk); and contract concentration risk.	Contract Concentration Risk guidance is being formulated
Building internal capability	
Increase internal commercial expertise.	<p>Ongoing.</p> <p>Targeted training, in contract management, will be delivered to contract owners. Contract managers will be identified through the new contract register.</p> <p>Training, to develop contract management capability in the IAMs Infrastructure & Asset Management team, continues.</p> <p>The Contract Management Specialist provides project specific advice.</p>
District Facilitates Assurance Review	To be confirmed if this is included on the 22/23 audit and assurance pipeline for scheduling.
LGA Section17A reviews	<ol style="list-style-type: none"> 1. Solid Waste – Morrison Low have been appointed to undertake the 17A review then to formulate the RFT documents 2. Security of Council buildings – underway 3. Town, parks and reserves maintenance, delayed to 2023 with the RSL contract extended for two year (to June 24). This work is in the process of being scoped.

Where are the gaps? / what more could we be doing?

Council's Waste Management Strategy is due for renewal in 2023. The new waste management contracts will be flexible to incorporate our waste management strategy and government reforms for the sector.

Current environment:

Increasing cost of money, labour, chemicals, fuel, raw materials; ability to retain and attract new staff; and the ability to access supplies and import specialist plant & equipment, is impacting the viability of suppliers to deliver services and for FNDC to invest in infrastructure.

- Companies providing services to FNDC have the added pressure of travel distances required to service our dispersed district.
- Changing demographics are also changing rate payer expectations on the level of service provided.

There are two outcomes which will impact Council cashflow at a time when we are experiencing increasing cost of money to fund debt:

1. Cost of services will increase - the impact on FNDC on operational services will vary by supplier and contract e.g. the two solid waste contracts have inflationary clauses; Ventia contract is total

outturn cost which is agreed each year (to cater for inflation and changes in level of service). We are receiving requests from contractors to increase rates due to inflation.

2. We will experience higher risk in delivery of capital projects to time and to budget - companies are experiencing critical cashflow bottlenecks due to not meeting contract milestones which mean they are missing milestone payments. The result is we are seeing a significant uptick in companies going into administration (more than 100 construction companies have tipped into administration this year).

It is anticipated that these trends will continue, at least into the mid-term (2 to 5 years) and will continue to place many households under financial pressure as well.

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Increasing		Responsible:	GM IAMs	Date accepted:	30/05/19	3 monthly

ARF013 Drinking Water Resilience

Risk Status Progress Report August 2022

Prepared: 19/07/2022

Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the “Drinking Water Resilience” risk was adopted at the 05/07/20 Council meeting as a top organisational risk. This risk was scored and prioritised using Council’s bespoke IDEATE methodology.

Council own and operate eight drinking water schemes supplied by 14 primary and supplementary sources and nine water treatment plants.

The primary source for Kaikohe, Kaitaia, Opononi, Rawene, Kawakawa and Paihia are surface water takes from local rivers and streams. Kerikeri also relies heavily on surface water as its secondary source. For each of these surface water takes Council hold a consent issued by the Northland Regional Council. The consents have conditions relating to many things but most importantly:

- the volume of water FNDC is authorised to take, and
- the instantaneous residual flow we are required to leave in the environment.

Surface water takes are impacted by droughts. Droughts typically cover a large geographical area; not just a single catchment or community. Irrespective of the volume of water FNDC is consented to take, there is a 20 percent chance each year that we will not be authorised to take water from the surface water sources for a week or more.

Group / SLT	Risk level	Inherent Risk	Risk description	Because of	There is a chance that...	leading to...
Infrastructure and Asset Management	Organisational	35	Strategic	Lack of freshwater resilience - long-term trends in rainfall coupled with changing and increasing consumer demands	Current freshwater supply systems will continue to not meet demand both now and into the future	Critical impact on our communities i.e. lengthy water restrictions; no/interrupted supply; costly economic consequences (affordability); extensive Health & Safety impacts across the district; economic and reputational risk from a failure to supply adequate potable and fresh water; negative environmental impacts.

The “Drinking Water Resilience” risk has been analysed as both an organisational and a strategic risk. A score of 35 or greater is in the high-risk category.

To ensure clarity this risk excludes “Action for healthy waterways” new rules and regulations aimed to:

- stop further degradation of New Zealand's freshwater resources and improve water quality within 5 years
- reverse past damage and bring New Zealand's freshwater resources, waterways, and ecosystems to a healthy state within a generation.

Existing Treatments

1. Professionally managed water source and networks.
2. Asset management planning to consider growth, expansion, development for each of our communities
3. Treated Water Supply Bylaw - this allows us to make water restrictions if and when needed.
4. Water Shortage Management Plan – this outlines the processes and provides guidance on how water restrictions can be implemented to manage demand.
5. Water Shortage Management Committee is established with internal technical specialists who monitor and make recommendations on water restrictions to GMIAM.
6. Drought Communication Plan.
7. Ability to enact a dedicated drought response team (as used in the 19/20 drought).

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Long Term Plan.	Planning commenced, June 2022, for assessing community needs with a focus on the next three years for LTP 2024/2034.
Crown 3-waters reform funding.	The Funding Agreement and Delivery Plan included a portfolio of projects to be completed prior to June 2022. Of the 18 projects, 13 will improve resilience. The following projects have been completed: <ul style="list-style-type: none"> • Kaitia new water source • Update water safety plans across the district • Network model upgrades • Enhanced water leak management • Enhanced water monitoring capability and data capture • Kaikohe new water source
Water Safety Plans	Draft Water Safety Plans (WSPs) are being reviewed and will be completed for submission to Taumata Arowai by 14 November 2022. The final WSPs, and the implementation plan, is underway collaboratively with FNDC staff and Far North Waters. Some implementation activities are already progressing e.g. continuous monitoring and WaterOutlook. The WSP Risk Registers and Improvement Plans have informed LTP workshops. A summary of 3 Waters issues and improvements has been prepared for the CEO. These will be workshopped with FNW before 14 November 2022.

Where are the gaps? / what more could we be doing?

The June 2021 deep dive was a rapid immersion into our drinking water resilience risk. At the session Elected Members wanted to understand resilience regarding changing conditions and operations, and how our thinking around resilience has matured. The Draft Water Safety Plans contain a risk register and improvement plan for each scheme. Consequently, this gives Council a new benchmark for the current risks and an updated understanding of what is required to manage those risk elements.

In June 2022 the Sweetwater bore project was completed with water from the bore now piped to the treatment plant. Alterations to the treatment plant and commissioning new monitoring equipment is underway to enable this source to be used.

Early and continued engagement with Taumata Arowai, to ensure all obligations are known and understood. Current topics include:

- What are Council obligations in respect of non-public schemes?
- If a private scheme starts to impact ratepayer health what is Council's responsibility?
- Drinking Water Standards have now been finalised. The Acceptable Solutions and Assurance Rules have not yet been finalised. These are expected in August 2022.

Council needs to determine what level of residual risk are we prepared to accept.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	March 2020	Report frequency:
	Stable		Responsible:	GM IAMs	Date accepted:	05/07/20	Three monthly



HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

ARF019 Resource Consents

Risk Status Progress Report for August 2022

Prepared 08/08/2022

Description of risk and impact

Over the past five years, Council has received an increasing number of applications for resource consents. The number of applications received is continuing to rise driven by the release of the Proposed District Plan (PDP), environmental legislative changes, the needs of the critical housing market and the influx of new residents to the Far North.

Processing of resource consents is impacted by insufficient FTEs, dwindling consultant availability combined with a high market demand for planners resulting in significant numbers of vacancies within the Team.

Because of Unidentified increase or decrease of requirement for environmental consents, monitoring and licensing, driven by user demand, and new environment due to effects of COVID-19 pandemic, new proposed District Plan and RMA Reform **there is a chance that** FNDC do not have the flexibility to increase/decrease resources to meet the demand, **leading to** poor legislative performance and siege mentality. We do not meet our statutory obligations and/or staff loss.

The risk has been analysed as an organisational risk in the Operational/Financial category with a high impact score of 41 and a probability of "will happen".

Existing Treatments - What has been done so far?

Since October 2020 District Services have flagged that this is an emerging risk. Despite analysis and treatment of this risk by District Services (including Vision 20/20, IT systems enhancements) the risk trend is increasing and is impacting on our ability to meet statutory timelines.

The Environmental Services team have implemented a delivery plan (April 2022) to resolve the backlog of resource consent applications and to ensure that the Resource Consents Team achieves statutory timeframes under the Resource Management Act 1991. The plan recommends:

Treatment	Progress to plan
Offer remote working option	In place Currently have remote worker in Dunedin. New fixed term Intermediate to work from Auckland.
Pay Market allowance	From 1 July 2022, this has been applied to all Team Leader, Senior Resource Planner and Intermediate Planner roles as well as Senior Resource Consent Engineer role.
Create additional fixed term and permanent roles: 1 X Planning Support Officer 1 X Resource Planner 1 X Intermediate planner 1 X Senior Planner 2 X Senior Resource Consents Engineer 1 X Principal Planner	Additional fixed term (2 year) roles created: 2 fixed term Intermediate Planners 2 fixed term Senior Planners 2 fixed term Planning Technical Assistant 2 Senior Resource Consent Engineer No additional permanent roles have been created.

Treatment	Progress to plan
Hire an additional five staff on fixed term: 1 X Planning Technician 2 X Intermediate planner 2 X Senior Planner	<ul style="list-style-type: none"> Intermediate planner starting 3 October 2022 Fixed term intermediate planner starting 5 September 2022 Fixed term Technical Planning Assistant started 8 August 2022
Engage additional consultants	In July two additional Consultants have been contracted <ul style="list-style-type: none"> Geologix Consulting Engineers Limited Studio Civil Limited
Restructure department Establish: 1 X new role Manager Resource Consents 3 X new team leaders (includes planning support / RC engineering)	No progress to restructure, this will be within realignment project.
Analyse funding model	
Investigate shared resourcing with Whangarei District Council	WDC have provided 5 hours per week to complete s88 checks with no cost during July
Templates to support processing of resource consents against the proposed district plan.	Templates available Training to use completed 4Sight have completed training, templates and practice notes to the RC Processing team, Monitoring Officers and PIM Officers in July

Where are the gaps? / what more could we be doing?

For the month July 2022

- 106 applications were received. This is the highest number of applications received in a month when compared to the last five years, exceeding the previous record set in May 2022 by three applications.
- 15.5% applications were processed within statutory timeframes. This is up from 12.2% June 2022 and 10.7% May 2022
- \$45,633.89 Discounts applied, total discounts for the FY22/23 = \$45,633.89. Total discounts for FY21/22 = \$153,810.98.

At the end of July 2022 192 resource consent applications were unallocated

The impact and likelihood of this risk has increased due to the increasing volume of consents waiting for allocation and for an engineering review.

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	Oct 2020	Report frequency:
	Increase		Responsible:	GM DS	Date accepted:	23/06/2022	3 monthly

Climate Change Risks ARF015, ARF016, ARF017

Risk Status Progress Report August 2022

Prepared: 29/07/2022

Risk progress report for climate change risks:

- ARF015 Climate Change Organisation Transition Risk
- ARF016 Climate Change Community Transition Risk
- ARF017 Climate Change Direct Risk to Council Physical and Natural Assets

Description of risks and impacts

These strategic risks were raised and accepted onto the organisational dashboard on the 01/12/2021. All these risks are considered "likely to happen". The CEO is accountable for these risks with the GM SPP responsible. Table 1 describes the three climate change risks subject of this report.

Table1: Climate Change Risk statements

Risk ID	Inherent Risk	Risk Trend	Cause "Because of..."	Risk "There is a chance that..."	Effect "leading to..."
ARF015 Organisation Transition Risk	31	Stable	This is a wicked problem and we are a complex organisation. We need to transition our organisation to meet the requirements of a lower carbon, climate-resilient economy while ensuring prudent management, regulatory compliance and full disclosure to our communities of vulnerabilities to climate change.	Not understanding, or implementing, treatments.	Failure to comply with regulatory requirements; legal challenge resulting in fines and penalties; poor decision-making which negatively impacts our communities and Council; impact on our financial sustainability, and reputational damage.

Risk ID	Inherent Risk	Risk Trend	Cause “Because of...”	Risk “There is a chance that...”	Effect “leading to...”
ARF016 Community Transition Risk	39	Stable	Not working with communities to identify vulnerabilities, to things of value in those communities, due to potential changes in the climate.	We do not work with communities to identify solutions to drive targeted action and investment in adaptation and mitigation.	Inequitable transition of our communities; and may worsen pre-existing inequities. We do not meet our community wellbeing obligations. Exposure of the community to rapid market disruption. We miss out on potential opportunities.
ARF017: Climate Change Direct Risk to Council Physical and	37	Stable	Neither identifying the physical hazards and vulnerabilities, nor engaging with our communities, to plan for and mitigate the impacts of climate change on our infrastructure and levels of service.	Infrastructure may be exposed and vulnerable. Natural assets may become eroded/damaged.	Leading to damaged/lost infrastructure impacting levels of service, community wellbeing, environmental damage and financial cost to communities and Council. Ecosystem services may reduce, placing increased risk on operational costs.

What are we doing?

Climate change will require us to adapt and reshape our economy and lives.

Environmental context within which we are working

Aotearoa New Zealand's first emissions reduction plan has been adopted. This sets the direction for climate action for the next 15 years and lays out the targets and actions New Zealand will take to meet those targets. These will be across every part of government and every sector of the economy from transport, energy, building and construction, waste, agriculture and forestry.

Progress on the National Adaptation Plan (NAP), to help New Zealand minimise damage from a changing climate, will published in the coming weeks alongside a summary report of the key themes from public consultation and individual submissions.

Progress on Treatments

Treatments are organised into six themes based on the treatment opportunities. Table 2 explains the six themes which directly aligned with four areas for action in the Te Tai Tokerau Climate Change Adaptation Strategy adopted by Council in March 2022.

Treatment progress is reported by theme (table 3) with a final table (table 4) is a treatment pipeline.

Table 2: Explanation of the six affinisation themes.

Theme	Explanation of the theme
Grow Relationships	<p>We will face backlash whether climate action is slow or aggressive which could weaken support for action; conversely, slow action could trigger further radicalization from those who feel we did not act fast enough, with a potential increase in intergenerational friction and more fiscal drain due to increased recovery funding.</p> <p>Relationships will also be important due to the disruptive potential of the transition which could be amplified by disconnects between governments, businesses and households with respect to policy commitments, financial incentives, regulations and immediate needs.</p>
Build Capacity	The process by which we as individuals or our organisation, and other organisations we work with, obtain, improve or retain the skills, knowledge, tools, equipment or other resources to mitigate and adapt to climate change.
Improve knowledge + understanding	Educate our staff and communities about climate change so they understand the need for action, the sheer scale, complexity and interdependency of the needed changes.
Reduce Emissions	Achieve an overall balance between greenhouse gas emissions produced and greenhouse gas emissions taken out of the atmosphere Need to an agreed target e.g. net zero
Adapt to climate change impact	Adaptation is an ongoing process of adjusting to the actual and expected changes in the environment resulting from greenhouse gas emissions already released into the atmosphere and those that may be released in the future. Adaptation is an ongoing process as the climate will continue to change throughout this century and beyond. It is different from but linked to mitigation, which is about reducing greenhouse gas emissions to limit further climate change and increasing the ability of natural processes to absorb emissions, for example, by planting trees.
Regulate and Govern	<p>Regulatory stewardship is the monitoring and care of regulatory systems for which we have policy or operational responsibilities. Its goal is to ensure that regulatory systems remain fit for purpose over the long term.</p> <p>Govern: control and manage district and our people; control the way that things happen; control how we operate</p>

Table 3: Summary of in progress climate change risk treatments, up-dated 29/07/2022

(Treatments which are numbered have been lifted from the Te Tai Tokerau Climate Adaptation priority actions list)

Grow Relationships					
Treatment	Description	Status	Climate change Risk addressed	Due Date	Treatment on track?
Climate Change Risk Reference Group	Support the operationalisation of Council's climate change policy	Established Membership has been extended to include key service providers.	All four	Ongoing	Yes
Appoint resource to support climate change work	Appoint Manager Climate Change	Appointed.	All four	Ongoing	Yes
Inter-council collaboration: Continue to develop collaborative inter-council programmes and shared services.	FNDC is an active participant in the Climate Change Te Tai Tokerau working group. This reports into a Joint Committee of Council formed under the LGA. Recent work has seen the endorsement of a Regional Climate Adaptation Strategy that has an action plan with assignments to FNDC and a Joint Submission on the National Adaptation Plan.	Established Staff are leading a review of the purpose of the working group now the Regional Strategy has been approved.	All four	Ongoing	Yes
Te Tai Tokerau Regional Comms and engagement (CATT)	FNDC is an active participant in regional climate change work programmes.	Established Kaipara have started their first climate change adaptation community engagement project. Wangari have appointed a climate change adaptation programme manager.	All four	Ongoing	Yes
Internal comms and Engagement Plan	Climate Change Engagement Strategies	Underway TK3 climate change site established.	All four	Ongoing	Yes

Clarify funding responsibilities:	Clarify adaptation management and funding responsibilities between councils.	Underway Conversation opened around how formalise sharing of resources. Note: we already share resources across Councils.	All four	Ongoing	Yes
Advocacy	Promote Northland's voice in central government policy and legislation development. Ensure Northland has input into central government adaptation policy and legislation development.	Underway Submission made to National Climate Change Adaptation.	All four	Ongoing	Yes
Build Capacity					
Treatment	Description	Status	Risk addressed	Due Date	Treatment on track?
Solid waste strategy	Council's Waste Management and Minimisation Plan (statutory solid waste strategy) is due for review before May 2023. Central Government is undertaking a major reform of waste recovery involving the development of a new Waste Strategy, changes to legislation, implementation of a several product stewardship schemes (e.g., phasing out certain plastics, changes to tyre recovery etc), proposals to mandate kerbside recycling and food scrap collections, proposal to implement a container return scheme. Process to develop the new WMMP (Solid Waste Strategy) will follow best practice policy development, and will be informed by the community. The WMMP will align with and be adaptive to both central government led reforms and community led and private sector led innovation.	Underway	All four	May 2023	Yes

Section 17A review (waste)	A review based on the requirements of Section 17A of the LGA Will inform the solid waste strategy and bylaw amendments	Underway	ARF015 Climate Change Organisation Transition Risk ARF016 Climate Change Community Transition Risk	Report planned to be with Council	Yes
Improve knowledge + understanding					
Treatment	Description	Status	Risk addressed	Due Date	Treatment on track?
Asset management system	<ul style="list-style-type: none"> Single source for asset data Asset criticality data 	Paper to Council with options.	All four.		No
Sustainable Outcomes Framework	Deliver procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle.	Available Principal Advisor – Sustainable Procurement provides assistance to deliver projects with sustainable impact and outcomes.	ARF015 ARF017 ARF018	Ongoing	No
Reduce Emissions					
Treatment	Description	Status	Risk addressed	Due Date	Treatment on track?
Emission reduction action plan	<ul style="list-style-type: none"> Calculate operational emissions Set emissions reduction target (Science Based Targets) Identify long-list of actions (via workshops/interviews) Test actions to identify short-list (via MACC) Develop decarbonisation pathway 	Action plan drafted	ARF015 ARF018	Paper to 6 September 2022 Strategy and Policy Committee for recommendation to Council	Yes
Adapt to climate change Impact					

Treatment	Description	Status	Risk addressed	Due Date	Treatment on track?
Climate change adaptation planning	FNDC has commenced its weighting and prioritisation process to commence the community climate adaptation programme for the Far North. This work will include Community Engagement Plans.	Underway Council paper being drafted.	All four	6 September 2022	Yes
Spatial planning	Kerikeri / Waipapa	Underway Commissioning WSP to do a community carbon reduction plan	All four		Yes
Regulate and Govern					
Treatment	Description	Status	Risk addressed	Due Date	Treatment on track?
Climate change risk reporting	Reporting back the Audit, Finance and Risk Committee as per the approved reporting timeframes for all four climate change risks	Established	All four	On going	Yes
Te Ao Maori decision-making framework	Cultural welfare Better decision making Ensure tangata whenua are appropriately involved in adaptation decision-making.	Drafted WDC led	All four		Partial
Climate Change Policy (master document stating our policy positions)	On the back of an organisational governance assessment of FNDC Council has approved the development of a climate change policy. This will address: <ul style="list-style-type: none"> 37. Communication to elected members: Enable governance focus and oversight of climate change issues. 38. Joint climate change policy framework: Ensure consistent consideration of climate change issues across individual Councils. 	Underway First draft 06/09/2022 Stakeholder engagement work completed. Working on a regional agreement on science based metrics including climate change projections.	All four		Yes

	<ul style="list-style-type: none"> 39. Policy review and improvement plan: Embed climate change objectives across individual council policies, strategies, plans and processes Embed Māori values in council processes: Ensure Māori values and worldviews are included in council processes and decision-making relating to climate change. Included in policy work 				
Legislative compliance framework	Meeting our obligations	On hold Survey planned to inform climate change obligations	ARF015	Aug 22	No
Draft District Plan	25. District plans: Avoid increasing risk from new development and redevelopment in areas exposed to projected hazards.	Proposed District Plan has been notified.	All four	June 2024	Yes

Table 4: Treatment Pipeline (Treatments which are numbered have been lifted from the Te Tai Tokerau Climate Adaptation priority actions list)

Theme	Treatment
Grow relationships	<ul style="list-style-type: none"> Elected Member comms and engagement National partnerships: Develop partnerships and knowledge sharing with regional and sector groups. Community awareness: Ensure widespread community awareness and interaction on adaptation issues. 8. Public access to adaptation documentation: Improve public access to adaptation planning processes, information and documents.
Build capacity	<ul style="list-style-type: none"> District wide framework - how to manage/react to climate change across the district for each infrastructure Agree an environmental, social and governance (ESG) goals and framework 40. Climate risk disclosure: Ensure transparent monitoring and reporting of climate risks and responses. 41. Climate change in business cases: Embed climate change considerations in business cases and procurement policies 42. Alignment of adaptation plans: Ensure community adaptation planning processes are aligned with council funding processes. 43. Climate change teams: Establish appropriate portfolio, programme and project governance and management structures to build organisational capacities. 44. Staff resources: Ensure sufficient staff resourcing and capacity. 45. Adaptation funding: Identify and pursue adaptation funding avenues.

<p>Improve knowledge + understanding</p>	<ul style="list-style-type: none"> • Collecting local Māori knowledge of risks and effects • Internal Workshop – implementation of Climate Change Adaptation Te Tai Tokerau Strategy • Adoption of climate adaptation Te Tai Tokerau strategy and priority actions plan • Climate change risk assessment for new or renewal design and build then operation of assets for elected member decision making asset management plans • 5. Infrastructure planning: Ensure consideration of climate change impacts in infrastructure planning: <ul style="list-style-type: none"> ○ Improve knowledge of climate risk for council assets and infrastructure ○ Improved consideration of climate change in asset management plans and associated operational procedures ○ Coastal Erosion CAPEX Framework ○ In depth assessment of risk and consequence of natural hazards by asset ○ Asset spending prioritization matrix for CAPEX. ○ Available data sets are not feeding into planning through the organisation: Coastal Community Profiles and Northland Regional Council Hazard mapping ○ 11. Consistent infrastructure risk assessment criteria to improve consistency and quality of climate risk assessments • 4. Research participation: Improve local adaptation knowledge through local programmes and national and international research. • 8. River flood risk assessment: Improve understanding of river flood risk under climate change and plan future river flood management programmes. • 9. Māori adaptation impact assessment: Improve bi-cultural understanding of climate risks and consequences. • 10. Iwi/hapū-focused adaptation: Enable iwi/hapū-led adaptation planning at appropriate scales. • 14. Lifelines risk assessments: Improve understanding of long-term climate risks to lifelines infrastructure. Develop a lifelines utilities infrastructure risk assessment, working with Northland Lifelines Group <ul style="list-style-type: none"> ○ 31. Civil defence: Integrate civil defence and community adaptation planning objectives. • NRC led Climate change scenario and risk assessment: <ul style="list-style-type: none"> ○ 16. Biosecurity risk assessment Improve understanding of climate change-driven biosecurity threats and develop monitoring and response programmes. ○ 17. Ecosystem and biodiversity risk assessment: Improve understanding of climate change impacts on biodiversity and ecosystem function and develop monitoring and response programmes. ○ 19. Coastal hazards Improve understanding of coastal hazards under climate change scenarios. ○ 20. Land hazard data: Improve understanding of land hazards under climate change scenarios. ○ 21. Wildfire hazard data: Improve understanding of wildfire risk under climate change scenarios. ○ 22. Coastal aquifers: Improve understanding of the impacts of sea level rise on coastal aquifers. • 23. Community drought adaptation opportunities <ul style="list-style-type: none"> ○ Improve understanding of the impacts of drought on rural and community water supplies, and 2) identify opportunities to support community adaptation to drought.
<p>Reduce Emissions</p>	<ul style="list-style-type: none"> •
<p>Adapt to climate change impact</p>	<ul style="list-style-type: none"> • Region-wide coastal management policy • Dynamic Adaptive Planning Process <ul style="list-style-type: none"> ○ Enabling-Coastal-Adaptation ○ Biodiversity ○ Cultural welfare

	<ul style="list-style-type: none">• Spatial planning district wide<ul style="list-style-type: none">◦ 26. Spatial planning: Embed climate change risks and adaptation planning into strategic spatial plans.• Soil maps• 29. Coastal adaptation programme: Develop a programme of coastal adaptation planning projects aligned with community needs structure planning - staged implementation of infrastructure roll out/reaction to climate change• 30. Coastal adaptation planning projects: Enable flexible, planned adaptation responses to coastal hazards by co-developing adaptation plans with communities.• 32. Nature-based solutions: Promote nature-based solutions as interim hazard-reduction options for coastal impacts.• 33. River flood management: Reduce flooding risk to communities through river management.• 34. Coordinated flood risk management: Improve coordination between the District and Regional Councils in pluvial and fluvial flood management.• 35. Water tank assistance: Improve community water resilience through water tank programmes.• 36. Water resilience funding coordination: Improve coordination between agencies/organisations to improve water resilience outcomes
Regulate and govern	<ul style="list-style-type: none">• 27. Region-wide coastal management policy: Ensure integrated coastal management and adaptation objectives are met in region-wide policy.• 28. Embed community adaptation plans: Ensure community adaptation plans are embedded in regulatory instruments.• Council wide target picture (e.g. reduce emissions by / reduce cost by)• Environmental / Social / Governance Framework.

6.4 THREE WATERS ORGANISATIONAL RISK REPORT

File Number: A3838008

Author: Tanya Reid, Principal Advisor - Organisational Performance and Transformation

Authoriser: Janice Smith, Acting General Manager - Corporate Services

TAKE PŪRONGO / PURPOSE OF THE REPORT

To provide an information report on the impact of three waters reform on organisational risk management and potential emergent risks.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

This information report, as requested by the Assurance, Risk and Finance Committee, investigates potential impact of the three waters reform on Council's risk universe and organisational risks.

Three risk have been identified. These are:

- A. Three waters transition risk
- B. Risk if three waters reform is rescinded
- C. Risk if three waters reform proceeds

Impact on current organisational risk is also considered.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Three waters organisational risk report.

TĀHUHU KŌRERO / BACKGROUND

The top organisational risks are risks that may impact on Council achieving its vision, mission and community outcomes and are regularly reported to the Assurance, Risk and Finance Committee to ensure they are being appropriately managed.

Three Waters reform will result in a change of focus for Council from a traditional focus on infrastructure service delivery, and dependent on the outcome of the Future for Local Government Review, to a focus on the complex wellbeing challenges of the 21st century, including economic and social equity and climate change action.

Three Waters Reform

02/06/2022 the Government introduced, to Parliament, the Water Services Entities Bill to implement its decision to establish four public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand from July 2024.

The Water Services Entities Bill completed its first reading 09/06/2022 and is now with Select Committee. The Select Committee finished receiving submissions on the Water Services Entities

Bill on 22 July. The Committee will now listen to oral submissions from members of the public, local government and organisations.

The bill provides the legislative basis to establish four new publicly-owned water services entities, and sets out the ownership, governance, and accountability arrangements relating to these entities.

The Bill also provides for transitional arrangements relating to the establishment and governance of the new entities, including strategic direction, planning and reporting, employment, and the oversight powers of the Department of Internal Affairs during the establishment period. That period begins when the Bill is enacted and runs until 1 July 2024 at the latest, after which point the water services entities will take over delivery of three waters services.

It is noted that Subpart 4 provides the Department of Internal Affairs with oversight powers during the establishment period. These enable the Department to review – and, where applicable, confirm – local government decisions if these will significantly prejudice or constrain the water services reform, or have a significant negative impact on assets or liabilities that will be transferred to the entities.

Council is also experiencing a changing risk universe with a need to plan for disruption to cope with the uncertain and fast-changing environment which is characterized by less stability and predictability:

1. 2022 Local Government Elections

After the Saturday 8 October 2022 local government election the Far North District will have a new look Council due to retirement of the Mayor, the introduction of Single Transferable Voting and establishment of Ngā Tai o Tokerau, comprising of four councillors elected by voters on the Māori Electoral Roll.

2. 2023 Central Government Elections

Local government lacks constitutional certainty. Its functions, form, and funding can be changed by a parliamentary majority, as can its existence. Although established by parliament, local government policy is largely driven by the minister of the day. Local government lacks a mechanism to protect its interests and give balance with our system of central government.

The government will provide additional funding to support Councils with the costs and resourcing necessary to set up the new three waters system.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

Risk analysis and discussion

1. Transition (establishment) Period

It is anticipated that if three water reforms progress to the establishment of four public entities, to take on the delivery of drinking water, wastewater and stormwater services across New Zealand, Council will face (if not already experiencing) a transition risk. It is noted that DIA will be issuing guidelines to Council so that Council's do not undertake work where the work product will be superseded e.g. policy and bylaw reviews. The establishment period is forecasted to commence December 2022 and will conclude any time prior to 1 July 2024 with DIA anticipating a 2023 establishment date for Entity A.

Table 1: Risk A - Three waters transition risk

Cause (Because of...)	Risk (there is a chance that...)	Effect (leading to...)
The need to deliver business as usual while transitioning to the new Entity A	<p>We will experience difficulties with retention and recruitment of staff</p> <p>DIA can request staff which we will be unable to back fill</p> <p>There will be both reduced levels of services and Council performance</p> <p>We may not be best prepared / strategically positioned for a successful transition</p> <p>We may lack good asset data.</p>	<p>Pressure increases on remaining staff leading to further staff resignations and downward spiral including negative impact on wellness.</p> <p>We do not achieve the best outcomes for our community. Such as good growth outcomes for our district</p> <p>We do not provide the best information/data to ensure the best outcome for the Far North District when the new public entity for water, wastewater and stormwater is established</p>

There will also be an impact on the risk trend for the following three current top organisational risks:

1. ARF004 Asset Management Risks
2. ARF006 Project Priorities Deliveries Delays
3. ARF012 Contract Management Risks

Table 2 details, at a high level, the expected impact top organisation risk trend through the establishment period of three waters reform

Table 2: Changes to risk trend

Risk ID:	Risk title	Risk trend	Rationale for risk trend change:
ARF004	Asset Management Risks	Decrease	Key infrastructure assets will become the responsibility of Entity A.
ARF006	Project Priorities Deliveries Delays	Increase	Impact of transitions and timing of (Alliance and to Entity A) on availability of resources.

2. Impact on Council's top organisational risk of three waters transitioning to "Entity A"

Council's "risk-scape" will change reflecting the shift from the traditional focus on infrastructure service delivery of three waters. Seven of the top organisational risks, that may currently impact Council achieving its vision, mission and community outcomes, are affected by this change are:

1. ARF004 Asset Management Risks
2. ARF006 Project Priorities Deliveries Delays
3. ARF007 Compliance NRC Abatements
4. ARF012 Contract Management Risks
5. ARF013 Drinking Water Resilience
6. ARF015 Climate Change Organisation Transition Risk

7. ARF017 Climate Change Direct Risk to Council Physical and Natural Assets

Table 3 details, at a high level, the expected impact on the top organisation risks from the implementation of three waters reform. The inherent risk scores will need to be reassessed, with the expectation that the risk scores will decrease.

Table 3: High level changes to top organisational risk dashboard

Risk ID:	Risk title	Rationale for change:
ARF015	Climate Change Organisation Transition Risk	With key infrastructure assets becoming the responsibility of Entity A the quantum of this risk will reduce. Currently classified as a strategic risk this risk will be reclassified as Regulatory and Compliance.
ARF017	Climate Change Direct Risk to Council Physical and Natural Assets	With key infrastructure assets will become the responsibility of Entity A the quantum of this risk will reduce. Currently classified as a strategic risk this risk will be reclassified as Operational / Financial.
ARF004	Asset Management Risks	Key infrastructure assets will become the responsibility of Entity A. Currently classified as a strategic risk this risk will be reclassified as Operational / Financial.
ARF006	Project Priorities Deliveries Delays	Reduction in overall value and number of capital projects associated with essential services (water / wastewater / stormwater). Requirement for externally funded projects to achieve funding milestones Currently classified as a strategic risk this risk will be reclassified as Operational / Financial.
ARF007	Compliance NRC Abatements	Our significant areas of risk/issue are with the water and wastewater assets. This will become the responsibility of Entity A. Currently classified as a strategic risk this risk will be reclassified as Regulatory and Compliance.
ARF012	Contract Management Risks	Reduction in overall value and number of contracts, especially those delivering essential services (water / Wastewater / stormwater). This risk will remain classified as Operational / Financial.
ARF013	Drinking Water Resilience	This risk will become the responsibility of Entity A.

3. Impact on Council's top organisational risk if three waters remain the responsibility of Council

While it is anticipated that the three water reforms will progress to the establishment of Entity A it is noted that local government functions, form, and funding can be changed by a parliamentary majority. The National Party has signalled that given the opportunity after our next central government elections, they would rescind three waters reform.

If Council remains responsible for three waters it will bear the risk of meeting the new water standards, environmental requirements and achieving compliance. There are also implications and challenges for non-Council supplies to meet water quality requirements, with the risk that these supplies might default to Council in the future.

Table 4: Risk B - Risk if three waters reform is rescinded

Cause (Because of...)	Risk (there is a chance that...)	Effect (leading to...)
Change in direction by central government revoking three waters reform.	<p>There will be both reduced levels of services and Council performance</p> <p>We may not be best prepared / strategically positioned to deliver water, wastewater and stormwater</p> <p>We will experience difficulties with retention and recruitment staff.</p>	<p>We do not achieve the best outcomes for our community</p> <p>Increased rates to bring water, wastewater and stormwater up to the new regulatory standard exasperating affordability issues</p> <p>We do not have the required asset data to ensure delivery water, wastewater and stormwater to the regulatory standards or provide for growth within the district</p> <p>Water, wastewater and stormwater policies and by-laws are out of date</p> <p>Pressure increases on remaining staff leading to provide water, wastewater and stormwater services.</p>

There will also be an impact on the risk trend for the following three current top organisational risks:

1. ARF004 Asset Management Risks
2. ARF007 Compliance NRC Abatements

Table 5 details, at a high level, the expected risk trend impact on the three top organisation risks if three waters reform is rescinded.

Table 5: Changes to risk trend

Risk ID:	Risk title	Risk trend	Rationale for risk trend change:
ARF004	Asset Management Risks	Increase	We do not have the required asset data to ensure delivery water, wastewater and stormwater to the regulatory standards or provide for growth within the district.
*ARF005	Affordability Risk	Increase	Increased rates to bring water, wastewater and stormwater up to the new regulatory standard.
ARF007	Compliance NRC Abatements	Increase	We do not meet resource consent conditions or new water standards.

*the Affordability risk is subject to a risk decision report.

4. Risk to Council of three waters moving to Entity A

Will Council be functional post three waters reform? The answer is yes, however we are required to wait for three waters legislation to be enacted and Entity A to be established to understand what the “rules” and functions will be.

Table 6: Risk C - Risk if three waters reform proceeds

Cause (Because of...)	Risk (there is a chance that...)	Effect (leading to...)
<p>Three waters assets will be transferred from Council's balance sheet</p> <p>Operating revenue required to meet operating expenses of stranded allocations</p> <p>Land ownership:</p> <ul style="list-style-type: none"> Disagreements on primary use of land Interface between future Entity A and Council assets (i.e.: Pump Stations on reserve) 	<p>Inappropriate funding to cover transition costs impacting on ratepayers and/or delivery of LTP</p> <p>We may be unable to match infrastructure to growth (to enable housing etc)</p> <p>Ward rates may be impacted</p> <p>There may be property transfer disputes</p> <p>Ability of Entity and Council to negotiate clear and concise Service level and relationship agreements</p> <p>We don't know what we don't know as this is an emerging "space" e.g. we don't know what functions or staff will transfer.</p>	<p>Siloed planning with respect to growth within the district</p> <p>Stranded allocations/staff</p> <p>Affordability of rates combined with Entity charges</p> <p>Cost and uncertainty of managing property transfer disputes</p> <p>Customer dissatisfaction (reputation) with Council.</p>

Treatments

Council is working proactively on treatments to reduce the impact and probability of risks A and C.

FNDC are currently working on the mitigation of some of our resourcing risks. We are holding regular communication sessions including having 3 Representatives from the DIA visit and speak to SLT, IAM and all staff virtually with updates on the transition.

Alongside this we are reviewing what retention strategies we can put in place to ensure we have competent and capable people within our 3 Waters function.

Council staff are working with the team which is developing Entity A.

5. Scoring the three waters risks

Staff have scored the three risks by identifying both the risk impact for five organisational areas and the likelihood of the risk occurring. For each organisational area, the risk impact is given a score of "High to Intolerable", "Medium" or "Low to None" and the likelihood is rated as either "Will happen", "Probable" or "Unlikely". The impact and likelihood matrix is used to determine the values for each climate change risk. Appendix A provides the record for the scoring.

The overall score for Risk A (three waters transition risk) and C (risk if three waters progress), is medium with risk B, risk if three waters reform is rescinded, is high-intolerable. The risks would be organisational and in the Operational/Financial category. Currently the probability of the risks materialising has been assessed for risk A and C as "will happen", and for risk B as "probable". This is shown in the heat map below (table seven).

Table 7: Risk heat map

			Total Risk		
<ul style="list-style-type: none"> • High - Intolerable • Medium • Low- none 				B	
					A
					C
			Unlikely	Probable	Will Happen

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

No additional budgetary provision is requested.

ĀPITIHINGA / ATTACHMENTS

1. Appendix A Scoring the three waters risks - A3837953 [↓](#) 

Appendix A Scoring the three waters risks

Staff have scored the three risks by identifying both the risk impact for five organisational areas (see table one) and the likelihood of the risk occurring (see table two). For each organisational area, the risk impact is given a score of “High to Intolerable”, “Medium” or “Low to None” and the likelihood is rated as either “Will happen”, “Probable” or “Unlikely”. The impact and likelihood matrix is used to determine the values for each climate change risk (see table four).

Table 1: Description of risk impact for each organisation area

Organisation area	Description
Financial	Impact on Budget, Department or Team; and /or Impact on annual Council budget
Customer	Financial impact to customer due to loss of a provision of essential service, or essential piece of infrastructure
Reputational	The impact on FNDC's reputation
Compliance/Legal	The legal impact on FNDC's legal adherence / regulatory compliance
Health and Safety	The impact to people(s) health & safety arising from FNDC operations or a situation where FNDC are liable

Table 2: Description of likelihood

Likelihood	Description
Will happen	The risk is likely to occur. There is frequent exposure to the risk. There are external influences that make managing this risk ineffective.
Probable	The risk will possibly occur e.g. once in every 2 year event There is an exposure to the risk. There are external influences that make managing this risk difficult.
Unlikely	The risk is unlikely to occur e.g. once in every 10 year event There is a low exposure to the risk.

Table 3: Impact and likelihood matrix

		Likelihood (probability)		
		Unlikely	Probable	Will Happen
Impact	High to Intolerable	5	7	9
	Medium	3	5	7
	Low to None	1	3	5

An inherent risk score has been estimated for each three waters risk. This was derived by summing the risk value for each organisational area (see table eight).

Table 4: Inherent risk score for each three waters risk

Risk	Organisational area	Impact	Likelihood	Inherent risk score
A. Three waters transition risk	Financial	Medium	Will Happen	7
	Customer	Low to None	Will Happen	5
	Reputational	High to Intolerable	Probable	7
	Compliance/Legal	Medium	Probable	5
	Health and Safety and Wellbeing	Medium	Will Happen	7
	Overall score			31
B. Risk if three waters reform is rescinded	Financial	High to Intolerable	Will Happen	9
	Customer	Low to None	Will Happen	7
	Reputational	Medium	Probable	5
	Compliance/Legal	High to Intolerable	Probable	7
	Health and Safety and Wellbeing	Medium	Will Happen	7
	Overall score			35
C. Risk if three waters progress	Financial	Low to None	Will Happen	5
	Customer	Low to None	Will Happen	5
	Reputational	Low to None	Will Happen	5
	Compliance/Legal	Low to None	Will Happen	5
	Health and Safety and Wellbeing	Medium	Will Happen	7
	Overall score			27

The overall score for Risk A (three waters transition risk) and C (risk if three waters progress), is medium with risk B, risk if three waters reform is rescinded, is high-intolerable. The risks would be organisational and in the Operational/Financial category. Currently the probability of the risks materialising has been assessed for risk A and C as “will happen”, and for risk B as “probable”. This is shown in the heat map below (table five).

Table 5: Risk heat map

Total Risk		
High - Intolerable	B	
Medium		A
Low- none		C
	Unlikely	Probable
		Will Happen

6.5 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 JULY 2022**File Number:** A3849498**Author:** Angie Thomas, Manager - Accounting Services**Authoriser:** Janice Smith, Acting General Manager - Corporate Services**TE TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide an overview and information on the current financial position and performance of the Far North District Council as at 31 July 2022.

TE WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing and Investment reports.

NGĀ TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 31 July 2022.

TE TĀHUHU KŌRERO / BACKGROUND

This report provides financial information as at 31 July 2022.

TE MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The report is for information only.

NGĀ PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or budgetary provisions required as a result of this report.

NGĀ ĀPITI HANGA / ATTACHMENTS

1. Council Financial Report July 2022 (Prd 1)_FINAL - A3850757 [↓](#) 



Far North District Council

Council Financial Report

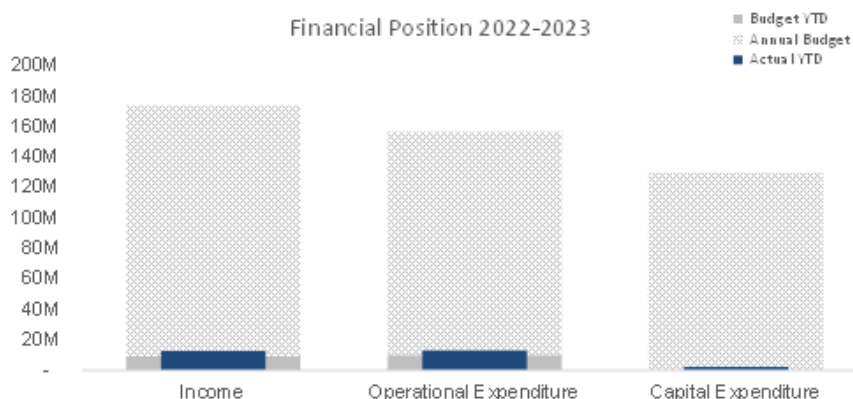
for the period ending **31-July-2022**

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Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 31-July-2022.



Year to Date

Actual Position as at 31-July-2022

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	12.7M	9.2M	3.5M	38%
Operational Expenditure	13.1M	10.2M	2.9M	28%
Net Operating Position	- 0.4M	- 1.0M	0.6M	-62%
Capital Expenditure	2.3M	0.1M	2.3M	3677%

Year End

Forecast Position as at 30-June-2023

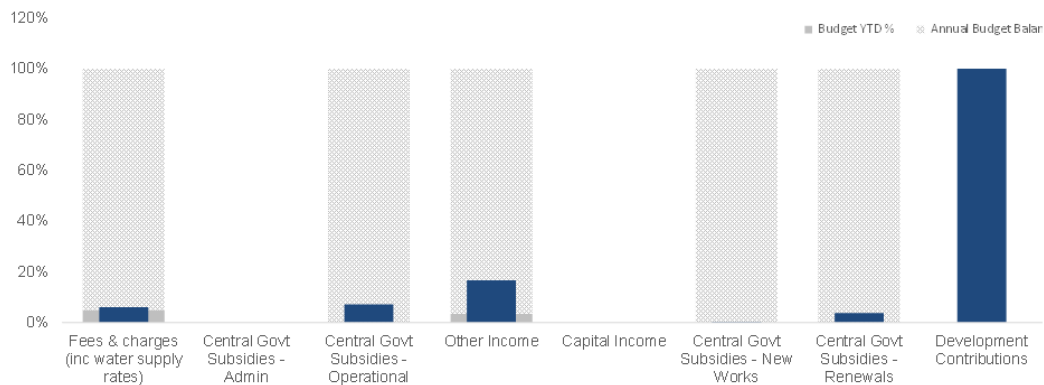
	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	173.0M	173.9M	- 1.0M	-1%
Operational Expenditure	155.8M	156.6M	- 0.7M	0%
Net Operating Position	17.1M	17.4M	- 0.2M	-1%
Capital Expenditure	130.3M	130.0M	0.4M	0%

**In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.*

Council Financial Performance – Income

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget
4.5M	1.0M	3.5M	● 338%	74.0M	73.1M	- 1.0M



Highlights:

Fees & Charges

- Fees and charges are over budget for Resource Consents. July had the highest number of applications received in a month over a five-year period. Discounts given back to customers during this period is \$40K. An additional two consultants have been engaged to help process a backlog of consents and there are currently five vacancies within the team.

Central Govt Subsidies – Operational

- Income has been received from Waka Kotahi (NZTA) for maintaining levels of service across the district whilst the cashflow timing is being reviewed and updated by NTA to reflect the programme of work.

Other Income

- Waste disposal levy income has been received from Ministry for Environment for the recycling and waste minimisation work.

Central Govt Subsidies – New Works

- Income received from Waka Kotahi (NZTA) for road-to-zero projects is ongoing from last financial year 21/22.

Central Govt Subsidies – Renewals

- Income has been received for unsealed road metalling carried over from last financial year 21/22 whilst the cashflow timing is being reviewed and updated by NTA to reflect the programme of work.

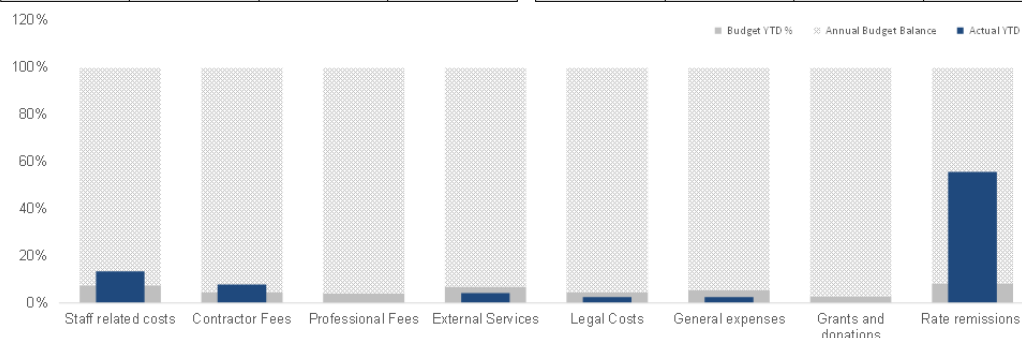
Other Contributions

- Planned Provincial Growth Funds (PGF) capital grant received for the road seal projects at Ruapekapeka, and Peria Road, whilst the cashflow timing is being reviewed and updated by NTA to reflect the programme of work.

Council Financial Performance – Operational Expenditure

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
9.7M	6.6M	3.1M	47%	112.9M	112.1M	- 0.7M	-1%



Highlights:

Staff related costs

- Due to a system error, the accrued leave for employees is more than expected for the month. This has been corrected in August.

Contractor Fees

- Wastewater contractor fees were higher than expected due to increased labour costs driven by storms and high rainfall during July.
- Maintenance works ongoing across the roading network for sealed & unsealed pavement maintenance, drainage, structures, environmental, and traffic services maintenance whilst the cashflow timing is being reviewed and updated by NTA to reflect the programme of work.

External Services

- Wastewater Sludge Management is under budget. There is no new de-sludging work programmed over winter. Works will commence over the spring period.

Professional Fees

- Stormwater Asset Condition Assessments are under budget, the contract was awarded in July and work will commence in August.
- Water professional fees, grants and donations are under budget. Both are waiting on an agreement to be signed with the Kaikohe Water Company in relation to the Matawii water storage and design.
- Strategic Planning and Policy is under budget in both contractor fees and professional fees. A Northland Inc. contribution has not been paid out yet. The District Plan and Strategy Development is under budget, but both fully committed.

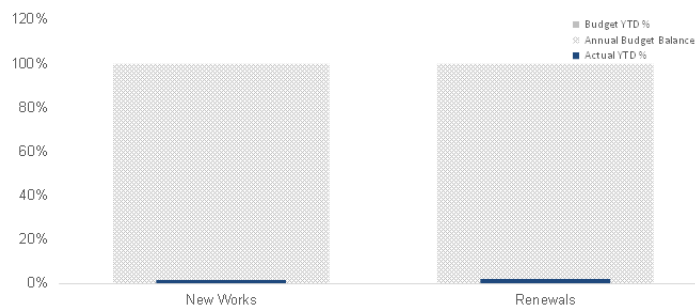
Rate Remissions

- Rate Remissions are primarily transacted in the first month for the whole year where ongoing remissions have been approved. Additional remissions are received during the year but the timing of these is unpredictable. The unpredictable nature of this activity makes it difficult to set and time budgets accurately.

Council Financial Performance – Capital Expenditure

These figures are direct from the Statement of Capital Performance.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
2.3M	0.1M	2.3M	3677%	130.0M	130.3M	0.4M	0%



Highlights:

New Works

- 3-Waters Reform projects appear to be over budget, whilst seeking Council approval for the carry forward budget.
- A payment for shares in the Kaikohe Water Company has not been made yet.
- Kerikeri Domain revitalisation, Waipapa Sports Hub and Te Hiku o te Ika (revitalisation project) ongoing from last financial year 21/22, whilst seeking Council approval for the carry forward budget.
- Planned Provincial Growth Funds (PGF) road seal projects at Ruapekapeka, and Peria Road ongoing from last financial year, whilst the cashflow timing is being reviewed and updated by NTA to reflect the programme of work.

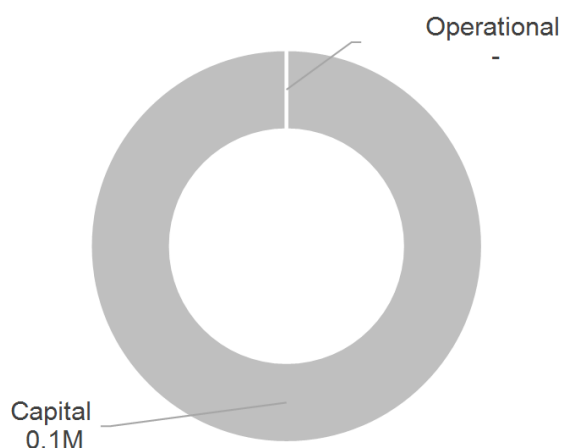
Renewals

- Kaikohe Memorial Park upgrade works for purchase and installation of playground equipment and soft fall elements is ongoing from last financial, whilst seeking Council approval for the carry forward budget.
- Unsealed road metalling works ongoing from last financial year whilst the cashflow timing is being reviewed and updated by NTA to reflect the programme of work.

Unbudgeted Expenditure

These are additional works not included in the original budget for the current year.

Unbudgeted work greater than \$100,000 must be approved by Council, anything less than that can be approved by a General Manager with appropriate financial delegation.



Unbudgeted Expenditure as at 31-July-2022

**Expenditure over \$100K approved by Council (in grey)*

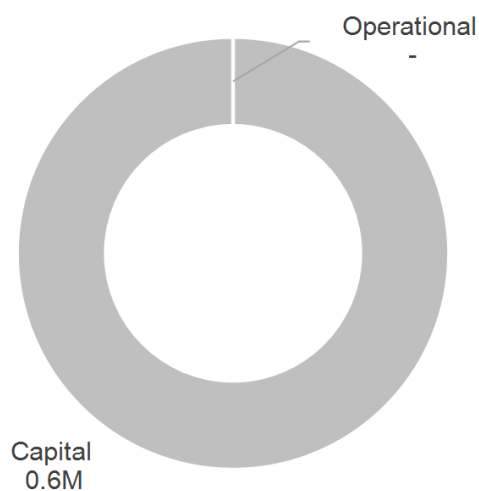
Unbudgeted Capital Works		Amount
Kaitia Airport Security	CAPEX New Works Contract Services	20,000
		20,000

Unbudgeted Rooding		Amount
Hall Road Streetlights - Arvida	CAPEX New Works Contract Services	60,000
Daroux Drive Unsealed Upgrade, Waipapa	CAPEX New Works Contract Services	37,900
Daroux Drive Unsealed Upgrade, Waipapa	External Services	8,000
		105,900
		125,900

Budget Movements

These are budgets timed in future years, brought forward into the current year (positive values) OR budgets timed in the current year to be moved out to future years (negative values).

The figures that follow exclude the \$5M Roothing budget adjustment moved out to future years to reflect the lower of FNDC or NZTA budget.



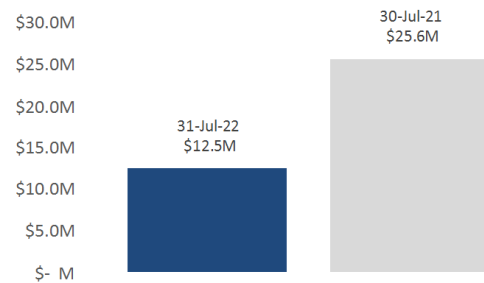
Budget Movements as at 31-July-2022

Project Ledger	Comment	Amount
Opua-Paihia Walkway Boardwalk	Opua-Paihia Walkway Boardwalk budget transfer from FY 24/25 into FY21/22	600,000
Paihia halls renewals	Forecast budget for Paihia Hall Window Replacements from FY 25/26 into 22/23	30,000
Hihi Discharge Consent	Remove Budget for Last Years Overspend	-3,162
Hihi Discharge Consent	Remove Budget for Last Years Overspend	-19,918
		606,920
		606,920

Treasury Report

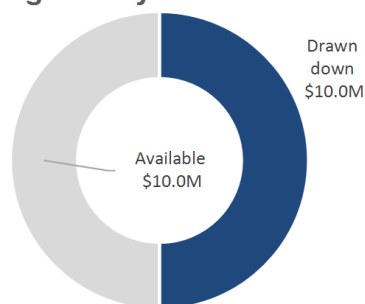
Cash Position

Compared to same time last year



	31-Jul-22	30-Jul-21
ASB General Fund	\$ 5.4M	\$ 0.5M
ASB Special Funds	\$ 5.1M	\$ 5.1M
Investments	\$ 2.0M	\$ 20.0M
Total Cash	\$ 12.5M	\$ 25.6M

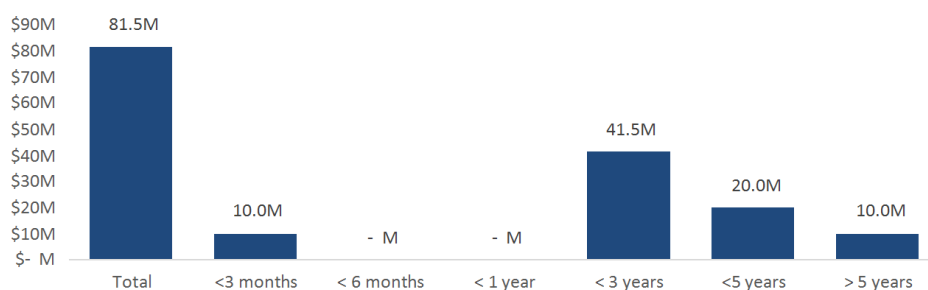
Banking Facility



Banking Facility	\$ 20.0M
Drawn down	\$ 10.0M
Available	\$ 10.0M

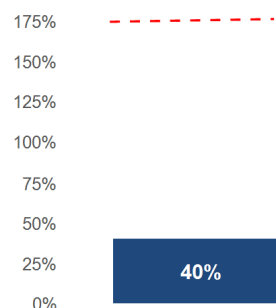
Public Debt

Loans by Maturity Date



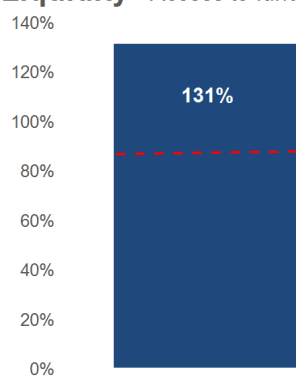
Treasury Compliance

Net Debt as a % of Revenue must be less than 175%



Net Debt	\$ 69.0M
Budgeted Total income	\$ 171.8M
Debt Ceiling	\$ 300.7M
Net debt as % total revenue	40%
Policy Maximum	126%

Liquidity - Access to funds must be greater than 110%



External Debt	\$ 81.5M
ASB Banking Facility	\$ 20.0M
ASB Banking Facility used	-\$ 10.0M
Total Committed Public Debt	\$ 91.5M
Liquid Investments Cash at Bank	\$ 12.5M
Liquid Investments ASB Overdraft Facility	\$ 3.0M
	\$ 107.0M
Access to Funds	131%
Policy Minimum	110%

Note: Total revenue is based on 2022/23 total forecast income excluding non government capital contributions (eg. developer contributions and vested assets).

Liquidity is defined as external debt + committed loan facilities + liquid investments, including bank overdraft facility, divided by existing external debt.

Statement of Financial Performance

for the period ending July 2022 (Pd1)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget YTD	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
Operational Income										
Rates - general (excl water supply rates)	8,158	8,143 -	14	97,839	-	97,839	89,681	8%	97,839	-
Rates - penalties	0	-	0	2,063	-	2,063	2,064	0%	2,063	-
Fees & charges (inc water supply rates)	1,202	964 -	238	19,907	-	19,907	18,705	6%	19,907	-
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	1,121	- -	1,121	15,800	-	15,800	14,679	7%	15,053	747
Other Income	330	67 -	263	1,978	-	1,978	1,649	17%	1,978	-
Dividend Income	-	-	-	1,300	-	1,300	1,300	0%	1,300	-
Capital Income										
Central Govt Subsidies - New Works	59	- -	59	22,080	-	22,080	22,020	0%	17,308	4,772
Central Govt Subsidies - Renewals	477	- -	477	12,974	-	12,974	12,497	4%	12,974	-
Development Contributions	9	- -	9	-	-	- -	9	100%	-	-
Other Contributions	1,322	- -	1,322	-	-	- -	1,322	100%	4,562	4,562
Total Operating Income	12,677	9,174 -	3,503	173,941	-	173,941	161,263	7%	172,983	957
Operational Expenditure										
Staff related costs	5,147	2,894 -	2,253	38,285	-	38,285	33,138	13%	38,285	-
Contractor Fees	2,883	1,646 -	1,237	36,691	-	36,691	33,808	8%	35,296	1,395
Professional Fees	122	480	602	11,728	-	11,728	11,850	-1%	10,981	747
External Services	332	544	212	7,861	-	7,861	7,529	4%	8,846	985
Legal Costs	20	38	17	841	-	841	820	2%	841	-
General expenses	323	727	404	13,354	-	13,354	13,031	2%	13,771	418
Grants and donations	124	56	181	1,972	-	1,972	2,096	-6%	1,972	-
Rate remissions	1,193	178 -	1,014	2,139	-	2,139	947	56%	2,139	-
Allocations (direct and indirect)	- -	0 -	0	0	-	0 -	0	0%	0	-
Interest costs	165	224	59	2,688	-	2,688	2,523	6%	2,688	-
Sub total	9,817	6,787 -	3,030	115,559	-	115,559	105,742	8%	114,820	739
Depreciation and other asset costs	3,252	3,418	166	41,017	-	41,017	37,765	8%	41,017	-
Gain/Loss on Disposal	-	0	0	5	-	5	5	0%	5	-
Total Operational Expenditure	13,069	10,205 -	2,864	156,581	-	156,581	143,512	8%	155,842	739
Net Operating Deficit	392 -	1,031	639	17,360	-	17,360	17,751		17,141	218

Statement of Capital Performance

for the period ending July 2022 (Pd1)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	572	2 -	570	54,508	-	54,508	53,936	1%	55,158	650
Environmental Management	1	1 -	0	1,100	-	1,100	1,099	0%	1,100	-
Roading and Footpaths	2,130	- -	2,130	37,905	-	37,905	35,775	6%	37,649	256
Wastewater	85	10 -	75	14,381	-	14,381	14,295	1%	14,357	23
Stormwater	17	17 -	1	5,179	-	5,179	5,162	0%	5,179	-
Solid Waste Management	-	-	-	1,133	-	1,133	1,133	0%	1,133	-
Water Supply	519	-	519	8,080	-	8,080	8,599	-6%	8,080	-
Governance & Strategic Administration	14	- -	14	4,668	-	4,668	4,654	0%	4,668	-
Customer Services	24	32	8	2,877	-	2,877	2,852	1%	2,877	-
Strategic Planning & Policy	9	- -	9	124	-	124	115	7%	124	-
Total Capital Expenditure	2,333	62 -	2,271	129,953	-	129,953	127,620	2%	130,324	371

Analysis of Controllable Income and Expenditure by LTP Group

Income	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	88	105	17	12,780	-	12,780	12,692	-1%	12,780	-
Environmental Management	746	585 -	161	7,020	-	7,020	6,275	-11%	7,020	-
Roading and Footpaths	3,109	59 -	3,050	40,814	-	40,814	37,705	-8%	39,856	957
Wastewater	9	21	13	255	-	255	246	-3%	255	-
Stormwater	0	- -	0	-	-	- -	0	-100%	-	-
Solid Waste Management	280	97 -	184	2,175	-	2,175	1,895	-13%	2,175	-
Water Supply	18	67	48	7,994	-	7,994	7,975	0%	7,994	-
Governance & Strategic Administration	189	65 -	124	1,199	-	1,199	1,010	-16%	1,199	-
Customer Services	59	33 -	27	427	-	427	367	-14%	427	-
Strategic Planning & Policy	22	- -	22	75	-	75	53	-29%	75	-
Total Operating Income	4,520	1,031 -	3,489	72,738	-	72,738	68,218	6%	71,781	957

Operational Expenditure	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	576	648	72	10,284	-	10,284	9,708	6%	10,284	-
Environmental Management	880	833 -	47	11,059	-	11,059	10,178	8%	11,059	-
Roading and Footpaths	2,037	261 -	1,776	28,946	-	28,946	26,909	7%	28,207	739
Wastewater	853	677 -	176	9,200	-	9,200	8,347	9%	9,200	-
Stormwater	182	253	71	3,247	-	3,247	3,065	6%	3,247	-
Solid Waste Management	504	412 -	91	5,083	-	5,083	4,580	10%	5,083	-
Water Supply	88	497	585	6,821	-	6,821	6,909	-1%	6,821	-
Governance & Strategic Administration	3,556	1,839 -	1,717	24,898	-	24,898	21,341	14%	24,898	-
Customer Services	585	422 -	163	5,563	-	5,563	4,977	11%	5,563	-
Strategic Planning & Policy	567	720	153	7,771	-	7,771	7,204	7%	7,771	-
Total Direct Costs	9,652	6,563 -	3,089	112,870	-	112,870	103,219	9%	112,131	739

Capital Spend Analysis

as at 31-Jul-2022

	YTD (\$000's)		Full Year (\$000's)					
LTP Group	YTD Actual	Commitments	LTP Budget	Carry Forward Budget	Total Annual Budget	Actual vs Budget %	Total Annual Forecast	Actual vs Forecast %
District Facilities	234	2,348	27,122	0	27,122	0.9%	27,772	0.8%
Wastewater	87	677	14,381	0	14,381	0.6%	14,357	0.6%
Water Supply	(1,217)	1,572	8,080	0	8,080	-15.1%	8,080	-15.1%
Stormwater	17	246	5,179	0	5,179	0.3%	5,179	0.3%
Solid Waste	0	105	1,133	0	1,133	0.0%	1,133	0.0%
Project Delivery Team Subtotal	(879)	4,949	55,895	0	55,895	-1.6%	56,522	-1.6%
Roading & Footpaths	862	4,647	35,754	0	35,754	2.4%	35,498	2.4%
IAM Total	(17)	9,595	91,649	0	91,649	0.0%	92,019	0.0%
Environmental Management	0	0	0	0	0	0.0%	0	0.0%
Governance & Strategic Administration	14	465	4,668	0	4,668	0.3%	4,668	0.3%
Customer Services	24	324	2,877	0	2,877	0.8%	2,877	0.8%
Strategic Planning	9	0	124	0	124	6.9%	124	6.9%
Other Total	47	790	7,669	0	7,669	0.6%	7,669	0.6%
Sub Total	30	10,385	99,317	0	99,317	0.0%	99,688	0.0%
DIA Projects								
Water Supply	698	1,660	0	0	0	0.0%	0	0.0%
Wastewater	0	0	0	0	0	0.0%	0	0.0%
Stormwater	0	0	0	0	0	0.0%	0	0.0%
Total DIA Projects	698	1,660	0	0	0	0.0%	0	0.0%
ESEO Projects								
District Facilities	337	4,583	27,385	0	27,385	1.2%	27,385	1.2%
Environmental Management	1	2,571	1,100	0	1,100	0.1%	1,100	0.1%
Roading & Footpaths	1,245	3,477	2,151	0	2,151	57.9%	2,151	57.9%
Total ESEO Projects	1,584	10,630	30,636	0	30,636	5.2%	30,636	5.2%
Total	2,312	22,676	129,953	0	129,953	1.8%	130,324	1.8%

Comments:

The 'Total Annual Forecast' is what is expected to be spent by 30 June 2023.

The above completion % are based solely on the actual spend to 31-Jul-2022.

Capital Performance and the Capital Spend Reports vary by \$22k for LTP Group Roading and Footpaths, this will be corrected in August 2022.

Capital spend Analysis by %

The picture below indicates the position if the commitments that are still to be completed are included in the calculations

as at 31-Jul-2022

	Actual + commitments against total forecast budget
LTP Group	YTD Actual (%)
District Facilities	9.3%
Wastewater	5.3%
Water Supply	4.4%
Stormwater	5.1%
Solid Waste	9.3%
Project Delivery Team Subtotal	7.2%
Roading & Footpaths	15.5%
IAM Total	10.4%
Environmental Management	0.0%
Governance & Strategic Administration	10.3%
Customer Services	12.1%
Strategic Planning	6.9%
Other Total	10.9%
Sub Total	10.4%
DIA Projects	
Water Supply	0.0%
Wastewater	0.0%
Stormwater	0.0%
Total DIA Projects	0.0%
ESEO Projects	
District Facilities	18.0%
Environmental Management	233.8%
Roading & Footpaths	219.6%
Total ESEO Projects	39.9%
Total	19.2%

6.6 CHANGE OF AUDIT PROVIDER FOR JUNE 2022**File Number: A3849531****Author: Angie Thomas, Acting Chief Financial Officer****Authoriser: Janice Smith, Acting General Manager - Corporate Services****TAKE PŪRONGO / PURPOSE OF THE REPORT**

To advise the Committee of a change to the appointed auditor for the audit for June 2022

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The Office of the Auditor General is responsible for allocating an auditor for each public entity that must report under the Local Government Act 2002.

Audit New Zealand was the appointed auditor for Council; however, a letter has been received from the Office of the Auditor General advising that Council's auditor is to change to Deloitte from the June 2022 final audit

TŪTOHUNGA / Recommendation

**THAT THE ASSURANCE, RISK AND FINANCE COMMITTEE RECEIVE THE REPORT
CHANGE OF AUDIT PROVIDER FOR JUNE 2022.**

TĀHUHU KŌRERO / BACKGROUND

At the end of each financial year, Council prepares an Annual Report in accordance with the requirements of the Local Government Act 2002. The Annual Report and supporting information are audited each year and Council has been notified by the Office of the Auditor General that our audit provider will be changed to Deloitte.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

There is an industry wide shortage of auditors and with Covid related shutdowns and reporting extensions, the sector is struggling to complete audits in a timely manner.

Unlike many firms, Audit New Zealand are not able to draw on resources from overseas offices and the audits they are responsible for are determined by the Office of the Auditor General, which gives them little latitude in determining the work they can achieve.

To address this, the Office of the Auditor General has determined that the Far North District Council and Far North Holdings Ltd audits will be transferred to Deloitte. This will take effect from the June 2022 final account audit and remain in place going forward.

Council is yet to be contacted by Deloitte in terms of an audit plan, but staff are already preparing for the final audit, and it is not thought that a change at this point would disrupt or change the work underway. The outgoing auditors are expected to work collaboratively with the incoming auditors to ensure a smooth transition.

Council signed off on an audit proposal for the June 2022 audit as part of the documentation submitted last year and it is confirmed in the attached letter that these fees will be honoured by Deloitte.

Proposed audit fee for the year ending 30 June 2021 and 30 June 2022

Our proposed fee for your audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2020 budget \$	2020 actual \$	2021 proposed \$	2022 proposed \$
Net audit fee (excluding OAG ASQS fee and disbursements)	162,466	254,062	177,088	187,823
OAG Audit Standards and Quality Support (ASQS) fee	14,017	14,017	15,279	16,654
Adjustment to fee/ balance written off	-	(91,596)	-	-
Total audit fee (excluding disbursements)	176,483	176,483	192,367	204,477
Estimated disbursements	20,000	21,922	24,000	24,000
Total billable audit fees and charges (excluding GST)	196,483	198,405	216,367	228,477

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

The are no financial implications associated with this report.

ĀPITIHINGA / ATTACHMENTS

1. Far North District Council auditor change - A3861358 [↓](#) 



OFFICE OF THE AUDITOR-GENERAL
Te Mana Arotake

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Website: www.oag.parliament.nz

File ref: EN/LCA/3-0009

19 August 2022

Mr Blair King
Chief Executive
Far North District Council

By email: blair.king@fndc.govt.nz

For the attention of the Chief Executive and/or the Chairperson of Far North District Council

Tēnā koe Blair

Change of auditor

I'm following up on a phone call that my colleague, Laura Cannon, had with your CFO - Janice Smith on 19 August about this matter. The purpose of Laura's call was just to advise you that this letter would follow.

You may be aware that an industry-wide auditor shortage and subsequent Covid-related lockdowns have been disruptive for many audit firms, resulting in delays to the completion of many audits. We expect that it will take time to restore capacity throughout the audit profession.

It is important that the Auditor-General takes all possible steps to ensure that the audits of public organisations are completed in a timely manner, to help maintain trust and confidence in the public sector.

We have been working with all audit service providers to ensure that they are well positioned to complete their public sector audits on time. Some firms are able to access additional staff from their overseas offices, and most are able to make commercial decisions about the audits they take on or relinquish. Audit New Zealand is unable to take these steps.

As a result, we have been carefully considering the short-term and longer-term options for a number of audits and propose to reallocate some from Audit New Zealand to other audit service providers. In doing that, we have continued to apply the principles that are important in appointing an auditor – independence, their knowledge about public organisations and public sector audits, the particular audit skills required, and the need for the Auditor-General to always have access to enough audit capacity and capability.

Your audit is one that we propose to reallocate, from Audit New Zealand to a partner from the firm of Deloitte Limited. This change will mean that your audit is completed as quickly as possible, this year and in subsequent years.

We recognise that reallocating your audit after your financial year has ended is not ideal and might cause you some disruption. We will expect your outgoing appointed auditor to work collaboratively with the incoming one, to ensure a smooth transition.

New Audit Proposal, and audit fees

Deloitte Limited will need to prepare a draft Audit Proposal for discussion with you. The proposal will cover the statutory basis for the audit, key staff assigned to the audit, and the audit hours and fees for each audit year. The new proposal will be for an initial term commencing with the 2022 audit.

If audit fees have already been agreed for your audit, those audit fees will be honoured.

If audit fees have not been agreed for your audit, the new auditor will need to work with you to agree them. Under the Public Audit Act 2001, audit fees must be reasonable, which means they should be fair to the entity, and provide a fair return (but not more than that) to the auditor for the work that is required.

We provide audit firms with guidance to follow when setting audit fees. You and Deloitte Limited need to agree a way to understand the real costs of the audit and agree future audit fees that are reasonable. We expect the Deloitte Limited to use the first year to understand and properly scope future audits, and to propose audit fees for future years based on that initial year's understanding (excluding, as always, any first-year investment in understanding your entity).

The first year might need to have an estimated fee with an agreed means of confirming that during and after the audit. For example, a helpful process we have used requires the auditor and key entity staff to have a short regular debrief (for example, at the end of each week) to understand that week's work and costs, and especially to understand any inefficiencies from either side.

The Audit Proposal will contain the appointed auditor's expectations of your organisation in relation to the audit. You'll need to work together with them and take the opportunity to discuss those factors that are within your control to make the audit less time-consuming and more efficient. As we always do, we will review the proposed audit fees to ensure that they are reasonable.

Auditor independence

The Auditor-General sets independence standards for auditors acting on his behalf, which include the standards set by the External Reporting Board. He limits the nature and amount of work that an auditor can carry out for an organisation to the audit itself and other assurance work. If you have any concerns that some work your organisation expects your auditor to carry out, or might ask your auditor to carry out, is not assurance work, you are welcome to seek our views.

If you wish to discuss any aspect of this letter, or, after discussion with your auditor, require our analysis of the proposed audit fee, please contact me at Murray.Powell@oag.parliament.nz

Nāku noa, nā



Murray Powell
Audit Projects Director

6.7 ASSURANCE, RISK AND FINANCE COMMITTEE ACTION SHEET UPDATE FOR JUNE 2022**File Number: A3793240****Author: Joshna Panday, Democracy Advisor****Authoriser: Aisha Huriwai, Team Leader Democracy Services****TAKE PŪRONGO / PURPOSE OF THE REPORT**

To provide the Assurance, Risk and Finance Committee with an overview of outstanding decisions from 1 January 2020.

WHAKARĀPOOTO MATUA / EXECUTIVE SUMMARY

- Council staff have reintroduced action sheets as a mechanism to communicate progress against decisions/resolutions and confirm when decisions have been implemented.
- The focus of this paper is on decisions made by the Assurance, Risk and Finance.
- Action sheets are also in place for Council and Community Boards.
- There are no outstanding or overdue actions for the Assurance, Risk and Finance.
- All actions for the Assurance, Risk and Finance Committee from 1 January 2020 have been completed.

TŪTOHUNGA / RECOMMENDATION

That the Assurance, Risk and Finance Committee receive the report Action Sheet Update for August 2022.

1) TĀHUHU KŌRERO / BACKGROUND

The Democracy Services Team have been working on a solution to ensure that elected members can receive regular updates on progress against decisions made at meetings, in alignment with a Chief Executive Officer key performance indicator.

Action sheets have been designed as a way to close the loop and communicate with elected members on the decisions made by way of resolution at formal meetings. Action sheets are not intended to be public information but will provide updates to elected members, who, when appropriate can report back to their communities and constituents.

There are no outstanding or overdue actions for the Assurance, Risk and Finance. All actions for the Assurance, Risk and Finance from 1 January 2020 have been completed.

2) MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND OPTIONS

The outstanding tasks are multi-facet projects that take longer to fully complete. The Democracy Services staff are working with staff to ensure that the project completion times are updated so that action sheets provided to members differentiate between work outstanding and work in progress.

Take Tūtohunga / Reason for the recommendation

To provide the Assurance, Risk and Finance Committee with an overview of outstanding committee decisions from 1 January 2020. There are no outstanding or overdue actions for the Assurance, Risk and Finance. All actions for the Assurance, Risk and Finance Committee from 1 January 2020 have been completed.

3) PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no financial implications or need for budgetary provision in receiving this report.

ĀPITIHINGA / ATTACHMENTS

Nil

7 TE WĀHANGA TŪMATAITI / PUBLIC EXCLUDED**RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Confirmation of Previous Minutes	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.2 - Technology Update Report	s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.3 - Fraud Survey	s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
7.4 - Asset Management - Reset	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

8 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER

9 TE KAPINGA HUI / MEETING CLOSE