



AGENDA

Audit and Risk Committee Meeting Wednesday, 24 February 2021

Date: Wednesday, 24 February 2021

Time: 9.30 am

**Location: Ngā Hau e Whā, William Fraser Building
1 Dunorling Street, Alexandra**

**Sanchia Jacobs
Chief Executive Officer**

Notice is hereby given that an Audit and Risk Committee meeting will be held in Ngā Hau e Whā, William Fraser Building, 1 Dunorling Street, Alexandra on Wednesday, 24 February 2021 at 9.30 am

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Members Ms L Robertson (Chair), His Worship the Mayor T Cadogan, Cr N Gillespie, Cr S Jeffery, Cr N McKinlay,

In Attendance Cr T Alley, Cr T Paterson, S Jacobs (Chief Executive Officer), L Macdonald (Executive Manager - Corporate Services), L Fleck (Executive Manager – People and Culture), J Muir (Executive Manager - Infrastructure Services), L van der Voort (Executive Manager - Planning and Environment), S Righarts (Chief Advisor), G McFarlane (Business Risk and Procurement Manager) and R Williams (Governance Manager)

1 APOLOGIES

An apology has been received from His Worship the Mayor Tim Cadogan.

2 PUBLIC FORUM

3 CONFIRMATION OF MINUTES

Audit and Risk Committee meeting - 14 December 2020

21.1.1 CONFIRMATION OF MINUTES FROM THE PREVIOUS MEETING

Doc ID: 523584

1. Purpose

To confirm the public section of the minutes of the Audit and Risk Committee meeting held on 14 December 2020.

Recommendations

That the public section of the minutes of the Audit and Risk Committee meeting held on 14 December 2020 be confirmed as a true and correct record.

2. Attachments

Appendix 1 - Unconfirmed Public Minutes of the 14 December Audit and Risk Committee Meeting [↓](#)

Report author:



Rebecca Williams
Governance Manager
11/02/2021

CENTRAL OTAGO DISTRICT COUNCIL

AUDIT AND RISK COMMITTEE

MINUTES of a meeting of the Audit and Risk Committee held in Ngā Hau e Whā, William Fraser Building, 1 Dunorling Street, Alexandra on Monday, 14 December 2020 commencing at 2.00 pm.

PRESENT: L Robertson (Chair, via Microsoft Teams), His Worship the Mayor T Cadogan, Councillors N Gillespie and N McKinlay

APOLOGIES: Apologies were received from Crs S Jeffery, T Alley and T Paterson.

It was moved (Cadogan/Gillespie):

That the apologies be accepted.

Motion carried

IN ATTENDANCE: S Jacobs (Chief Executive Officer), L Macdonald (Executive Manager – Corporate Services), J Muir (Executive Manager – Infrastructure Services), L van der Voort (Manager, Planning and Environment) and R Williams (Governance Manager)

20.5.1 **Confirmation of Minutes**

It was moved (Cadogan/Robertson):

That the minutes of the Audit and Risk Committee meeting held on 28 September 2020 be **confirmed** as a true and correct record.

Motion carried

20.5.2 **Declaration of Interest**

Members were reminded of the need to be vigilant and to stand aside from decision making when a conflict arises.

Note: Dereck Ollsson from Audit New Zealand joined the meeting via Microsoft Teams for item 20.5.3

20.5.3 **Audit New Zealand – Consultation Document and Long-term Plan Engagement Letter**

A report from the Executive Manager Corporate Services to review Audit New Zealand's engagement letter for the audit of the consultation document and Long-term Plan for the period commencing 1 July 2021 and to recommend to Council for sign off had been circulated.

There was a discussion about the timing of the Audit New Zealand visit in February and it was agreed that this would be confirmed prior to the engagement letter being signed.

It was moved (Robertson/McKinlay):

That the Committee:

- A. **Receives** the report and accepts the level of significance.
- B. **Recommends** that the Mayor, on behalf of Council sign the Audit New Zealand engagement letter for the audit on the long-term plan commencing 1 July 2021, upon confirmation of an agreed date for the initial visit by Audit NZ.

Motion carried

20.5.4 **Update on the Preparation of the 2021-31 Long-term Plan**

A report from the Chief Advisor to provide an update on the preparation of the 2021-31 Long-term Plan had been circulated.

The Committee requested confirmation of when the Investment Policy, Liability Policy and the Rating Policy were last reviewed by the Committee.

It was moved (Cadogan/Robertson):

That the Committee **receives** the report.

Motion carried

20.5.5 **Local Authorities (Members' Interests) Act 1968 – Application for Approval of Contract**

A report from the Governance Manager to inform the committee of an application for an approval of a contract from the Office of the Auditor General had been circulated.

It was moved (Robertson/Cadogan):

That the Committee **receives** the report.

Motion carried

20.5.6 **Chairperson's Report**

Ms Robertson advised that she had nothing to report.

20.5.7 **Members' Reports**

The High Court judgement regarding the Thames-Coromandel District Council decision not to sign a national declaration on climate change was noted.

20.5.8 **Chief Executive Officers Status Report**

A report from the Chief Executive to provide the Committee with an update on resolutions had been circulated.

It was moved (Gillespie/Robertson):

That the Committee **receives** the report.

Motion carried

20.5.9 **Date of the Next Meeting**

The date of the next meeting is Wednesday 24 February 2021.

THE COMMITTEE IN CLOSED MEETING

Moved (Robertson/McKinlay:

In accordance with s 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by s 6 or s 7 of that Act it is recommended:

1 That the public is excluded from:

- The following parts of the proceedings of this meeting, namely; item 20.5.10

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds for excluding the public, as specified by s 48(1) of the Local Government Official Information and Meetings Act 1987, are set out below:

Meeting Item No. and subject	Reason for excluding the public	Grounds for excluding the public
20.5.10 Confidential Status Reports	To protect the privacy of natural persons.	The withholding of the information is necessary to protect the privacy of natural persons (s 7(2)(a)).
	To fulfil an obligation of confidence where the making available of the information would be likely otherwise to damage the public interest.	Under the Local Government Official Information and Meetings Act 1987 s7(2)(c)(ii) – the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.
	To avoid prejudice to measures protecting the health or safety of members of the public.	Under the Local Government Official Information and Meetings Act 1987 s7(2)(d) – the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public.
	To allow the local authority to carry on, without prejudice or disadvantage, negotiations.	Under the Local Government Official Information and Meetings Act 1987 s7(2)(i) - to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

Note: The public was excluded at 2.39 pm and the meeting closed at 2.44 pm.

4 DECLARATION OF INTEREST

21.1.2 DECLARATIONS OF INTEREST REGISTER

Doc ID: 523626

1. Purpose

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

2. Attachments

Appendix 1 - Declarations of Interests [↓](#)

Name	Member's Declared Interests	Spouse/Partner's Declared Interests	Council Appointments
Tim Cadogan	Alexandra Musical Society (member) Otago Chamber of Commerce Central Otago Advisory Group member Dunstan Golf Club (member)	Victim Support Worker Blossom Festival Committee member FarmFresh (Family member sells for this entity)	Airport Reference Group Maniototo Curling International Inc Eden Hore Steering Group Tourism Central Otago Advisory Board Ministerial Working Group on Responsible Camping LGNZ Governance and Strategy Group
Neil Gillespie	Contact Energy (Project Manager) Clyde & Districts Emergency Rescue Trust (Secretary and Trustee) Cromwell Volunteer Fire Brigade (Deputy Chief Fire Officer) Cromwell Bowling Club (patron) Otago Local Advisory Committee - Fire Emergency New Zealand		Lowburn Hall Committee Tarras Community Plan Group Tarras Hall Committee
Stephen Jeffery	G & S Smith family Trust (Trustee) K & EM Bennett's family Trust (Trustee) Roxburgh Gorge Trail Charitable Trust (Chair) Roxburgh and District Medical Services Trust (Trustee) Central Otago Clutha Trails Ltd (Director) Teviot Prospects (Trustee) Teviot Valley Community Development Scheme Governance Group Central Otago Queenstown Network Trust		

Nigel McKinlay	Transition To Work Trust (Board member) Gate 22 Vineyard Ltd (Director) Everyday Gourmet (Director) Central Otago Wine Association (member) Long Gully Irrigation Scheme (member)		
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I, **Linda May Robertson**, hereby disclose the following 'interests' and am to be regarded as interested in any transaction involving the following entities:

Nature of interest	Appointment Date	Details of relevant entities	Monetary Value of Interest (Other than director fees, if quantifiable)
Director & Shareholder	January 2008	RML Consulting Ltd	This is the company I charge my director fees through
Director	October 2013	Dunedin City Holdings Ltd	Nil
Director	October 2013	Dunedin City Treasury Ltd	Nil
Chair	November 2015	Crown Irrigation Investments Ltd (Chair from April 2019)	Nil
Director	November 2015	New Zealand Local Government Funding Agency	Nil
Chair	June 2016	Audit & Risk Committee, Central Otago District Council	Nil
Chair	December 2017	Central Lakes Trust (Chair from October 2018)	Nil
Director	July 2018	Dunedin Stadium Property Limited	Nil
Director	September 2018	Central Lakes Direct Limited	Nil
Member	February 2019	Capital Markets Advisory Committee - The Treasury	Nil
Member	March 2019	Risk and Audit Committee - The Treasury	Nil
Board Member	March 2020	AWS Legal	Nil
Director	July 2020	Dunedin Railways Ltd	Nil
Director	August 2020	Alpine Energy Ltd	Nil

Signed:



Date: 7 September 2020

5 REPORTS FOR INFORMATION

21.1.3 AN UPDATE ON THE PREPARATION OF THE 2021-31 LONG-TERM PLAN

Doc ID: 523661

1. Purpose

To provide an update on the progress in developing the 2021-31 Long-term Plan.

Recommendations

That the report be received.

2. Discussion

It was agreed at the 28 September 2020 Committee meeting, that the Committee would receive regular updates on the preparation of the long-term plan. This is the second progress update report since then. Since the 14 December 2020 Committee meeting, the Committee has received the draft infrastructure and financial strategies for review and provided feedback. There is one outstanding policy for review, the Development Contributions Policy. Staff have recently received this policy, and will send this policy to the Committee for review and feedback when it is sent to Council. It is the intention to discuss this at the next Council meeting on 24 March 2021.

All key milestones have been achieved and the programme is tracking to schedule (refer to Appendix 1). Of note since the Committee's last meeting, the draft consultation document has been approved by Council to go to audit. Auditors are currently on site, and are expected to finish the audit by 5 March 2021. Staff will then address any issues raised, before asking Council to formally adopt the consultation document on 24 March 2021. The Committee will also receive a copy of the consultation document for noting before it is made public.

Staff are working on finalising the communications and engagement plan and the internal submissions process. Beyond COVID-19 (and the possibility of another lockdown) there are no other foreseen risks that will impact on council's ability to deliver the long-term plan successfully. If there was to be another interruption due to COVID-19, staff would revise the programme and look at ways still to deliver on time (such as the use of technology for public submissions). The Committee would be updated in the event this was to occur. The Committee will receive the next programme update at the Committee meeting on 4 June 2021.

3. Attachments

Appendix 1 - LTP Timeline as at February 2021.pdf [↓](#)

Report author:



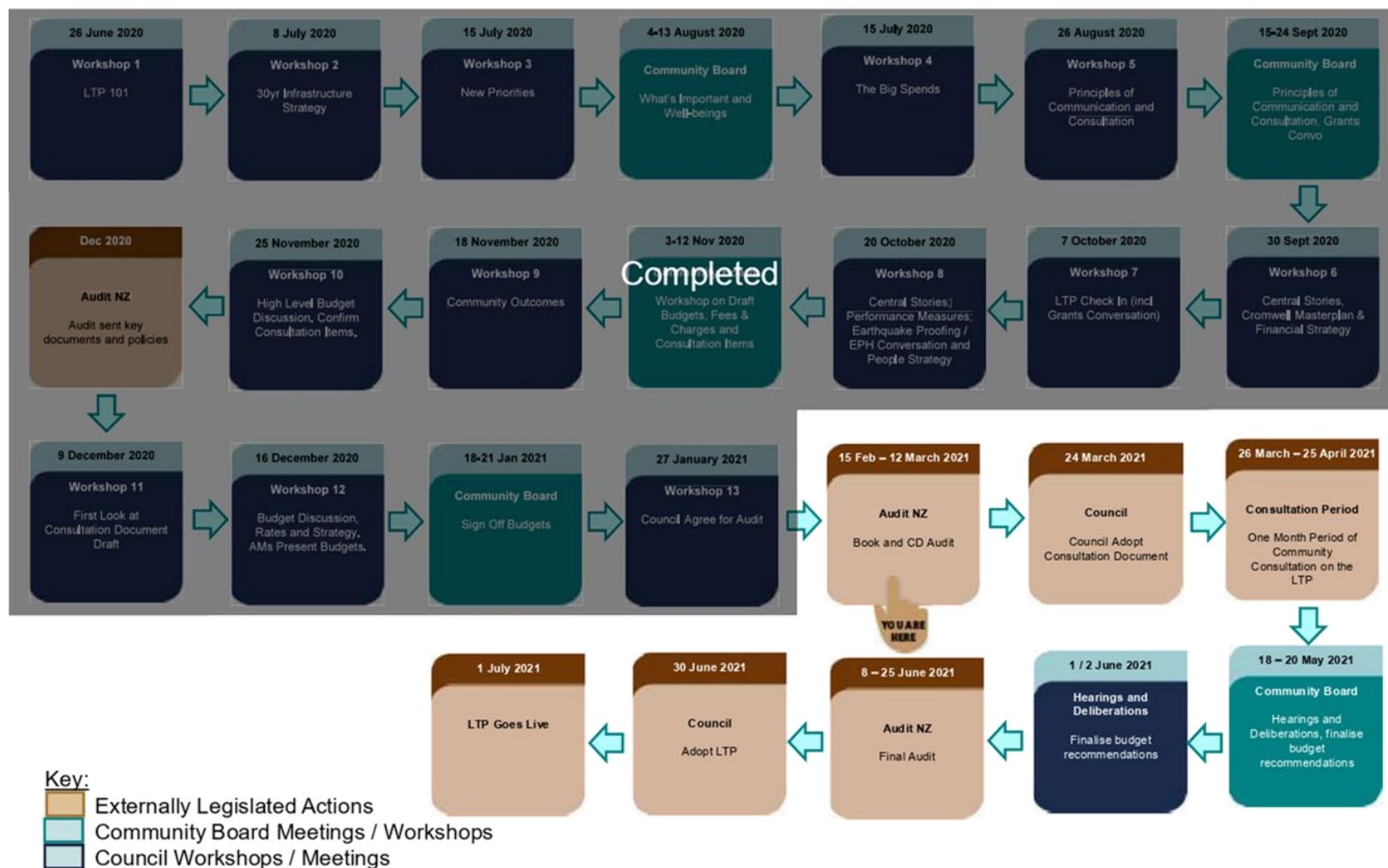
Saskia Righarts
Chief Advisor
12/02/2021

Reviewed and authorised by:



Sanchia Jacobs
Chief Executive Officer
15/02/2021

CODC Long-term Plan 2021/31 Project Timeline Graphic



21.1.4 POLICY AND STRATEGY REGISTER

Doc ID: 521253

1. Purpose

To present an updated register of council's policies and strategies.

Recommendations

That the report be received.

2. Discussion

The Committee have requested that the Policy and Strategy Register be a standing agenda item at its meetings. The Register has been updated to be correct at 5 February 2021.

Since the last presentation of the Register, some timeframes have been updated in response to changing business requirements.

Following the last presentation of the Register in September, three policies have been adopted including the Dog Control Policy and the Community Leasing and Licensing Policy. Three bylaws have also been passed during this time.

Changes since 28 September 2020

People and Culture

- Leave Management Policy – This policy was adopted in December 2020.
- Performance Management Policy – Completion date change from November 2020 to March 2021.

Information Services

- Privacy Policy – Completion date changed from October 2020 to March 2021
- Local Government Official Information and Meetings Act Policy – Completion date changed from October 2020 to March 2021.
- Cybersecurity Policy – A soft review of this policy has been commenced by the Information Services Team. It is due for presentation to the Executive Team in March 2021.

Parks and Property

- Cemeteries Bylaw – This bylaw was adopted at the 18 November 2020 meeting of Council.
- Community Leasing and Licensing Policy – This policy was adopted at the 3 February 2021 meeting of Council.
- Playground Strategy – Completion date changed from December 2020 to January 2022.

- Reserve Naming Policy – Completion date changed from December 2020 to January 2022.
- Plaques and Memorials Policy – Completion date changed from November 2020 to January 2022.

Regulatory

- Dog Control Bylaw and Dog Control Policy – These were adopted at the 9 December 2020 meeting of Council.
- Enforcement Strategy – Completion date changed from January 2021 to July 2021.

Environmental Engineering

- Solid Waste Bylaw – Submissions on the draft bylaw are due to be discussed at the 24 March 2021 meeting of Council.

Three Waters

- Water Bylaw and Policy – These two items have been put on hold due to the increased workload required from the three waters reform programme.

Roading

- Roothing Policy – A review of this has been programmed for January 2022.
- Speed Limit Bylaw – Completion date changed from January 2021 to July 2021.

Community and Engagement

- Significance and Engagement Policy – This policy has been moved from the Governance section to the Communications and Engagement section. A revised policy has been drafted for inclusion in the long-term plan.
- Communications and Engagement Strategy – Completion date changed from December 2020 to December 2021.

Finance

- Delegations Policy – Completion date changed from December 2020 to March 2021.
- Vehicle Procurement, Maintenance and Disposal Policy – This policy was adopted by the Executive Team in October 2020.
- Reserve Fund Usage Policy – Completion date changed from November 2020 to June 2021.

General

- Asset Management Policy – Completion date changed from November 2020 to November 2021.

3. Attachments

Appendix 1 - Policy and Strategy Register [↓](#)

Report author:



Matthew Adamson
Policy Advisor
25/01/2021

Reviewed and authorised by:



Saskia Righarts
Chief Advisor
10/02/2021

Name	Date Issued / Review Beginning	Due for Review / Completion	Responsibility
People and Culture			
Adverse Weather Policy	September-2017	September-2020	CEO
Smoking Policy	December-2004	December-2007	CEO
Staff Interests Policy	July-2020	July-2021	AR > CEO
Working From Home Guidelines	August-2020	August-2023	CEO
Respect at Work Guidelines	February-2020	February-2022	CEO
Leave Management Policy	December-2020	December-2023	CEO
Vehicle User Policy	February-2020	February-2023	CEO
Future Work Items			
Performance Management Policy		Expected Completion: March-2021	CEO
Information Services			
Acceptable Use of Public Wi-Fi Policy	March-2019	March-2022	Council
Cyber Security Policy	October-2018	October-2021	AR > Council
Information Management Policy	June-2019	June-2021	Council
Future Work Items			
Digital Strategy		Expected Completion: June-2021	Council
Privacy Policy		Expected Completion: March-2021	AR > CEO
LGOIMA Policy		Expected Completion: March-2021	CEO
Governance			
Appointment and Remuneration of Directors Policy	October-2019	October-2022	Council
Code of Conduct	October-2019	October-2022	Council
Delegations Register (incl. Audit and Risk Terms of Reference)	August-2020	August-2023	Council
Elected Members Allowances and Reimbursements Policy	October-2019	October-2022	Council
Standing Orders	October-2019	October-2022	Council
Parks and Property			
Clutha River Mata-au Plan	May-2012	May-2017	Council
Molyneux Pool CCTV Policy	March-2018	March-2021	CEO
Outdoor Recreation Strategy	June-2012	June-2022	Council
Public Toilet Strategy	July-2008	July-2011	Council
Council-owned Earthquake-prone Buildings Policy	June-2020	June-2023	Council
Cemeteries Bylaw	November-2020	November-2025	Council
Community Leasing and Licensing Policy	February-2021	February-2024	Council
District Tree Policy	August-2020	February-2022	Council
11x Reserve Management Plans	Various	Various	Council
Future Work Items			
Playground Strategy		Expected Completion: January-2022	Council
Reserve Management Plans		2019-2022	Council
Reserve Naming Policy		Expected Completion: January-2022	Council
Responsible Camping Strategy		Expected Completion: March-2021	Council
Plaques and Memorials Policy		Expected Completion: January-2022	Council
Regulatory			
Alcohol Restrictions in Public Places Bylaw	May-2019	May-2024	Council
Dangerous and Insanitary Building Policy	September-2013	September-2018	Council
Dog Control Bylaw	December-2020	December-2025	Council
Dog Control Policy	December-2020	December-2025	Council
Easter Sunday Trading Policy	July-2018	July-2023	Council
Gambling and Board Venue Policy	June-2020	June-2023	Council
Lighting Policy	March-2019	March-2022	Council
Litter Offences	July-2019	July-2022	Council
Psychoactive Substances Policy	June-2019	June-2024	Council
Smokefree Policy	June-2018	June-2021	Council
Future Work Items			
Enforcement Strategy		Expected Completion: July-2021	Council
Environmental Engineering			
Development and Financial Contributions Policy	September-2018	September-2021	Council
Subdivision Engineering Standards	September-2019	September-2024	Council
Sustainability Strategy	April-2019	April-2024	Council
Waste Management and Minimisation Plan	June-2018	June-2023	Council
Future Work Items			
Solid Waste Bylaw		Report due March 2021	Council
Three Waters			
Leakage Remissions Policy	January-2012	January-2015	Council
Sewer Lateral Policy	July-2016	July-2019	Council
Drinking Water Quality Policy Statement	March-2020	March-2023	Council
Trade Waste Bylaw	June-2001	To be replaced by Water Bylaw	Council
Water Supply Bylaw	May-2008	To be replaced by Water Bylaw	Council
Future Work Items			
Water Bylaw		Expected Completion: July-2021	Council
Water Policy		Expected Completion: July-2021	Council

Roading			
Fingerboard Policy	April-2018	April-2021	Council
Low Cost, Low Risk Roothing Improvements	February-2018	February-2021	Council
Roothing Bylaw	November-2020	November-2025	Council
Roothing Policy	January-2016	Review Expected: January-2022	Council
Speed Limit Bylaw	November-2007	Review Expected: July-2021	Council
Transportation Procurement Strategy	May-2020	May-2025	AR > Council
Libraries			
Cataloguing Policy	July-2018	July-2021	CEO
Collection Development Policy	October-2018	October-2021	CEO
Deselection Policy	March-2019	March-2022	CEO
Donations Policy	August-2018	August-2021	CEO
Interloans Policy	May-2020	May-2023	CEO
Lost Property Policy	May-2019	May-2022	CEO
Community and Engagement			
Arts Strategy	April-2013	April-2018	Community Owned
14x Community Plans	Various	Various	Community Owned
Grants Policy	August-2019	August-2022	Council
Heritage Strategy	April-2018	April-2023	Community Owned
Film Friendly Policy	June-2018	June-2023	Council
Media Policy	January-2020	January-2023	Council
Significance and Engagement Policy	September-2018	Expected Completion: June-2021	AR > Council
Social Media Policy	January-2020	January-2023	Council
Future Work Items			
Museum Strategy		Expected Completion: April-2021	Council
Communications and Engagement Strategy		Expected Completion: December-2021	Council
Finance			
Asset Disposal Policy	January-2017	Review Expected: May-2021	AR > CEO
Fraud Bribery and Corruption Policy	May-2020	May-2021	AR > Council
Investment Policy	June-2020	Review Expected: June-2021	AR > Council
Liability Management Policy	June-2020	Review Expected: June-2021	AR > Council
Procurement Policy	August-2020	August-2021	AR > Council
Protected Disclosures (Whistleblowing) Policy	May-2020	May-2021	AR > Council
Rates Remission Policy	June-2020	Review Expected: June-2021	AR > Council
Rating Policy	June-2020	Review Expected: June-2021	AR > Council
Revenue and Financing Policy	September-2018	Review Expected: June-2021	AR > Council
Risk Management Policy and Process	August-2020	August-2021	AR > Council
Sensitive Expenditure Policy	October-2019	October-2022	AR > Council
Remission Policy for Extreme Financial Hardship	June-2020	April-2022	Council
Vehicle Procurement Maintenance and Disposal Policy	October-2020	October-2023	CEO
COVID-19 Remission of Penalties Policy	April-2020	April-2021	Council
Future Work Items			
Capital Expenditure Policy		Expected Completion: October-2021	AR > Council
Delegations Policy		Expected Completion: March-2021	AR > Council
Reserve Fund Usage Policy		Expected Completion: June-2021	AR > Council
Health and Safety			
Health and Safety Policy Statement	September-2020	September-2021	CEO
General			
Annual Plan	June-2020	June-2021	Council
Asset Management Policy	February-2014	Review Expected: November 2021	AR > Council
District Plan	April-2008	April-2018	Council
Economic Development Strategy	May-2019	May-2024	Council
Infrastructure Strategy	June-2018	June-2021	AR > Council
Long Term Plan	September-2018	Review Expected: June-2021	Council
Tourism Strategy	June-2019	June-2024	Council
Future Work Items			
30 Year Vision		Expected Completion: October-2021	Council
Housing Strategy		Expected Completion: June-2021	Council

21.1.5 AUDIT NZ AND INTERNAL AUDIT UPDATE

Doc ID: 521697

1. Purpose of Report

To update the Committee on the status of the internal audit programme and any outstanding actions for completed internal and external audits.

Recommendations

That the Audit and Risk Committee receives the report.

2. Background

Council has a legislative requirement to complete external audits of annual reports through Audit New Zealand. Audit New Zealand complete a governance report on their findings and any recommendations for improvements. A schedule of actions is then created, and allocated to staff to manage the completion of these recommendations.

The 2018-2019 Audit New Zealand Management Report contained a number of actions, the majority have been completed and presented at previous Audit and Risk meetings. However one remains in progress, and three while completed, are awaiting Audit NZ's sign-off. Details can be found in Appendix 2.

The governance report for the 2019-2020 Annual Report is currently being prepared. This has been delayed due to many of local government annual report audits being postponed by two months due to COVID-19 impacts.

In addition to external audits, the council carries out several internal audits to provide assurance over compliance and to mitigate business risks. In August 2020, Deloitte conducted a four-year internal audit programme based on factors such as budgetary constraints, recently completed engagements and the current view of the risk landscape in the local government sector. This was then prioritised and the Committee approved the programme of work as detailed below for the next four years (2021 – 2024) ending June.

Internal audits are in the process of being finalised for GST and cash-handling. Once the final reports come through these will be presented to the Committee with a proposed register for follow-up of any recommendations arising from the audit.

Internal Audit Review Programme	Completed 2019-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Payroll	✓				
Accounts Payable	✓				
GST		✓			
Cash-handling		✓			
Council Rates Review for LTP	✓				
Information and Records Management		✓			
Procurement			✓		
Cyber Security			✓		
Contract Management				✓	
Capital Expenditure Planning and Monitoring				✓	
Health & Safety					✓
Recruitment Review					✓
Environmental Management (including Sustainability)					
Business Continuity / Disaster Recovery					
Asset Management					
Benefits Realisation					
Legislative Compliance					

Red – denotes suggested alternative audit review options

3. Discussion

Both internal and external audits result in recommendations where council can make improvements. Staff create a register of tasks associated with these recommendations and assign a staff member to manage the implementation. Appendix 1 and 2 list the outstanding tasks and any progress with these tasks. Once the Committee have viewed the completed tasks these are removed from the schedule.

Currently the internal audit schedule has completed five of the outstanding tasks and has five in progress but is on track to complete these within the scheduled timeframe. This schedule will be updated and presented to the Committee, along with the full reports, once Deloitte's finalise their findings from the cash-handling and GST audits.

The external audit schedule has three completed actions pending Audit NZ sign off and one action remains in progress. This schedule will be updated and presented to Audit and Risk, along with the full report, once the 2019-2020 Audit NZ report is issued.

The following attachments includes a status update on the actions resulting from the auditors recommendations.

4. Attachments

Appendix 1 - Internal Audit Review Register [↓](#)

Appendix 2 - Audit NZ 2018-2019 Management Report Updates.pdf [↓](#)

Report author:



Gabi McFarlane
Risk and Procurement Manager
9/02/2021

Reviewed and authorised by:



Leanne Macdonald
Executive Manager - Corporate Services
11/02/2021

APPENDIX 1

Detailed Findings: Accounts Payable, Payroll and Information Security Risk Review

Description	Detail	Risk Rating	Recommendation	Status	Due Date	Person Responsible	Any additional Comments
Payables							
Lack of process to rectify open POs created by resigned employees	There is no standardised process in place to rectify open purchase orders created by staff that have resigned.	Moderate	Implements an appropriate hand over process for all open purchase orders created by staff members who have resigned.	Completed	31 Dec. 2020	Executive Manager- People & Culture	An annual review as part of the end of year process has been carried out. Any outstanding purchase orders are dealt with by People and Culture and with the help of Finance before the staff member departs.
Improvements required to Accounts Payable guidelines	Central Otago District Council does not have an approved procedures manual in place.	Process Improvement	Consolidates and formalises the payables procedures manual and the desk profile process document.	Completed	30-Jun-21	Finance Manager	The Accounts Payable Officer has created an informal live process which is updated when necessary.
Payroll							
Lack of regular review of Payroll Masterfile	Review of the Payroll Masterfile ensures that employees' status and information are valid and up to date within the Pay Global system.	Moderate	Conducts a regular review of the Payroll Masterfile to ensure that all employees listed in the Payroll Masterfile are current.	Completed	30 Sept. 2020	Exec. Manager- People & Culture	The review for the quarter ending 13 December 2020 was carried out. There were no issues found. This is an ongoing quarterly review.
Enhancement required for manual timesheets	Central Otago District Council has both waged and salaried employees. Timesheets for waged employees are manually entered into the Pay Global system.	Moderate	Implementing an automated process of capturing the time worked by the waged staff will increase efficiency and reduce the possibility of errors.	In progress	Mar-21	Finance Manager	Libraries are up and running. We are waiting on PayGlobal, Payroll Software company, to finish the work on a summary report that we need to have completed, before rolling this out to the pools. We will not be 100% automated because any salary staff that works extra hours is entered manually into the system.
Improvements required with respect to payroll guidelines	Central Otago District Council does not have an approved procedures manual in place.	Process Improvement	Consolidates and formalises the payroll procedures manual and the desk profile process document.	In progress	Jun-21	Payroll Officer	The Payroll Officer has created an informal step-by-step guide, this needs to be consolidated.
Cyber Security Improvement Programme update							
Implement a register of all cloud services and ensure termination of these services at the time of staff member leaves council.	Immediately implement processes whereby Human Resources are required to provide timely notice of staff enrolments and departures. In association with this, implement a register of all cloud services used by council staff members to ensure that access to these services is terminated at the time a staff member ceases to provide services to the council.	Process Improvement	Recommendation made as part of People and Protective Technologies roadmap to utilise the new firewall capability and monitor Cloud App activity.	In progress	Dec. 2021	Information Services Manager	Technology has been deployed. We are currently monitoring the Cloud services being utilised. To date, we have not found any unknown Cloud services. We have staff exiting processes in place for known Cloud services.
Password policy updated to reflect current recommendations on password usage	Change the current password policy being used to match more recent recommendations for effective password usage.	Low	Update the current password policy	Completed	Feb. 2021	Information Services Manager	Awareness training has been completed, the passwords rules have been changed, and being rolled out to staff, department by department.
Implement information leakage controls and removable media	Implement controls to restrict the opportunity for information leakage via the internet and removable media including the locking down of USB devices.	Low	Implement controls to restrict the opportunity for information leakage via the internet and removable media including the locking down of USB devices.	In progress	Dec. 2021	Information Services Manager	This has been added to the people and protective technology roadmap for executive team decision.
Replace the current ad hoc procedures and processes within the Information Services Department	Establish a programme to formalise and document system procedures and processes to replace the current ad hoc processes that may exist in the Information Services Department.	Process Improvement	Establish a programme to formalise and document system procedures and processes to replace ad hoc processes.	In progress	Dec. 2021	Information Services Manager	These have started to be drafted and will be completed this year. These processes are already in place, just not documented.
Rate Setting Review							
Identify methods in which council can limit the fluctuations of an individual rate payers bill following a valuation year.	Three approaches were looked at: 1) Move district-wide variable rates (excluding the general rate) to be differentiated based on "property type" and re-classify lifestyle blocks to be included as "residential" 2) Move district-wide variable rates (excluding the general rate) to be differentiated based on "property type" 3) Move district-wide variable rates (excluding the general rate) to be differentiated based on "Location"	Process Improvement	Recommendation for best approach is option one (Move district-wide variable rates (excluding the general rate) to be differentiated based on "property type" and re-classify lifestyle blocks to be included as "residential") Should council look to action any of these approaches or variations a consultation process should be followed.	Completed		Corporate Accountant	A review of the rating policy was carried out in conjunction with Deloitte and all rates types previously calculated using land value were changed to capital value except the General rate.

Audit NZ 2019 Management Report	Urgent	Necessary	Beneficial	Assigned	Estimated Completion	Status	Comments
Asset valuation recommendations and processes (4.1)							
Management should review and address the asset valuation recommendations made by the District Council's valuer.		✓		Executive Manager - Infrastructure Services and Executive Manager - Corporate Services		Complete - pending Audit NZ sign-off	The Finance and Infrastructure staff created a set timetable for the valuation of each activity which is reviewed on an annual basis. 2019/20 was the first time since the Asset Management process was updated where Parks & Reserves assets have been revalued. This has caused some challenges with the revaluation as some of the data was missing from the Finance system however, this has been resolved.
The valuation reports for both the roading and the 3-waters asset classes made several recommendations for improvement opportunities. In reviewing the valuation reports we concur with the valuer's recommendations and have noted the more significant recommendations below.							
Roadings – the valuer made assumptions around installation dates for certain assets, as the construction date information was not recorded in RAMM. It is recommended that management review and update the dates for the next valuation. We note that management has performed some work already to address this, identifying that some relate to assets constructed as part of the Cromwell relocation when the Clyde Dam was constructed.							Bridges are contained within the RAMM database, but are valued outside of RAMM as there are not standard rates that can be used due to the varying materials used for bridge components, and the different lives for these. Each bridge needs to be assessed by a structural engineer and valued individually. This will be done again for the 2020 Activity Management Plan. The replacement options will also be confirmed during the development of the 2020 bridge strategy, which also forms part of the 2020 Activity Management Plan. Longer term the roading industry is considering the development of a more specific bridge asset database for use in the New Zealand environment.
Roadings – bridge assets were revalued outside of RAMM and it was recommended these assets should be moved to RAMM. In addition it was identified that some bridges may not be replaced at the end of their useful lives and the District Council should consider this as part of its Bridging Strategy.							A project is currently underway to enable component information to be collected for water treatment sites. This will enable more accurate valuations to be undertaken from 2020.
3-Waters – the valuers noted that detailed component information for new plant projects completed since the previous valuation, have not been included in the plant asset register. Instead, high level project costs have been used.							The engagement of valuers for the 2019 valuation was delayed, until the issues relating to the previously unaccepted 2017 valuation could be clarified. The valuations are a costly process, and it was not financially prudent to continue with these until the outstanding issues had been cleared with Audit NZ. This has now occurred, and no delays are anticipated with future valuations.
							We do wish to add that Council planned to do the Land and Building valuation in 2020 however with the growth Council has been facing it was decided to do one in 2019 and this added to the delays in our valuation process.
Annual report preparation process (4.2)							
Council should introduce a robust internal quality review process over the draft annual report to improve the quality of the draft information provided for audit.		✓		Executive Manager - Corporate Services / Finance Manager		In progress	Preparation for the Annual Report has been completed for 2019-20. For the first few weeks we had a more experienced team and have met our internal timetable. We also requested that Audit NZ meet their timeline. During the later part of the audit we lost two key staff which created challenges for CODC and Audit NZ also struggled with timelines due to reduced staff and delays across the councils due to COVID-19 disclosures. While there were improvements, there is still room for further improvement.
Processing of NZTA claims (4.4)							
The NZTA claims are submitted on a timelier basis, for example monthly.		✓		Executive Manager - Infrastructure Services		Complete	The submission of NZTA claims was sporadic due to changes in Roothing Management. This task has now been re-assigned and claims have been submitted monthly for 2019/20.
2017 Management Report							
Accounting and Valuation for PPE							
We recommend that the District Council consult with Rationale Limited over the 1 July 2017 valuation to understand the process Rationale Limited will follow and ensure any revaluation gain / loss can be supported.		✓		Executive Manager - Infrastructure Services		CLOSED	The District Council completed valuations of its roading and 3- waters assets for the year ended 30 June 2019.
Joint venture - forestry							
The District Council reviews the relationship that it has with its Joint Venture entity. This relationship should be assessed in terms of PBE IPSAS 8: <i>Interests in Joint Ventures</i> and the accounting options under this standard should be clearly recorded as evidence of Council's decisions.		✓				CLOSED	During the year, the District Council exited the joint venture forestry operation it had with Queenstown Lakes District Council.
Review of general ledger reconciliations							
We recommend that general ledger reconciliations (e.g. bank, debtors and creditors) be independently reviewed, dated and evidenced as such.		✓		Executive Manager - Corporate Services / Finance Manager		Complete - pending audit sign-off	General ledger reconciliations are being digitally reviewed, dated and evidence provided.
2015 Management Report							
IS Security Policies							
We recommend that an information security policy be developed and approved by executive management.		✓		Information Services Manager		CLOSED	The District Council has developed a cyber security policy and standards for the protection of information and information systems. These has been approved by the Executive Team and are being released.
Independent review of journals							
We recommend, as best practice, implementation of procedures to ensure that all journals posted into the financial system have been reviewed and are complete.		✓		Executive Manager - Corporate Services / Finance Manager		Complete - pending audit sign-off	Journals and supporting documentation are prepared by a member of the finance team and then reviewed by the Finance Manager. Before posting journals, the finance team is ensuring appropriate supporting documentation or narrative is provided and that the journal is correctly coded. This is all provided to the Finance Manager who reviews the documents and signs a monthly journal checklist form.

21.1.6 RISK MANAGEMENT UPDATE

Doc ID: 522246

1. Purpose

To consider the Risk Management update.

Recommendations

That the report be received.

2. Discussion

The Strategic Risk Register remains under development. A workshop has been undertaken with the Executive Team, determining the top strategic risks which the organisation may face. To progress the register, a further workshop with the Executive Team is scheduled to be undertaken in March 2021, generating the balance of information required for the completion of the Strategic Risk Register.

The Register will be based on the of the AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines standards.

3. Attachments

Nil

Report author:



Gabi McFarlane
Risk and Procurement Manager
29/01/2021

Reviewed and authorised by:



Leanne Macdonald
Executive Manager - Corporate Services
29/01/2021

21.1.7 PROCUREMENT UPDATE

Doc ID: 521934

1. Purpose

To provide an update on procurement activities at Central Otago District Council.

Recommendations

That the report be received.

2. Discussion

The Procurement Policy adopted in August 2020 is now in effect and operating as intended. This policy has provided stronger direction for council's procurement activities and has been well received by the organisation. A soft review of this policy will occur in July 2021 to ensure the policy is fulfilling expectations and operating effectively across the business.

A number of procurement resources, including procurement plans and standardised tender documents have been created and circulated to the Executive Team for review and feedback by the end of February. These documents sit in alignment with the Government Procurement Rules and aid in the streamlining of council's procurement processes. The resources set a solid foundation for procurement activities, ensuring procurement remains transparent, fair and in alignment with government directives, providing a solid platform from which to build on.

3. Attachments

Nil

Report author:



Gabi McFarlane
Risk and Procurement Manager
28/01/2021

Reviewed and authorised by:



Leanne Macdonald
Executive Manager - Corporate Services
11/02/2021

21.1.8 FINANCIAL REPORT FOR YEAR ENDING 31 DECEMBER 2020

Doc ID: 522963

1. Purpose

To consider the financial performance for the period ending 31 December 2020.

Recommendations

That the report be received.

2. Background

The Committee has requested regular financial updates.

3. Financial Reporting

For the first 6 months of 2020-21, operating surplus is \$7.32M and is largely the result of external funding received for the Three Waters reform and land sales. The activity managers will reforecast their budgets in February 2021 based on year-to-date actuals as of 31 December 2020. This forecast will be taken to Council in March for approval.

- i. Land sales of \$3.7M which relates to the Gair Avenue development creating a \$1.2M positive variance in income. This income is partly offset by \$2M of costs that council has incurred including developer costs and profit-sharing costs.
- ii. Funding received for the Three Waters reform is \$4.73M.
- iii. Expenditure is lower than budget by \$1.23M attributed to timing of roading, refuse and recycling costs.

Attached to this report is the Council report presented in February, which includes a variance analysis against the general ledger profit and loss statement, plus an activity level variance (Appendix 1).

The report also details the expenditure of the capital works programme across activities to enable oversight on progress of these projects.

4. Accounts Receivable

As at 31 December 2020, council had a \$197k outstanding in accounts receivables. The largest outstanding debtor is New Zealand Cherry Corp \$120k resource consent related to Plan Change 14.

Type of Debtor	Current	30 Days	60 Days	> 90 Days
Other	\$ 482,768	\$ 19,471	\$ 13,681	\$ 40,469
Building Consents	\$ 28,461	\$ 735	\$ 2,474	\$ 2,354
Resource Consents	\$ (267)	\$ 28,584	\$ 2,626	\$ 154,522
TOTAL	\$ 510,962	\$ 48,790	\$ 18,782	\$ 197,345

- Debt is actively managed and monitored and if a debtor is past our three-month threshold, their information is sent to our debt collection agency, Receivables Management Limited. We are reviewing our terms of trade which will be uploaded to the council website once approved. This will allow us to charge interest to all outstanding debtors that are over three months.

Sundry Debtor	Totals	Under \$500	\$500 to \$1k	\$1k to \$2k	\$2k to \$10k	\$10k to \$50k	Over \$50K
Current	\$ 510,962	\$ (85,259)	\$ 14,419	\$ 14,221	\$ 102,736	\$ 76,907	\$ 387,939
Percentage	100%	-17%	3%	3%	20%	15%	76%
No. of Invoices	385	324	20	11	26	3	1
30 Days	\$ 48,790	\$ 7,060	\$ 4,651	\$ 7,251	\$ 14,842	\$ 14,986	\$ -
Percentage	100%	14%	10%	15%	30%	31%	0%
No. of Invoices	57	39	8	5	4	1	0
60 Days	\$ 18,782	\$ 2,836	\$ 3,726	\$ 1,729	\$ 10,491	\$ -	\$ -
Percentage	100%	15%	20%	9%	56%	0%	0%
No. of Invoices	28	20	5	1	2	0	0
> 90 Days	\$ 197,345	\$ 10,519	\$ 2,954	\$ 5,710	\$ 34,124	\$ 23,299	\$ 120,739
Percentage	100%	5%	1%	3%	17%	12%	61%
No. of Invoices	74	54	5	4	8	2	1

5. Investment

As at 31 December 2020, council had cash balances of \$18M, of which term deposits of \$12M mature within 90 days.

Bank	Amount	Term (Mnth)	Start Date	End Date	Fixed Rate
KiwiBank	1,000,000	1	7 Dec 2020	6 Jan 2021	0.40%
BNZ	2,000,000	8	22 May 2020	7 Jan 2021	2.26%
BNZ	1,000,000	8	22 May 2020	27 Jan 2021	2.29%
KiwiBank	1,000,000	2	7 Dec 2020	5 Feb 2021	0.54%
Westpac	2,000,000	7	1 Jul 2020	10 Feb 2021	1.87%
KiwiBank	4,000,000	7	13 Aug 2020	3 Mar 2021	1.70%

KiwiBank	1,000,000	3	7 Dec 2020	8 Mar 2021	0.85%
BNZ	1,000,000	4	7 Dec 2020	6 Apr 2021	0.55%
KiwiBank	2,000,000	7	14 Sep 2020	19 Apr 2021	1.50%
BNZ	3,000,000	6	7 Dec 2020	8 Jun 2021	0.89%

Weighted average interest rates for all Council term deposits is 1.41%.

6. Internal Loans

Forecast closing balance for 30 June 2021 is \$4.270M.

Owed By	Original Loan	1 July 2020 Opening Balance	30 June 2021 forecast closing balance
Public Toilets - Roxburgh & Cromwell	670,000	513,510	491,239
Tarbert St Bldg	25,868	14,502	13,067
Moly Pool	25,876	-	-
Alex Town Centre	94,420	54,766	49,759
Alex Town Centre	186,398	101,720	91,041
Alex Town Centre	290,600	170,912	155,412
Centennial Milkbar	47,821	24,252	21,284
Water Ranfurly	96,000	1,000	0
Vincent Grants	95,000	28,500	19,000
Pioneer Store Naseby	21,589	12,236	10,949
Roxburgh Water	867,000	743,391	717,829
ANZ Bank Seismic Strengthening	180,000	154,337	149,030
Clyde Railway Station	12,394	-	-
Molyneux Pool	262,000	604,000	571,900
Maniototo Hospital	1,873,000	1,824,913	1,775,142
Alexandra Airport	218,000	211,407	204,485
	4,965,966	4,459,446	4,270,138

7. External Community Loans

Total amount of external loans at the beginning of the financial year 2020-21 was \$241k and as at 31 December 2020 the outstanding balance was \$215k. Council has received \$25k in principal payments and \$6.4k in interest payments.

Owed By	Original Loan	1 July 2020 Actual Opening Balance	Principal	Interest	31 Dec 2020 Actual Closing Balance
Cromwell College	400,000	164,184	16,464	4,595	147,720
Maniototo Curling	160,000	48,743	6,459	1,152	42,284
Oturehua water	46,471	28,122	2,715	686	25,407
	606,471	241,049	25,638	6,433	215,411

8. Attachments

Appendix 1 - Financial Performance for period ending 31 December 2020 [↓](#)

Report author:

Reviewed and authorised by:



Kim McCulloch
Management Accountant
5/02/2021



Leanne Macdonald
Executive Manager - Corporate Services
12/02/2021

3 February 2021



21.1.16 FINANCIAL REPORT FOR THE PERIOD ENDING 31 DECEMBER 2020

Doc ID: 520442

1. Purpose

To consider the financial performance for the period ending 31 December 2020.

Recommendations

That the report be received.

1. Discussion

The revised budget has been updated to include carry forwards and Council resolutions. In August, staff reforecast both the operational expenditure and capital expenditure and this is included in the revised budget.

The presentation of the financials includes variance analysis against both the financial statements, so Council can understand the variances against the ledger, and then a variance against the activities at a surplus/(deficit) value. The reason for the second variance analysis is to demonstrate the overall relationship between the income and expenditure at an activity level.

The third report details the expenditure of the capital works programme across the activities. This helps staff track key capital projects across the year and understand the progress of these projects.

Ordinary Council meeting Agenda

3 February 2021

2. Financial Overview

a. Profit and Loss by General Ledger

	Year to date				Full year	
	Actual	Revised Budget	Variance		AP Budget	Revised Budget
	\$'000	\$'000	\$'000		\$'000	\$'000
Income						
Development Contributions	400	1,174	(774)	●	2,167	2,347
Interest & Dividends	131	201	(70)	●	328	401
Rates	15,820	15,786	34	●	29,440	30,436
Reserves Contributions	109	-	109	●	-	-
User Fees & Other	3,858	3,739	119	●	6,587	7,881
Profit on Sale of Assets	124	-	124	●	4,015	-
Other Capital Contributions	272	-	272	●	73	1
Regulatory Fees	1,238	568	670	●	2,170	1,150
Land Sales	3,786	2,500	1,286	●	0	4,000
Govt Grants & Subsidies	6,956	2,639	4,317	●	4,714	5,084
Total Income	32,693	26,606	6,087	●	49,494	51,300
Expenditure						
Costs of Sales	2,017	1,250	(767)	●	-	2,000
Grants	465	432	(33)	●	716	699
Depreciation	5,116	5,116	-	●	12,397	10,208
Rates Expense	432	450	18	●	406	414
Electricity & Gas	657	688	31	●	1,177	1,424
Members Remuneration	280	320	40	●	632	640
Technology Costs	422	483	61	●	822	941
Building Repairs & Mtce.	229	291	62	●	623	578
Insurance	388	481	93	●	353	481
Refuse & Recycling Costs	1,544	1,679	135	●	2,582	3,648
Professional Fees	1,387	1,532	145	●	1,360	3,061
Staff	5,590	5,877	287	●	10,935	11,770
Contracts	3,723	4,082	359	●	7,566	8,060
Other Costs	1,959	2,764	805	●	3,888	5,480
Total Expenses	24,209	25,445	1,236	●	43,457	49,404
Operating Surplus / (Deficit)	8,485	1,162	7,323		6,037	1,896
Assets Found / Vested Assets	-	-	-	●	-	-
NET SURPLUS / (DEFICIT)	8,485	1,162	7,323		6,037	1,896

This table has rounding (+/- 1)

Generally, variances of greater than \$100k are reported on.

The financials for December 2020 show an overall favourable variance of \$7.32M. Contributing to this large favourable variance includes funding from the 3 Waters reform and the timing of land sales to budget.

While income is ahead of the revised budget by \$6.08M, this is mostly due to revenue from the sale of land at Gair Avenue, along with the funding received from the Three Waters reform of \$4.73M. Timing of development contributions and low interest rates are having an adverse impact on revenue.

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Expenditure is lower than budget by \$1.23M. A lot of the underspends can be attributed to timing of operation requirements. Main areas contributing are roading contracts behind \$269k, refuse and recycling behind \$135 mainly due to lower transportation costs, and project costs being behind due to the timing of the Manuherekia irrigation project.

Income of \$32.693M against the year-to-date budget of \$26.606M

The main variances are:

- Development contributions of \$400k is under budget by (\$774k). Lower than expected contributions are linked with the timing of developments in Cromwell (\$383k) and Alexandra (\$157k).
- Government Grants and Subsidies revenue of \$6.96M exceeds budget by \$4.32M. This is due to a \$4.73M grant received in November 2020 for the Three Waters reform. This is 50% of the full grant amount. This grant offsets the unfavourable variance in roading due to the roading improvement work which is currently behind schedule, although this work is scheduled to be caught up within the next few months.
- Gair Avenue Land Sales is \$3.786M, exceeding budget by \$1.28M, and is in line with strong demand for property nationwide.
- Regulatory fees of \$1.24M exceeds budget by \$670k, due to the timing of income received from building consents of \$543k, Dog Registrations of \$93k and Land Information Memorandums (LIMs) of \$50k.
- Other Capital Contributions of \$272k include a Ministry of Business, Innovation and Employment (MBIE) contribution of \$159k for the Ophir Community Centre, and a cost share capital contribution from the Queenstown Lakes District Council for \$75k for the Lake Dunstan Water Supply project.
- User Fees and Other of \$3.86M is \$119k favourable against budget, the majority of this favourable variance is due to the one-off grant from Strategic Tourism Assets Protection Programme (STAPP) of \$700k which was more than budgeted. In addition, to an MBIE tourism grant for freedom camping, fencing and toilets of \$95k. Other user fees such as Metered Water, Swim School, Camp fees and Fuel taxes are behind budget.

Expenditure of \$24.209M against the year-to-date budget of \$25.445M

The main variances are:

- Costs of Sales of \$2.0M is more than budget, which reflects the increased sales of the Gair Avenue sections for the year to date.
- Contracts of \$3.72M is \$359k favourable against budget, due to a \$301k favourable result against the physical works contract, and a 209k favourable result against the planned maintenance works. Roding contracts are \$269k behind budget, due to the timing of the roading programme.
- Staff costs of \$5.59M is favourable \$287k result against budget relates to the timing of vacant positions and positions that are in the process of being recruited.
- Professional fees of \$1,387k is \$145k favourable against the budget. Professional fees are \$234k behind budget due to timing of spatial plan framework and review work being carried out. Offsetting the underspend is unfavourable variance of \$77k in recoverable professional fees.
- Refuse and recycling costs of \$1.54M, a favourable variance of \$135k. The actual is less than budget due to lower transportation costs disposing waste at Invercargill.

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Other costs breakdown is as below:

Other Costs breakdown	2020/21 Actual YTD	2020/21 Budget YTD	2020/21 Variance YTD		2018-28 LTP Full Yr	Revised Budget Full Yr
	\$'000	\$'000	\$'000		\$'000	\$'000
Operating Expenses	178	136	(42)	●	258	248
Minor Repairs & Maintenance	201	199	(2)	●	335	375
Staff Expenses	18	21	3	●	37	42
Valuation Services	78	85	7	●	160	170
Water Costs	68	80	12	●	179	210
Minor Equipment	153	170	17	●	260	340
Retail	27	45	18	●	108	90
Sludge Treatment	102	126	24	●	260	252
Health & Safety	-	30	30	●	48	58
Vehicles	54	86	32	●	100	173
Advertising	87	155	68	●	281	290
Office Expenses	302	381	79	●	757	748
Administrative Costs	473	657	184	●	861	1,320
Projects	218	593	375	●	243	1,164
Total Other Costs	1,959	2,764	805		3,888	5,480

- Projects are less than budget due to research projects, namely Manuherikia irrigation, is waiting on information from Otago Regional Council to proceed with weed control on trails and compliance schedules on trails.
- Administrative costs have an underspend in stationery, photocopying, telephones and membership subscriptions, primarily due to timing.

2. Profit and Loss by Activity

	INCOME			EXPENDITURE			SURPLUS/(DEFICIT)			
	Actuals \$000	Revised Budget \$000	Variance \$000	Actuals \$000	Revised Budget \$000	Variance \$000	Actuals \$000	Revised Budget \$000	Variance \$000	
Infrastructure	627	1,417	(790)	215	238	24	412	1,178	(765)	●
Roading	4,500	5,065	(565)	4,281	4,288	7	219	777	(558)	●
Waste Management	2,233	2,402	(169)	2,424	2,505	81	(191)	(102)	(87)	●
Parks and Recreation	3,582	3,436	147	3,486	3,429	(57)	96	6	90	●
Corporate Services	89	45	44	78	142	63	10	(96)	110	●
People and Culture	680	677	4	608	732	124	72	(55)	127	●
CEO	217	227	(10)	(30)	204	233	247	24	224	●
Property	6,178	4,745	1,433	4,461	3,776	(685)	1,717	969	748	●
Governance and Community Engagement	2,795	2,489	306	2,081	2,673	593	714	(184)	898	●
Planning (Regulatory)	2,664	1,913	751	2,316	2,808	492	347	(895)	1,243	●
Three Waters	10,292	5,578	4,713	4,624	5,195	570	5,668	384	5,284	●
Total	32,693	26,606	6,087	24,209	25,445	1,236	8,485	1,162	7,323	●

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- Infrastructure – Development contributions are underbudget by (\$790k), this is reduced by the reserves contributions. Lower than expected contributions are linked with the timing of subdivision developments in Cromwell and Alexandra. It is expected that development contribution income will remain lower than budget due to subdivision developments being pushed into the next financial year. Expenditure is tracking with budget.
- Roading – Subsidised roading improvement work is currently behind schedule, while this is scheduled to be caught up in the next 2-3 months, it is leaving an unfavourable variance of (\$565k) YTD.
- Waste Management - income is less than budget by (\$169k) due to lower than expected new wheelie bin charges and transfer station income. Expenditure has a slight favourable variance, due to less transportation costs disposing waste at Invercargill.
- Parks and Recreation – favourable income variance relates to the MBIE tourism grants of \$122k and \$95k. Expenditure is tracking close to budget, with a small unfavourable variance.
- Corporate Services – income is higher than budget by \$44k this is due to profit on the sales of vehicle assets. Expenditure is \$63k lower than budget mainly due to the timing of internal audit fees and insurance broker fees.
- People and Culture – income is on track with a small favourable variance of \$4k. Expenditure has a favourable variance of \$124k. Driving this favourable variance are underspends in Libraries \$70k, Health and Safety \$26k and Human Resources \$30k. A lot of the underspends are due to the requirements and timing of the expenditure requirements in each area.
- CEO – has an overall favourable variance. Expenditure has a favourable variance of \$233k, this is mainly due to Strategic Pay allocation which will be forecast in February 2021 across the organisation. On charged overhead allocations and management charges are offsetting expenditure and leading to a credit expenditure balance.
- Property – land sales revenue is favourable against budget due to more sections sold compared to expectations. There is a corresponding movement in the cost of land sold expense.
- Governance and Community Engagement – income has a favourable variance of \$306k this is due to the Strategic Tourism Assets Protection Programme (STAPP) funding received more than budgeted. The favourable expenditure variance is due to a timing lag of the tourism projects that are funded from the STAPP funding.
- Planning (Regulatory) – has a favourable variance of \$751k, this is mainly due to the timing of building permits issued and revenue received from dog registrations. The favourable expenditure variance of \$492k is due to lower than expected staff costs and planning consultant (review) fees.
- Three Waters – the favourable income variance of \$4.7M is due to 50% of the Three Waters reform grant funding being received. Expenditure has a favourable variance of \$570k due to the timing of operational projects.

Ordinary Council meeting Agenda

3 February 2021

5 Capital Expenditure

CAPITAL EXPENDITURE	Actual	Revised Budget	Variance		Revised Budget FY	Progress to date
	\$'000	\$'000	\$'000		\$'000	
Council Property and Facilities	2,457	1,285	(1,172)	●	6,167	40%
Waste Management	2	-	(2)	●	859	0%
i-SITES	-	-	-	●	5	0%
Customer Services and Administration	14	54	40	●	54	26%
Vehicle Fleet	162	260	98	●	358	45%
Planning	-	143	143	●	193	0%
Information Services	495	819	324	●	1,992	25%
Libraries	66	417	350	●	500	13%
Parks and Recreation	493	1,189	696	●	2,562	19%
Roading	2,141	4,019	1,878	●	7,359	29%
Three Waters	3,050	4,980	1,931	●	21,801	14%
Grand Total	8,880	13,166	4,286		41,849	21%

Year-to-date, we have expensed 21% of the full year's capital expenditure budget.

Council Property and Facilities (\$1.17M) ahead of budget:

This includes the purchase of Murray Terrace land approved by the Cromwell Ward in December 2020, which was an unbudgeted purchase of \$2.0M. This is countered by Elderly Persons Housing capital works which is behind budget by \$701k.

Planning \$143k behind budget:

This is due to Dog Control projects that are yet to be started, including the final purchase of dog registration software and upgrading the dog pounds.

Information Services \$324k behind budget:

Projects behind in budgets include Enhanced Customer Experience Digital Services \$122k and Enterprise Resource Planning Information Services \$139k.

Libraries \$350k behind budget:

The Alexandra library building upgrade is yet to commence.

Parks and Recreation \$696k behind budget:

Projects that are awaiting commencement and completion include resurfacing Anderson Park netball courts and the Cromwell Pool alterations and filter replacement.

Roading \$1.88M behind budget:

Roading projects are behind schedule, these include districtwide footpath and carpark renewals of \$533k, subsidised roading is behind \$1.3M this is mainly due to delays to the capital programme of work at the Clyde Historic Precinct Project of \$534k and district-wide sealed road renewals of \$363k.

Three Waters is \$1.93M behind budget:

The main driver is the Clyde wastewater reticulation construction which is \$843k behind budget, other areas include water supply improvements across the district and district wide wastewater treatment plant upgrades.

Ordinary Council meeting Agenda

3 February 2021

3. Attachments

Nil

Report author:



Jotham Kasibante
Finance Manager

21/01/2021

Reviewed and authorised by:



Leanne Macdonald
Executive Manager - Corporate
Services
22/01/2021

21.1.9 HEALTH SAFETY AND WELL-BEING REPORT

Doc ID: 522697

1. Purpose

To provide information on key health and safety risks and the measures in place to mitigate those risks at the Central Otago District Council.

Recommendations

That the Committee receives the report.

2. Background

Council is committed to the appropriate management of health and safety at all our workplaces. Council's responsibility is to our employees, contractors, volunteers and our customer base.

3. COVID-19

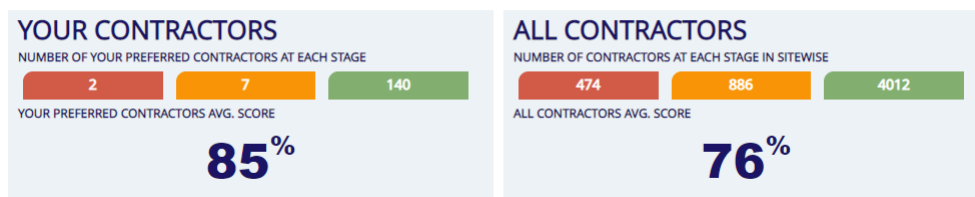
Council continues to promote all the alert level 1 measures. These are

- Keep track of where you have been - NZ COVID Tracer app/booklet and Bluetooth functionality
- Good hygiene - use of sanitiser and hand washing
- Wear a face covering on flights nationally and public transport in Auckland
- Stay at home if unwell
- Get tested for COVID-19 if you have flu or cold like symptoms
- Being prepared to change levels at anytime without notice.

4. Contractor Health and Safety

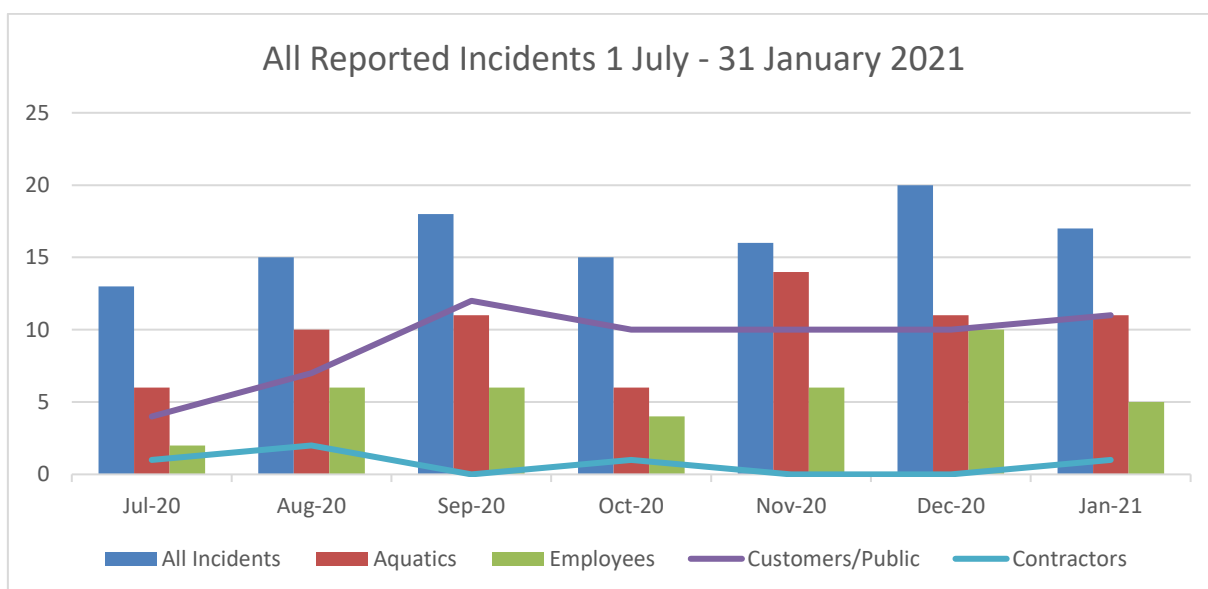
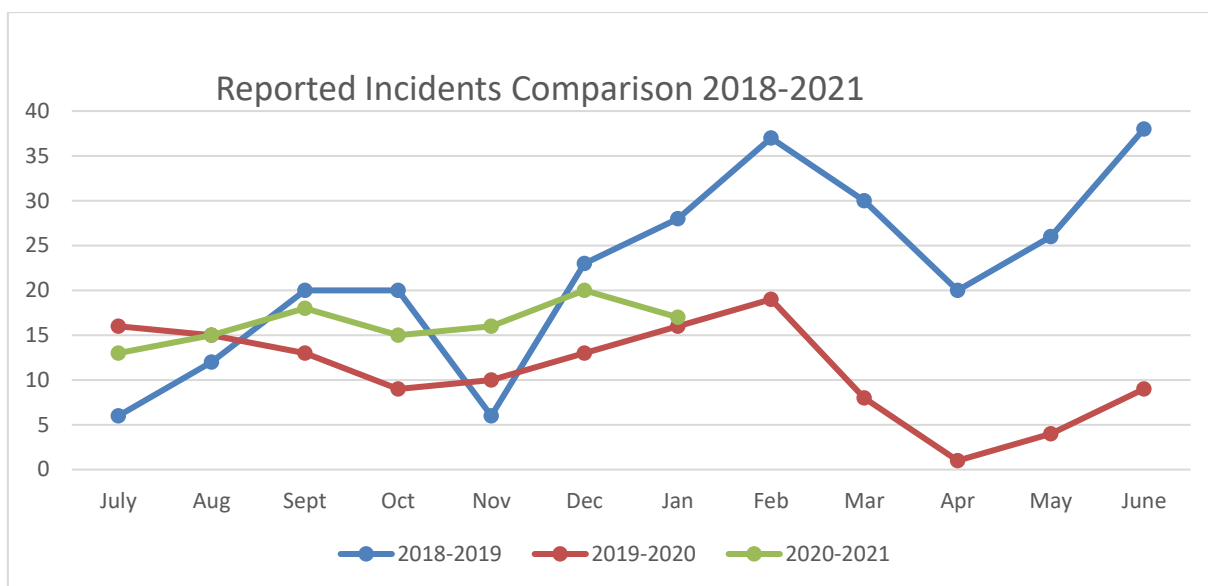
Council partners with SiteWise for contractor prequalification. Any contractors undertaking physical works (medium to high risk) for the council or on council assets must have a SiteWise rating of 75% or greater.

CONTRACTOR ASSESSMENT SCORES



Council's contractors continue to score well above the national average. SiteWise prequalification is a tool that we use to support and manage our health and safety duties with our contractor base.

5. Incident Statistics



Summary

There were no reported notifiable incidents during this period.

Numbers of reported incidents are comparable with 2019/2020, with a very slight decrease for the month of January. This is a pleasing trend as consistent incident reporting is critical to enable risk management.

6. Health, safety and well-being training and initiatives

Internal training	External training
<ul style="list-style-type: none"> Health and safety inductions Contract manager - SiteWise engagement BWARE 101 training BWARE audit and observation AED – have a go session 	<ul style="list-style-type: none"> First Aid (new and refreshers) Health, safety and wellbeing representative training – level 1 SiteSafe passports (new and refreshers) STMS- new requirements Pool water quality

7. Attachments

Nil

Report author:



Bern Scurr
Health, Safety and Wellbeing Officer

2/02/2021

Reviewed and authorised by:



Louise Fleck
Executive Manager - People and
Culture

11/02/2021

6 CHAIR'S REPORT

21.1.10 CHAIR'S REPORT

Doc ID: 523910

1. Purpose

To consider the February Chair's report.

Recommendations

That the report be received.

2. Attachments

Nil

7 MEMBERS' REPORTS

21.1.11 FEBRUARY MEMBERS' REPORTS

Doc ID: 523912

1. Purpose

To consider the February members' reports.

Recommendations

That the reports be received.

2. Attachments

Nil

8 STATUS REPORTS

21.1.12 FEBRUARY GOVERNANCE REPORT

Doc ID: 523600

1. Purpose

To consider the legacy status reports from previous meetings.

Recommendations

That the report be received.

2. Discussion

With the change to Infocouncil, status reports from previous meetings have been included in the governance report and updated with any actions since the last meeting.

3. Attachments

Appendix 1 - Legacy Status Report [↓](#)

Report author:



Rebecca Williams
Governance Manager
11/02/2021

Reviewed and authorised by:



Sanchia Jacobs
Chief Executive Officer
12/02/2021

Status Report on Resolutions for Audit and Risk

Chief Executive Officer

Resolution 20.5.4 – December 2020

Update on Preparation of the 2021-2031 Long-term Plan

The Committee requested confirmation of when the Investment Policy, Liability Policy and the Rating Policy were last reviewed by the Committee.

That the Committee **receives** the report.

STATUS

CLOSED

December 2020 – Email sent to Audit and Risk Committee regarding the policies, and attached the Investment and Liability Management Policies.

December 2020 – Action memo sent to the Chief Advisor

Corporate Services

Resolution 20.5.3 Audit New Zealand – Consultation Document and Long-term Plan Engagement Letter

That the Committee:

- A. **Receives** the report and accepts the level of significance.
- B. **Recommends** that the Mayor, on behalf of Council sign the Audit New Zealand engagement letter for the audit on the long-term plan commencing 1 July 2021, upon confirmation of an agreed date for the initial visit by Audit NZ.

STATUS

CLOSED

December 2020 – The Mayor has signed the Audit New Zealand engagement letter on behalf of Council and this has been emailed to Audit New Zealand for the audit of the Long-term Plan commencing 1 July 2021.

December 2020 – Action memo sent to the Executive Manager Corporate Services.

9 DATE OF THE NEXT MEETING

The date of the next scheduled meeting is 4 June 2021.

10 RESOLUTION TO EXCLUDE THE PUBLIC

Recommendations

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
21.1.13 - Confirmation of Non-Public Minutes from the Previous Meeting	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	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
21.1.14 - Cromwell Pool Update	s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public	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
21.1.15 - Lake Dunstan Water Supply Project Audit - Implementation Plan	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	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
21.1.16 - Litigation 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
21.1.17 - February 2021 Confidential Governance Report	<p>s7(2)(c)(ii) - the withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p>	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