



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/26182

11 July 2024

Audit and Risk Committee Meeting

Notice is hereby given that a Audit and Risk Meeting will be held in the **Council Chambers, Stratford District Council, 63 Miranda Street, Stratford** on **Tuesday 16 July 2024** beginning at **2.00 pm**.

Timetable for 16 July 2024 as follows:

12.00pm	Workshop - Terms of Reference Review
1.45pm	Afternoon Tea for Councillors
2.00pm	Audit and Risk Committee Meeting

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Sven Hanne'.

Sven Hanne
Chief Executive

2024 - Agenda - Audit and Risk - June - Open

11 July 2024 09:00 AM - 05:00 PM



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AGENDA

Audit and Risk Committee



F22/55/05 – D24/33312

Date: Tuesday 16 June 2024 at 2pm
Venue: Council Chambers, 63 Miranda Street, Stratford

1. **Welcome**
 - 1.1 **Opening Karakia**
D21/40748 Page 7
 - 1.2 **Health and Safety Message**
D21/26210 Page 8
2. **Apologies**
3. **Announcements**
4. **Declarations of members interest**
Elected members to declare any real or perceived conflicts of interest relating to items on this agenda.
5. **Attendance Schedule**
Page 9

Attendance schedule for Audit and Risk Committee meetings.
6. **Programme of Works**
D21/42807 Page 10

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to September 2025 be received.

/
Moved/Seconded

7. **Confirmation of Minutes**
 - 7.1 **Audit and Risk Committee - 21 May 2024**
D24/12999 Page 11

Recommendation

THAT the minutes of the Audit and Risk Meeting, including the public excluded section, held on Tuesday 21 May 2024 be confirmed as a true and accurate record.

/
Moved/Seconded

8. **Matters Outstanding**
D18/27474 Page 18

Recommendation

THAT the matters outstanding be received.

/
Moved/Seconded

9. **Information Report – Health, Safety and Wellbeing**
D24/32420 Page 19

Recommendation

THAT the report be received.

/
Moved/Seconded

10. **Information Report – Risk Management (update)**
D24/33297 Page 24

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any risk events or threats in relation to significant risks on Council's risk register, as part of Council's risk management processes.

/
Moved/Seconded

11. **Information Report – Procurement Policy Review**
D24/33615 Page 37

Recommendations

1. THAT the report be received.
2. THAT the proposed amendments to the Procurement Policy be reviewed by the Committee, with appropriate consideration given to procurement risks.

Recommended Reason

Feedback by the Committee on the proposals for amendments to the policy will contribute to a final draft policy that will be presented to the Policy and Services Committee in August.

/
Moved/Seconded

12. **Information Report – LTP 2024-34 Debrief**
D24/33297 Page 60

Recommendations

3. THAT the report be received.

Recommended Reason

To present to the Audit and Risk Committee an internal assessment of the development of the Long Term Plan 2024-34 and any associated learnings.

/
Moved/Seconded

13. **Decision Report – Annual Report 2023/24 Administration Matters**
D24/33498 Page 72

Recommendations

1. THAT the report be received.
2. THAT the audited Annual Report 2023/24 for Stratford District Council be adopted no later than 31 December 2024, taking advantage of the extension under the Water Services Acts Repeals Act 2024.
3. THAT the audited Annual Report 2023/24 for Percy Thomson Trust be delivered to Council after the legislative deadline for Council Controlled Organisations of 30 September, but no later than 31 December 2024, in line with Council's Annual Report. A draft Annual Report 2023/24 must be provided to Council by 30 September 2024 and a final audited Annual Report by 30 November.

Recommended Reason

An extension of the adoption date for both Annual Reports is requested as a one-off for the 2023/24 year only.

/
Moved/Seconded

14. **Correspondence**

- 7.1 **Letter to Stakeholders to Accompany 2024-27 Statement of Intent – LGFA**
- 7.2 **Percy Thomson – Audit Matters**

15. **General Business**

16. **Questions**

17. **Closing karakia**

D21/40748 Page 83



Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.



Our reference
F19/13/03-D22/17082

Health and Safety Message

In the event of an emergency, unless guided to an alternative route by staff, please exit through the main entrance. Once outside the building please move towards the War Memorial Centre congregating on the lawn area outside the front of the council building.

If there is an earthquake, please drop, cover and hold where possible. Remain indoors until the shaking stops and you are sure it is safe to exit or remain where you are until further instruction is given.

5. Attendance schedule for 2024 Audit and Risk Committee meetings.

Date	19/03/24	21/05/24	16/07/24	17/09/24	19/11/24
Meeting	A	A	A	A	A
Neil Volzke	✓	✓			
Steve Beck	✓	✓			
Grant Boyde	✓	✓			
Annette Dudley	✓				
Jono Erwood	✓	✓			
Ellen Hall	✓	✓			
Amanda Harris					
Vaughan Jones	✓	A			
Min McKay	✓	✓			
John Sandford		A			
Clive Tongaawhikau	✓	✓			
Mathew Watt	✓				
Philip Jones (External Chair)	✓	✓			

Key	
A	Audit and Risk Meeting
D	Meeting deferred
	Non-committee member
✓	Attended
A	Apology/Leave of Absence
AB	Absent
S	Sick
(AV)	Meeting held, or attended by, Audio Visual Link

Audit and Risk Committee - Programme of Works (D21/42807)

	Jul-24	Sep-24	Nov-24	Mar-25	May-25
Standing Items	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status	-Correspondence Received -Health and Safety Report -Risk Management Review - LTP Capital Projects status update - Audit matters raised status
Annual Items		- Internal Audit Report (outcomes) - Insurance Renewal 2024 - Annual Report 2023/24 update	- Policy Status Review	- Annual Plan 2025/26 update - Half Year Financial Report	- Insurance Strategy 2025 - Internal Audit (Plan for 2025, and status report on previous year audit)
One-Off Items	- Long Term Plan 2024-34 Debrief - Procurement Policy	- Risk 32 - Lone Worker - deep dive - Risk Management Policy	- (Workshop) Climate change decision making		

MINUTES

Audit and Risk Committee



F22/55/06 – D24/24937

Date: Tuesday 21 May 2024 at 12noon
Venue: Council Chambers, 63 Miranda Street, Stratford

Present

Mr P Jones (the Chair), the District Mayor N C Volzke, the Deputy Mayor M McKay, Councillors: G W Boyde and J M S Erwood

In attendance

Councillors: S J Beck, E E Hall and C M Tongaawhikau.

The Chief Executive – Mr S Hanne, the Director – Corporate Services – Ms T Radich, the Director – Assets – Mrs V Araba, the Director – Environmental Services – Mr B Sutherland, the HR and Governance Administrator – Mrs C Reynolds, the Projects Engineer – Mr) Mabumbo, the Services Assets Manager – Mr J Cooper (*part meeting*), the Corporate Accountant – Mrs C Craig, the Health and Safety/Emergency Management Advisor – Mr O Konkin (*part meeting*), Principal - Corporate, Marsh New Zealand - Matthew Meacham (*part meeting*), and one member of the media (Stratford Press).

1. Welcome

The opening karakia was read.

The Chair welcomed the District Mayor, Councillors, staff and the media to the meeting.

The Chair reiterated the health and safety message and emergency procedures.

2. Apologies

An approved leave of absence was noted from Councillor V R Jones and an apology noted from Councillor W J Sandford.

Recommendation

THAT the apologies be received.

JONES/McKAY
Carried
A&R/24/11

3. Announcements

There were no announcements.

4. Declarations of Members Interest

The Chair requested councillors to declare any real or perceived conflicts of interest relating to items on this agenda.

There were no conflicts of interest declared.

5. Attendance Schedule

Page 11

The attendance schedule for Audit and Risk Committee meetings was attached.

6. Programme of Works
D21/42807 Page 12

Recommendation

THAT the Audit and Risk Committee's rolling programme of works up to September 2025 be received.

McKAY/BOYDE
Carried
A&R/24/12

- The Director – Corporate Services noted the Terms of Reference Review has not been included in this agenda. The Chairman advised that after discussion with the Chief Executive it was decided it would be beneficial for Elected Members to think about what Council is doing well, what is Council not doing well, and what is Council not doing that it should. It was discussed that this could be worked at during a workshop, to be scheduled Tuesday 16 July at 12pm (before the next meeting).
- The Chairman questioned if the LTP debrief will be ready by the next meeting. It was advised raw information will be available.

7. Confirmation of Minutes

7.1 Audit and Risk Committee – 19 March 2024
D24/12999 Page 13

Recommendation

THAT the minutes of the Audit and Risk Meeting of Council held on Tuesday 19 March 2024 be confirmed as a true and accurate record.

JONES/ERWOOD
Carried
A&R/24/13

8. Matters Outstanding
D18/27474 Page 21

It was noted that there were no outstanding matters on the list.

9. Information Report – Health, Safety and Wellbeing Report
D24/21509 Page 22

Recommendation

THAT the report be received.

BOYDE/ERWOOD
Carried
A&R/24/14

Questions/Points of Clarification:

- The Chairman questioned the Anzac Parade is a Council or public event. It was clarified it was an event organised by Council therefore the incident that occurred during the event falls within Council's responsibility. It was advised a Health and Safety Plan was put together for the event which included provisions for the need of first aid and medical services.

- The Chairman advised he would like to explore in the next Health, Safety and Wellbeing report the top five health and safety risks, how they are being managed and how Council is tracking with an overall assessment.

The Health and Safety/Emergency Management Advisor left the meeting at 12.11pm.

10. Information Report – Audit Matters Outstanding – Deloitte Annual Audit
D24/21554 Page 26

Recommendation

THAT the report be received.

McKAY/VOLZKE
Carried
A&R/24/15

The Director – Corporate Services noted that a recommendation from the audit report was to review policies and keep them up to date. Currently Officers are working on important out of date policies. One of the outstanding items related to the Percy Thomson Trust, where the recommendations from audit have largely been rejected by the Trust.

Questions/Points of Clarification:

- Councillor Boyde questioned what is being put in place to ensure Council is up to date on policies, is there a plan or strategy to realign this? Mr Hanne noted even if policies are overdue for review they are still in place. He advised if Elected Members wanted officers to be 100% up to date with the policies a resourcing conversation would need to happen. Councillor Boyde questioned what the genuine risk was noting some will have a great risk and no longer be fit for purpose. Ms Radich advised auditors highlighted three high risk policies which are currently being worked on. The District Mayor noted the key point to remember is the policies do not expire, that a policy is a statement of an organisations position on a subject, and any policy which is critical can be bumped up the list and reviewed at any time. He noted it is a mistake to portray the issue as broken.
- The Chairman advised the fact that the Percy Thomson Trust disagrees with the recommendation from the audit, is a risk to Council. The District Mayor advised there are a number of significant issues, including the future structure of the Trust currently under discussion, these conversations are occurring outside of this committee. He noted there is a specific recommendation from the auditors, and Council as the controlling organisation, should formally express the view to the trust that they need to comply, that is the requirement from the audit and the view of the committee.

Recommendation

THAT the Audit and Risk Committee recommend to Council that a formal letter of expectation is issued to the Percy Thomson Trust to align with item 2.3 of this agenda.

VOLZKE/BOYDE
Carried
A&R/24/16

At this point in the meeting approval was given to move item 17 and 18 forward for discussion due to the availability of the external presenters .

17. Resolution to Exclude the Public

Recommendation

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

Agenda Item No: 19

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

General subject of each matter to be considered	Reason for passing this resolution to each matter	Grounds under section 48(1) for the passing of this resolution
Insurance Framework and options	The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information <i>and</i> to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	That the public conduct of the whole or 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 and section 7 of the Act - specifically Section 7(2)(b)(ii) and Section 7(2)(h). (Section 48(1)(a) Local Government Official Information and Meetings Act 1987.

BOYDE/MCKAY
Carried
A&R/24/17

The member of the media left and Mr Meacham joined the meeting 12.29pm.

18. Public Excluded Item

Mr Meacham left the meeting at 1.00pm.

Recommendation

THAT the open meeting resume.

ERWOOD/McKAY
Carried
A&R/24/19

The member of the media re-joined the meeting.

11. Information Report – Capital Works Programme – Key Projects Update – May 2024
D24/20516 Page 56

Recommendation

THAT the report be received.

McKAY/ERWOOD
Carried
A&R/24/20

Questions/Points of Clarification:

- The Chairman advised a critical item is page 59, which is the projection. He noted his concern for the forecast of 38% completion, and the risk of not achieving these projects. Mrs Araba advised the main issue is the non-delivery of the grit tank as it is currently still being designed, and a lot of the budget will not be able to be spent this year. She noted a lot of water projects came under budget, and some were assessed as no longer being required. These under budget projects are a testament to officers procurement.

The Services Asset Manager joined the meeting at 1.33pm.

- Mr Mabumbo advised many of the projects needed to be reevaluated.
- It was questioned if the Diatomix project saved money because the project did not go ahead? Mr Cooper advised the cost was a lot less as the project was not producing the desired results so the project is not going to continue.
- Councillor Boyde questioned what the national average of project completed is. The Chairman advised the average is generally increasing and is generally in the 70%, this has been criticised as a sector. He noted council needs to be better at explaining what the real story is, some of the projects council budgets in one year, do not spend all the money, and add it to the next years budget which is double dipping. He questioned what the risk is of not achieving capital projects.

The Services Asset Manager and Projects Engineer left the meeting at 1.45pm

12. Information Report – Risk Management (update)
D24/21869 Page 71

Recommendation

THAT the report be received.

JONES/McKAY
Carried
A&R/24/21

The Director – Corporate Services noted the following points:

- There are a couple of emerging risks which will be kept an eye on.
- The Long Term Plan is currently under audit and capital delivery is something they have indicated they will be looking at. The capital budget is quite high and how is that going to be achieved. Mr Hanne noted the focus is always on staff, but questions should be on decision makers on projects for the year. Councillor Hall noted when elected members were making decisions, particularly around capital projects, a lot of questions were if they were deliverable.
- Councillor Boyde questioned the percentage of what has been completed year on year. Mr Hanne noted it is a more interesting number is the average of 3 years as most projects not delivered are delivered the next year and after 3 years around 99% of projects are probably completed. When council is asked if the projects can be delivered, internally the answer is yes but there are external

factors. Ms Radich noted there are different risks for not completing projects, e.g. not completing Prospero Place is not a big risk, but not replacing a damaged pipe brings a bigger risk.

- The Deputy Mayor questioned with the Emerging Risks if there is a risk noted using artificial intelligence, e.g. if a message came out to the public from the Mayor or CE but it is not actually them. Ms Radich advised there is a policy being created currently to cover the use of artificial intelligence. Mr Hanne advised in the public arena there is very limited that could be done.

13. [Decision Report – Internal Audit Plan 2024](#)
D24/18243 Page 98

Recommendations

1. THAT the report be received.
2. THAT Internal Audit Plan for 2024 be approved.

VOLZKE/BOYDE
Carried
A&R/24/22

Questions/Points of Clarification:

- The Chairman questioned if on page 100 of the agenda, item 4.1 – Internal Audit Plan 2024, bullet point 5 should be focused on all assets. He noted the infrastructure assets are likely more critical in value, the biggest being written off is water assets. Ms Radich advised it is looking at the accuracy of the assets rather than fraudulent behaviour.

14. [Correspondence](#)

There was no correspondence.

15. [General Business](#)

There was no general business.

16. [Questions](#)

There were no questions.

19. [Closing karakia](#)
D21/40748 Page 323

The closing karakia was read.

The meeting closed at 2.06pm.

P Jones
Chairman

Confirmed this 16th day of July 2024

N C Volzke
District Mayor

**Audit and Risk Committee
Matters Outstanding Index**

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE

INFORMATION REPORT



F22/55/04 – D24/32420

To: Audit and Risk Committee
From: Health and Safety/Emergency Management Advisor
Date: 27 June 2024
Subject: Health, Safety and Wellbeing Report

Recommendation

THAT the report be received.

_____/_____
Moved/Seconded

1. Purpose of Report
 - 1.1 This report presents a summary of two-monthly progress and any highlights for the main areas of activity within for the period to 30 June 2024.
2. Executive Summary
 - 2.1 One incident during the period involved a minor injury to a staff member and 2 involved illness that occurred at work. There were no reported injuries to contractors. A total of 29 incidents were reported in the period.
 - 2.2 A revised Health and Safety Manual has recently been approved and will be rolled out in upcoming weeks.
3. Health and Safety Project Work
 - 3.1 The revised SDC Health and Safety Manual has been recently approved by the Senior Leadership Team and changes will be highlighted to staff over the next few weeks.
 - 3.2 Consultation with some individual staff around health monitoring has been completed and the findings of this will be discussed at the next Health and Safety Committee meeting with a view to changing the remit of health monitoring for staff.
 - 3.3 An Opportunity Brief exploring regional collaboration between the three District Councils and Taranaki Regional Council in Health and Safety has been presented to the CEOs of the councils. A preference was expressed for councils to retain separate Health and Safety teams, but to explore centralised information systems and shared processes where possible. A detailed business case is currently being put together.

4. Top 5 Health and Safety Risk Focus Areas

4.1 – Contractor Incidents and Accidents

Risk Profile

Much of SDC's higher risk profile work is undertaken by contractors. SDC has a duty to protect the health and safety of contractors and subcontractors, as well as the public, under the Health and Safety at Work Act.

Incidents during the period – 1

Recent Actions Undertaken

- Review of contractor pre-qualification process
- Ongoing site audits

Upcoming Actions

- Rollout of revised contractor task analysis form
- Regional approach to contractor pre-qualification

4.2 – Water and Wastewater Treatment Plants

Risk Profile

Both of these facilities are multi-hazard areas, with significant physical, chemical and biological hazards. Incidents and injuries are low due to robust control mechanisms and processes.

Incidents during the period – 1

Recent Actions Undertaken

- Reinstigation of plant specific Health and Safety Meetings
- Review of water treatment plant hazard register

Upcoming Actions

- Creation of wastewater treatment plant hazard register

4.3 – Public Safety at Wai o Rua – Stratford Aquatic Centre

Risk Profile

The large numbers of people using the facility, particularly young children, poses a risk of falls, other minor injuries and drowning incidents.

Incidents during the period – 11

Recent Actions Undertaken

- Standardisation of recording of lifeguard training information
- Review of facility hazard register
- Replacement of swimming equipment storage unit
- Creation of standard opening process

Upcoming Actions

- Facility lockdown process creation

4.4 – Threatening and Aggressive Behaviour to Staff

Risk Profile

Incidents of threatening behaviour and violence towards front-line staff are rising across most industries, particularly public service staff. As well as direct physical threats, this behaviour has a damaging effect on staff wellbeing.

Incidents during the period – 2

Recent Actions Undertaken

- De-escalation training provided to Elected Members and Wai o Rua – Stratford Aquatic Centre staff
- Lockdown processes created for Library and Admin Building
- Live camera footage now available for Admin Building

Upcoming Actions

- Co-ordination with neighbouring councils for ongoing provision of de-escalation training and refreshers

- Lockdown drill for Admin Building and Library
- Review of lone worker device provision for staff

4.5 – Vehicles and Driving

Risk Profile

SDC staff are frequently out in the community and vehicles are considered a part of the workplace when they are. Driving injuries and deaths are a hazard as a result. SDC staff driver behaviour is also a risk for organisational public relations.

Incidents during the period – 5

Recent Actions Undertaken

- Ongoing monthly monitoring of vehicle condition and maintenance
- Discussion with staff members following a cluster of vehicle damage and complaints from the public

Upcoming Actions

- Review of vehicle monitoring options as part of upcoming review into lone worker solutions

5. Health and Safety Incidents and Responses

1 May 2024- 30 June 2024

	Period 1 May 2024- 30 June 2024		Equivalent Period 1 May 2023 – 30 June 2023	Change From Equivalent Period Last Year	Running YTD Balance (1 July 2023 – 30 June 2024)	
	Pool	Other			Pool	Other
Events	14	16	31	-1	110	46
<i>Of which:</i>						
Injury(to our staff/ Contractor)	5	(1)	7	-2	62	
Near Miss	4		4	-	16	
Incident	19		19	-	74	
Illness	2		1	+1	6	

	Period 1 May 2024- 30 June 2024	Running YTD Balance (1 July 2023 – 30 June 2024)
Type of Incident		
Slips/Trips/Falls	1	21
Sprains/Strains	1	7
Cuts/Abrasions/ Bleeding nose	2	31
Bruising	2	14
Pool Rescue	4	26
Aggressive/Abusive Customer	2	17
Trespass	-	-
Vehicle Damage	2	5
Non-compliance of process	4	6
Plant/Building/Equipment	4	9
Other	8	19
Level of Treatment		
First Aid	5	66
Medical/Hospital	2	9
Level of Investigation		
No/Standard Investigation	30	154
Formal Investigation	0	1
Worksafe Investigation	0	1

- 5.1 The number of events reported was broadly equivalent to the corresponding period in the previous year. Many incidents continue to be minor injuries to members of the public using Wai o Rua – Stratford Aquatic Centre and requiring minimal intervention and/or first aid by staff. There was a significant increase in incidents reported by other areas of the organisation in this period. This reflects better recording of incidents such as theft, property damage and contractor related incidents within the Health and Safety reporting system.
- 5.2 Two incidents involved members of staff becoming unwell while at work and requiring assessment in a medical setting afterwards. Both have subsequently made a full recovery.

Incident 1

Incident type: Staff illness

Investigation & event details: 2 members of staff had not turned up for work at opening time at Wai o Rua – Stratford Aquatic Centre. Another member of staff agreed to come in early and fainted while trying to complete the opening procedures while members of the public were entering the building. It appeared that the sudden change of temperature of arriving in the building and rushing were contributing factors.

Specific outcome: A clear opening process has been completed to guide staff members of what to do before opening the doors to be public.

Incident 2

Incident type: Utility Strike

Investigation & event details: A contractor undertaking excavation work damaged a telephone line. They contacted the utility owner and arranged repair, but did not report the incident to the council contractor manager. On further investigation, it emerged that the contractor had not been completing Before U Dig requests, as per the contract.

Specific outcome: Meeting with the contractor re-iterated the importance of reporting incidents and to request Before U Dig reports, as per the contract. This is now being done.

Incident 3

Incident type: Near miss (equipment)

Investigation & event details: A member of staff at Wai o Rua – Stratford Aquatic Centre identified that a storage cupboard for swimming equipment was very unstable and likely to fall over. Investigation identified that a large amount of equipment had been clipped to the unit by swim club students and it was in immediate danger of toppling.

Specific outcome: The equipment was immediately removed from the unit and it has now been replaced with a wall mounted alternative.

6. Contractor Monitoring

- 6.1 2 site/workplace audits have been completed over the last 2 month period, involving 2 different contractors engaged in facility maintenance projects.
- 6.2 1 contractor was reminded to use the edge protection on their working platform.

7. Health and Wellbeing

	Period 1 March 2024 – 30 April 2024	Running YTD Balance (1 July 2023 – 30 April 2024)
Health and Wellbeing		
Workstation Assessments	3	14
EAP Referrals	1	4
Health Monitoring Assessments	0	22
Health and Safety Committee Meeting	1	4
Site Reviews	2	10

- 7.1 There has been one EAP request reported in the portal for the period.
- 7.2 Workstation assessments identified ergonomic modifications required for 2 members of staff.
- 7.3 Hepatitis A&B immunisation will be offered to all Wai o Rua – Stratford Aquatic Centre lifeguard and swim school staff in accordance with their elevated risk profile.

8. Civil Defence

- 8.1 Intermediate training took place in June at the War Memorial Centre, attended by 10 SDC staff members and 2 members of other organisations.
- 8.2 SDC activated its Emergency Operations Centre on 12 June as part of the national Ru Whenua CDEM exercise. The event provided valuable experience for the 18 staff members who took part, many of whom had not experienced a practice or genuine activation in their role before. Learnings around facility set-up and inter-function communication will be taken forward to future training. A regional debrief process for the wider exercise is currently underway.
- 8.3 Ongoing D4H Operations training is planned over the next few months, with the Operations function being delivered on 8 July in the War Memorial Centre.



O Konkin
Health and Safety/Emergency Management Advisor



[Approved by]
Sven Hanne
Chief Executive

Date: 8 July 2024

INFORMATION REPORT



F22/55/04 – D24/33297

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 16 July 2024
Subject: Risk Management

Recommendation

THAT the report be received.

Recommended Reason

To provide an update to the Audit and Risk Committee of any risk events or threats in relation to significant risks on Council's risk register, as part of Council's risk management processes.

Moved/Seconded

1. Purpose of Report

- 1.1 As above, and to provide a high-level update on Council risk, with a particular focus on the Significant Risks Register (*Appendix 1*), and in accordance with Council's Risk Management Policy.

2. Executive Summary

- 2.1 The Audit and Risk Committee Terms of Reference provides that the Committee has responsibility to "...review and recommend and support management to proactively manage all aspects of risk and quality that the organisation has identified. To monitor and review risk and make recommendations to Council where necessary to minimise the likelihood or impact of a risk event."
- 2.2 The following significant risks have been actively managed by management since the last Committee meeting in May 2024:
 - Risk 9 – LTP / Annual Plan
 - Risk 11 – Server Failure
 - Risk 32 – Lone Worker
 - Risk 72 – Elected Member Decision Making
- 2.3 There have been no new risks identified by staff. However, staff are mindful of the emerging risk landscape. A draft internal Artificial Intelligence Policy has recently been approved by the Senior Leadership Team.
- 2.4 It is recommended that Risk 92 Community Engagement and Risk 74 Inadequate Financial Provision to Fund Asset Replacement be removed from the Significant Risks Register. These risks are no longer considered as having a high likelihood of occurring due to the controls in place, and actively tested in recent months.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council's purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Affects all four well-beings in some way.	
Social	Economic	Environmental	Cultural
✓	✓	✓	✓

3.1 Risk Management is about managing risk exposure for all areas of Council operations and therefore indirectly meets the purpose of all four well-beings.

4. Background

4.1 The Council maintains a full risk register, which now has 98 organisational risks. Of these, the most significant risks in terms of likelihood and consequence are monitored by the Audit and Risk Committee, via the Significant Risks Register. This report includes any incidents, events, and/or threats in relation to risks on the Significant Risks Register.

4.2 The risk register includes a description of the risk and provides an evaluation of the risk in terms of likelihood and consequence without any controls in place. Controls (risk reduction methods and mitigations) have been established for each risk, and then the risk is re-evaluated to get a residual risk score. In terms of what constitutes a significant risk, the raw risk score is taken into account rather than the residual risk as it is important that the senior leadership team and the Audit and Risk Committee regularly monitor that the controls in place are appropriate and effective.

5. Information Summary

5.1 **Risk Events in relation to the Significant Risks Register**

Risk 9 – Long Term Plan / Annual Plan

The finalisation of the Long Term Plan 2024-34 is almost drawing to a conclusion. In relation to the audit, the LTP has been through the 'hot review' high level process with the Office of the Auditor General. Council will be adopting the final LTP on 9 July (prior to this Audit and Risk Committee meeting).

Deloitte, the appointed auditors, have advised that they will be highlighting two areas of emphasis of matter:

1. The uncertainty over delivery of the Brecon Road bridge as stated in the LTP. Due to the significance of the project, and high uncertainty about obtaining Waka Kotahi funding, auditors require that this uncertainty be highlighted in the audit report, including the impacts on levels of service and council debt and expenditure.
2. Overall capital programme deliverability is highly uncertain based on previous annual programme delivery and the high number and value of capital projects being budgeted for in the LTP. Auditors require that this be highlighted in the audit report as an emphasis of matter.

In terms of changes from the figures presented at the LTP Hearings and Deliberations:

- The rates increase reduced from 15.47% to 15.37% due to an update to the funding of three waters renewals capital expenditure in line with the Revenue and Financing

Policy. The renewals had been funded by new borrowings instead of reserves in original workings of the LTP, due to the reserves being in deficit. However, this has now been updated to reflect elected members decision to appropriately fund renewals from their respective reserve.

- Update financial treatment of the council subdivision to include expenditure as cost of goods sold in year 2028/29 – no effect on rates.
- More explanation on the subdivision in the significant forecasting assumptions / risks and uncertainties section of the LTP, to highlight that there is a risk that the estimated \$9,208,000 in section sales does not eventuate due to either low demand, or a drop in market rates for residential sections.
- Clarification and emphasis on the risk around Brecon Road bridge not going ahead due to high uncertainty around funding.
- Other minor wording changes and edits.

Risk 11 – Server Failure

Low risk events continue to occur intermittently with council's main servers, resulting in issues with folder access, staff being unable to use parts of the system, and slow performance council wide. Although not a server failure, staff are monitoring the situation, and no loss of data has been experienced.

A program of work to remedy the low-risk events that occurred with the council's main servers earlier in the year is still being worked through, but the leading causes of the issues have been addressed.

Efforts to complete the major version upgrade of the Virtual Delivery Agent Servers, which manages the connection between the user's computer and the cloud-hosted environment, are ongoing. The IT team are committed to completing this upgrade as soon as possible.

A new issue has come to light on two of the four main application servers, and we are working with cloud service providers, Civica and Microsoft, to address this issue. However, enough server capacity is available to support the organisation while troubleshooting is ongoing.

The issues are now isolated and no longer widespread, and business continuity has been maintained throughout.

Risk 32 – Lone Worker

The Animal Control Officer was recently involved in a car incident where a vehicle appeared to have intentionally accelerated towards the staff member's vehicle as she was driving. An accident was avoided by the staff member's actions to swerve away from the vehicle. A previous incident involving a similar vehicle was noted.

A police report has been filed and support to the staff member has been offered.

Risk 72 - Elected Members Decision Making

Recent decisions made by Elected Members since the May 2024 Audit and Risk Committee meeting are noted below. Workshops on the decisions were held, where appropriate, and documentation via meeting agendas was provided within 2 working days of the meeting.

11 June

- Adopt amended Significance and Engagement Policy.
- Approve Internal Audit Plan for 2024
- Adopt amended Policies – Asset Disposal, Asset Management, Care of Children and Youth in Council Facilities
- Approve road closure for Tarmac Rally event

20 June

- Extraordinary meeting to approve new pedestrian crossings on Broadway

25 June

- Extraordinary meeting to adopt Fees and Charges for 2024/25.

6. Strategic Alignment

6.1 **Direction**

N/A

6.2 **Annual Plan and Long Term Plan**

N/A

6.3 **District Plan**

N/A

6.4 **Legal Implications**

N/A

6.5 **Policy Implications**

This report is in line with the Risk Management Policy.

Attachments:

Appendix 1 Significant Risks Register

Appendix 2 Government Legislation open for Submissions as at 4 July 2024 (local govt related)



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 8 July 2024

2024 - Agenda - Audit and Risk - June - Open - Information Report – Risk Management (update)

Stratford District Council - Significant Risks Register

This report presents the most significant risks to Council in terms of likelihood and impact at any given time.

Appendix 1

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
78	Operational	Government Policy Impacting on Local Government	IF Government Policy significantly changes the services Council delivers or the way they are delivered, THEN this could put financial pressure on the district to fund investment in changes, or it may mean previous investment has become redundant.	20 Extreme	Where a policy change may have a significant negative impact on the Council then staff and elected members should consider making a submission to suggest and encourage alternative options. Council officers and elected members need to keep up to date with proposed changes to legislation and gov policy, and anticipate potential impacts of legislative changes and respond strategically, rather than being in a reactive position or being overly proactive. This could include joint collaboration with business and other councils, accessing alternative funding sources, or obtaining legal or professional advice. Council should aim to maintain a position where it can be adaptive and respond well to change, e.g. low to medium debt levels, diversification, good employment relationships.	20 Extreme
12	Data and Information	Cyber Attack	IF the systems are compromised and subject to a cyber attack, THEN system downtime, loss of data, ransoms may be demanded, potential privacy breach, reputational damage, and potential loss of funds.	16 Very High	Council have several security measures in place such as enterprise grade firewalls, email filtering, backups, antivirus and device management. If a breach was detected Council would activate the insurance policy and engage an IT security company resource to assist with recovery.	4 High
51	Operational	Natural Disaster or Fire - Response preparedness	IF a Natural Disaster or Fire causes significant damage to infrastructure and buildings THEN community welfare may be severely compromised, putting peoples lives at risk, and staff may be unable to access systems to carry out their day to day duties and functions.	15 Very High	Civil Defence Emergency Management plans are in place. Procedures following an emergency event are widely known by a number of staff due to Civil Defence Foundational training being rolled out to majority of council staff. Business Continuity Plans need to be in place and practiced regularly for all activities - Directors responsible for having a plan in place for each of their departments to ensure core functions can continue to be delivered.	12 Very High
71	Operational	Critical Asset Failure	IF a critical asset (water treatment plants, stormwater, wastewater, reticulation, roading) failed, THEN unexpected financial burden may arise and there could be significant disadvantage and risk to the community.	15 Very High	Conduct 2 yearly Asset Criticality Review. Ensure there are established Civil Defence Emergency Management response procedures in relation to fixing critical assets in an emergency event. Management practices and staff training, retention to ensure appropriate skill level in critical asset maintenance.	4 High
11	Data and Information	Server Failure	IF the server failed THEN systems down, data unavailable, potential data loss	12 Very High	Restore from backup - backups encrypted, and stored off-site at approved data-centres (Tier 3). Fail-over for Melbourne data centre replicates to Sydney data centre.	3 Moderate
32	Health, Safety, and Wellbeing	Lone Worker	IF a staff member is seriously injured or killed during field inspections/site visits, THEN possible health and safety breaches, death or serious injury.	12 Very High	Quality assurance, Ongoing training/awareness of HSE requirements and responsibilities, Better use of council data/knowledge base on dangerous or insanitary sites before staff member deploys to site, Use of GPS tracking, mobile phone tracking. Compliance officers to wear body cameras when on duty.	3 Moderate
58	Reputational and Conduct	Contractor Damage or Breach	IF Council and/or council contractors are found to be liable for public/environmental damage, or any actions that are unsafe or non-compliant with legislation and applicable policies and standards, THEN fines, possible injury, long-term damage, reputational damage could result.	12 Very High	Appropriate procedures and guidelines are in place to monitor contractor actions and our own including health and safety audits, contractor meetings/KPI's. The Council requires all physical works contractors to go through a thorough health and safety pre-qualification process and become approved before commencing any physical work. All relevant staff are kept up to date with pre-approved contractors register. Mini audits and random checks should be built into contracts. Contractor public liability insurance required for all major contracts.	3 Moderate

2024 - Agenda - Audit and Risk - June - Open - Information Report – Risk Management (update)

Risk Alert Number	Risk Category	Risk Subject	Risk Description	Risk Score Raw	Control Description	Residual Risk Score
72	Reputational and Conduct	Elected Members - Decision Making	IF elected members make significant decisions based on inaccurate/insufficient information, "biased" influences, conflicts of interest not disclosed, or lack of understanding of the financial or legislative impacts, THEN there could be funding access difficulties, audit scrutiny, financial penalties, and/or community distrust in elected members. Potential breach of Local Authorities (Member's Interests) Act 1968, and Councillors may be personally financially liable under S.47 of LGA 2002.	12 Very High	Relies on the accuracy and quality of the advice given by staff to elected members - ensure agenda, reports, and other papers are always reviewed by CEO, and Directors if appropriate. Information related to decision making should be given to elected members in a timely manner. Elected members should receive initial induction training and attend LGNZ, SOLGM conferences where material is relevant to get a better understanding of governance decision making. Council has a Professional Indemnity insurance policy for all elected members and independent committee members.	4 High
31	Health, Safety, and Wellbeing	Abusive Customers	IF council staff and/or representatives are exposed to abuse from the public during, or as a result of their association with council, THEN this could impact on staff safety and council's responsibility to ensure the safety of staff.	12 - Very High	Staff have personal alert alarms if in danger, customer service training and policies on how to deal with situations so they do not escalate. Security cameras in place. Fob access required to access staff office area. Mayor's office is secured by glass entry way.	4 High
74	Financial	Inadequate financial provision to fund asset replacement	IF there is inadequate financial provision in reserves to fund the replacement of assets, THEN the Council may have to borrow more than expected, or asset replacement may need to be delayed which may affect service level performance.	12 - Very High	Ensure annual depreciation is based on accurate fixed asset values (replacement cost) and accurate useful lives. Assets should not, unless necessary, be replaced before the end of their useful life.	2 Moderate
9	Compliance and Legislation	LTP/Annual Plan	IF LTP/Annual Plan is not adopted by 30 June THEN council cannot set rates, statutory breach reported to Minister, unable to commence service delivery, additional audit scrutiny, and uncertainty around future service provision for the community.	12 - Very High	Set a timetable to ensure statutory deadline is met. Good project management. Good quality data is provided. Keep abreast of possible changes to legislation and plan accordingly. Good communication to all staff and liaison with Audit NZ.	8 High
92	Reputational and Conduct	Community Engagement	IF Council does not engage with the community in line with its Significance and Engagement Policy and the requirements of sections 76-82 of the Local Government Act 2002, THEN Council decisions will lack a community mandate, may not be fit for purpose, and may be scrutinised and subject to legal challenge.	12 - Very High	Prepare engagement strategy and communication plans for major decisions. An engagement strategy for the LTP is a must. Targeted engagement should be considered where decisions affect particular groups or individuals disproportionately.	4 High

Open for Submissions as at 4 July 2024

(Note – in the Taituarā Action column a green cell indicates the Taituarā draft response is open for sector comment). Everything beneath the buff-coloured line is upcoming and the information is speculative.

Any initiative highlighted in yellow has been added or updated this week.

Current				
Name of Initiative	Agency engaging	Due date	Taituarā Action	Description
Rating Valuations Rules <u>Note:</u> the information appears to have been circulated to an email group rather than put on the LINZ website	LINZ	8 July	Submit Raymond Horan	Seeks feedback on 4 proposed amendments to the rules intended to address common issues with valuation quality.
Setting of Land Transport Speed Limits 2024 https://consult.transport.govt.nz/policy/setting-of-speed-limits-2024-consultation/	MOT	11 July	No action	This is a draft Land Transport Rule: Setting of Speed Limits Rule 2024 (the draft Speed Rule) for consultation.
Climate Change Response (Emissions Trading Scheme Agricultural Obligations) Amendment Bill https://bills.parliament.nz/v/6/9608f1d1-2216-4292-c788-08dc90c80755	Primary Production Select Committee	TBC	Submit Raymond Horan	Bill removes all agriculture from coverage of the NZ ETS (note He Waka Eke Noa was officially disbanded a few weeks back).

Appendix 2

2

Current				
Name of Initiative	Agency engaging	Due date	Taituarā Action	Description
Making it easier to build ‘granny flats’ Making it easier to build granny flats (2024) Ministry of Business, Innovation & Employment (mbie.govt.nz)	MBIE	12 August	Submit Susan Haniel	MBIE seeks feedback on options to make it easier to build small, self-contained and detached houses, commonly known as ‘granny flats’ on property with an existing home on it.
Health and Safety Seeking your feedback on the work health and safety regulatory system Ministry of Business, Innovation & Employment (mbie.govt.nz)	MBIE	30 October	No action	Seeking advice on your experiences with New Zealand’s work health and safety regulatory system – how you think it’s working now, what you think works well, and what you think should change. Your feedback will inform MBIE’s advice to Ministers on improvements we could make to the work health and safety system.

Appendix 2

3

Upcoming				
Name of initiative	Agency engaging	Likely timing	Taituarā Action	Description
<p>Repeal of Good Friday and Easter Sunday as Restricted Trading Days (Shop Trading and Sale of Alcohol) Amendment Bill</p> <p>Repeal of Good Friday and Easter Sunday as Restricted Trading Days (Shop Trading and Sale of Alcohol) Amendment Bill 38-1 (2024), Members Bill Contents – New Zealand Legislation</p>	Private Member's Bill	TBC	TBC	<p>The Bill allows more or less unfettered shop trading and sale of alcohol on Good Friday and Easter Sunday. Among other things, the provisions empowering you to set a local policy on shop trading would be removed. The default restriction on the sale and supply of alcohol on these days would be repealed.</p> <p>This Bill awaits first reading. (Latest intelligence suggest first reading and referral to a Committee is likely)</p>
<p>Public Works (Prohibition on the Compulsory Acquisition of Māori Land) Amendment Bill</p> <p>https://www.legislation.govt.nz/bill/member/2024/0042/latest/LMS958235.html?search=y bill%40bill 2024 bc%40cur an%40bn%40rn 25 a&p=1</p>	Private Member's Bill	TBC	TBC	<p>This bill amends the Public Works Act 1981 to protect Māori freehold and Māori customary land from being acquired for public works under that Act.</p> <p>This Bill awaits first reading. (Given recent PWA announcements this Bill appears unlikely to proceed).</p>

Appendix 2

4

Upcoming				
Name of initiative	Agency engaging	Likely timing	Taituarā Action	Description
Resource Management Act Amendment Bill #2	MfE	September	Submit	<p>This amendment Bill will (indicative list):</p> <ul style="list-style-type: none"> • enable housing growth, including making the Medium Density Residential Standards optional for councils and secondary units – ie granny flats • speed up consenting timeframes for renewable energy and wood processing • support the government’s “Infrastructure for the Future” plan • speed up the process for making national direction under the RMA • amend national direction on highly productive land to allow more productive activities including housing - exclude LUC-3 • introduce emergency response regulations to enable effective responses to emergencies and contribute to long-term recovery. <p>Plus potentially other targeted amendments suggested by Councils and other key stakeholders.</p>
Consultation on proposals for inclusion in the next implementation plan for Te Mana	DOC	Late 2024	(TBC)	Consultation on proposals for inclusion in the next implementation plan.

Upcoming				
Name of initiative	Agency engaging	Likely timing	Taituarā Action	Description
o te Taiao – Aotearoa New Zealand Biodiversity Strategy and Aotearoa New Zealand's response to the Global Biodiversity Framework (GBF)				
Building Act Amendment (and regulations) (maybe more than one)	MBIE	2024/25	Submit	<p>Plans to reform the building consent system to make it more affordable to build a home. It intends to review the Building Code to bring in a streamlined risk-based consenting regime, as well as increase the availability of construction materials.</p> <p>A suite of changes are possible, including “clarifying the definition of a ‘minor variation’ and introducing ‘minor customisations’ to the Building Act”.</p> <p>5 May announcement re new Regulations will be introduced to define minor customisation for Multiproof Certificates.</p> <p>Streamlining Building Consent Changes Beehive.govt.nz</p>

Appendix 2

6

Upcoming				
Name of initiative	Agency engaging	Likely timing	Taituarā Action	Description
Local Water Done Well Bill #2	TBC	December 2024	Submit	Framework for economic regulation and the more detailed powers and duties of the water CCOs (possibly including additional charging powers)
Integrated National Direction Package - RMA <ul style="list-style-type: none"> • Amend/replace National Policy Statement on Indigenous Biodiversity • New Infrastructure National Direction • New National Policy Statement for Freshwater Management 	MfE	Jan-March 2025	Submit	Single process for integrated direction – with some exceptions Priority content for this package would include replacing and rebalancing NPS-Freshwater Management, new infrastructure national direction – national direction on energy infrastructure could be on its own track, a series of changes to make it easier for farmers, reviewing the existing NPS-indigenous biodiversity, and other national direction priorities Work-Programme-for-Reforming-the-Resource-Management-System.pdf (environment.govt.nz)
New National Direction on Energy Infrastructure	MfE	TBC	TBC	Potential for New National Policy Statement on Renewable Energy Generation
Land Transport Management Act Amendment Bill	Ministry of Transport	TBC	TBC	Amending the Land Transport Management Act

Appendix 2

<i>Upcoming</i>				
Name of initiative	Agency engaging	Likely timing	Taituarā Action	Description

INFORMATION REPORT



F22/55 – D24/33615

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 16 July 2024
Subject: Procurement Policy Review

Recommendations

1. THAT the report be received.
2. THAT the proposed amendments to the Procurement Policy be reviewed by the Committee, with appropriate consideration given to procurement risks.

Recommended Reason

Feedback by the Committee on the proposals for amendments to the policy will contribute to a final draft policy that will be presented to the Policy and Services Committee in August.

Moved/Seconded

1. Purpose of Report
 - 1.1 To present proposed amendments to the Procurement Policy to the Audit and Risk Committee, including discussion on how the policy is working in practice, to be reviewed with a risk management lens.
2. Executive Summary
 - 2.1 The current Procurement Policy, last reviewed November 2020, is due for review. Although it is largely comprehensive and fit for purpose, and is backed by a more detailed Procurement Manual, there is an opportunity to extract further value from the procurement process by improving the policy and aligning it with council's aspirations for the district.
 - 2.2 From a risk perspective, high-risk procurement is likely to involve one or more of the following:
 - High procurement value – more than \$100,000 is the threshold where procurement is subject to a competitive tender process.
 - Long-term relationship is required to be maintained, e.g. contracts spanning over a year that require effective and ongoing contractor relationship management.
 - Inherent risk of goods / services being acquired / delivered, e.g. health and safety risks, reputational risks, quality of service risks.
 - 2.3 The Committee is being asked to provide input to and feedback on whether the current Procurement Policy adequately addresses the risks involved in procurement. Further, the proposals to amend the policy may either indirectly open council to risk, or reduce council's risk exposure, therefore the Committee is being asked for feedback on the amendments proposed in *Appendix 1* (track changes version of the current Policy with proposed amendments).
 - 2.4 Staff are still working on the final elements of the policy and all contributions will be taken on board into a final draft policy that will go to the Policy and Services Committee in August / September.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council's purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		Yes – the Procurement Policy has the ability to influence all aspects of community wellbeing.	
Social	Economic	Environmental	Cultural
x	x	x	x

4. Background

- 4.1 The term ‘procurement’ covers all aspects of purchasing goods and services and can range from straightforward, low-risk, one-off transactions to high-risk, large value, long-term, complex contracts. The riskier the procurement, the more effort that is required in planning for outcomes, sourcing and selecting suppliers, managing relationships and the contract, and monitoring outcomes.
- 4.2 The draft Long Term Plan 2024-34 has a total procurement expenditure planned of \$335,000,000 over the next ten years, including operating and capital expenditure, excluding salaries, interest, and depreciation. A portion of this is spent within the district and provides opportunities for local employment and economic sustainability. Of this portion, a lesser amount of council spend is kept within the district by purchasing from locally owned businesses. Council procurement rules have a direct impact on the local economy. We do not currently collect data on council spend within and outside of the Stratford District.
- 4.3 Additionally, council spend may influence other areas of community wellbeing. The current policy takes into consideration environmental factors and sustainability, but does not address factors such as business employment practices and social and cultural development factors that may be considered in procurement processes, for example encouraging and supporting local Maori business opportunities.
- 4.4 The Procurement Policy should provide council officers with clear direction on how to approach the process of purchasing goods and services on behalf of council. The policy is also supported by the Procurement Manual, which details the operational aspects of implementing the policy, and other associated policies such as the Sensitive Expenditure Policy, Delegations Policy, Council Vehicles Policy.
- 4.5 Staff were consulted on this policy between February and June 2024 and were invited to provide feedback on potential changes. These have been evaluated by the Senior Leadership Team, and proposals for change have been summarised below.

5. Information Summary

- 5.1 This section of the report discusses the current policy and how it may be refined to produce improved outcomes:
 - Use of Purchase Orders – council does not currently use purchase orders so should remove all references to purchase orders in the policy. With the new upgrade to Authority 7.1 by July 2024, the IT team are looking to implement a procure to pay solution by the end of 2025.
 - Exceptions to the Competitive Tendering Process – staff are proposing to expand exceptions to apply to obtaining quotes at lower procurement values also. The

following additional exceptions are to be considered for addition to the current list of exceptions for procurement over the \$100,000 threshold to go through the competitive tendering process:

Existing Contract	If goods or services are in addition to, or necessary for the completion of, delivery of an existing contract, and the original contract, which was publicly advertised, includes all required rates for the additional work, and a change in Supplier cannot be made for economic, technical, legal, or practical reasons.
Grant funded projects with limiting conditions	Council is exempt from the public tender process when significant constraints outside of SDC's control prevent compliance of standard procurement procedures. In such cases, Council Officers must still comply with the next highest achievable procurement process.
Shared Services / Joint procurement	This exception specifically relates to joint efforts with other councils to collaborate in an attempt to achieve better procurement outcomes. In these situations, it is accepted that a robust and appropriate procurement process would have been worked through.

There is a risk that the above exceptions may be applied subjectively, or considered with bias. However, the Chief Executive must authorise exceptions to a competitive tender for up to \$250,000, and the Policy and Services Committee must authorise exceptions for procurement with a value over \$500,000.

The amended policy will now require all approved procurement exceptions to be recorded on an internal "Exceptions Register".

- Contracts with Elected Members – the current policy allows elected members to contract with council for amounts of less than \$25,000, which is in line with the Local Authorities (Members Interests) Act 1968. There is a suggestion that this threshold be reduced, in line with current practice to not engage work directly from elected members due to the risk of perception of conflicts of interest.
- Local Procurement Policy – the current policy allows for a 5% bias on the lowest price, with a maximum bias of \$50,000, on a competitive tender or quote. Council may consider whether there are innovative ways in which council can support and create opportunities for local businesses to participate in council procurement, such as, where appropriate, unbundling packages of work to create opportunities for small to medium sized businesses. Council could also make a statement that particular categories of spend will be sourced by locally owned businesses, for example catering. The policy could also require non-locally owned businesses to make a statement in their tender documentation as to how they would support the local community, e.g. local employment, use of local sub-contractors.

Additional wording to policy is proposed:

Additionally, council will make it easier for local businesses to work for council by ensuring all tenders are advertised on the council website and Central Link and are able to sign up to updates from council on procurement activity. Council will also offer local contractors that are unsuccessful with their tenderer an opportunity to debrief with council staff.

Council may require that contractors subcontract to local businesses only, where there is no disadvantage to council.

Council may unbundle larger capital projects to enable smaller businesses to bid for council work, which is expected to grow capacity and contribute to economic development in the district.

- Sustainability – see below, with minor changes provided from Sustainability Officer:
"Council has a commitment to sustainability, emissions reduction and environmental protection. Where cost-effective this will be pursued by promoting purchasing practices which conserve water resources, demonstrate energy efficiency, minimise waste, have low toxicity, and/or will protect the environment and public health, and maintain environmental safety and quality.

Consideration of any sustainability requirements should be made at the procurement planning phase. The competitive tendering process may include a criteria weighting for sustainability, environment protection and emissions reduction over the 'whole of life' of the project. This will be decided by the Tender Evaluation Team. If sustainability objectives are a desired outcome of the procurement activity, then they should be included in the RFT."

- 5.2 Another recommendation is that council require that the next 1-3 years of planned capital projects be published on council's website. A "project pipeline" page showing our planned projects in the phases of upcoming, investigation and design, procurement, and construction. This will enable contractors to prepare to tender for upcoming work, and improve transparency with the community.
- 5.3 Maori Business – Council recently developed new Community Outcomes during the Long Term Plan 2024-34 process specifically in relation to collaborating with Mana Whenua. Proposed wording is below:

Council will look to invest in opportunities that focus on strengthening long term partnerships with iwi, and that provide for jobs growth and for economic diversity in the district.

Council will actively work with Maori businesses as potential suppliers to increase capacity and capability to bid for council work.

6. Strategic Alignment

6.1 Direction

This report indirectly contributes to all Community Outcomes, by strengthening council's procurement practices.

6.2 Annual Plan and Long Term Plan

There is no direct relationship with the Annual Plan and Long Term Plan.

6.3 District Plan

There is no direct relationship with the District Plan.

6.4 Legal Implications

No legal issues or legal opinion required.

6.5 Policy Implications

There is a relationship with other council policies including Sensitive Expenditure Policy, Delegations Policy, and Council Vehicles Policy.

Appendix One:

Procurement Policy – November 2020, with track changes



Tiffany Radich
Director – Corporate Services

A handwritten signature in blue ink, appearing to read 'S Hanne', with a long horizontal stroke extending to the right.

[Approved by]
Sven Hanne
Chief Executive

Date 9 July 2024

POLICY



Policy:	PROCUREMENT
Department:	Corporate Services
Approved by:	Director – Corporate Services
Effective date:	2023/24
Next review date:	2026/27
Document Number:	D23/30224

1. Purpose

The purpose of this policy is to ensure Council, when procuring goods, works or services:

- achieves the right outcomes and value for money;
- manages risk effectively;
- allows council officers to exercise business judgement by enabling flexibility and innovative approaches to procurement;
- demonstrates fairness; and

Tiffany Radich
Deleted: <#>has consideration to health and safety risks. ¶

2. Scope

This Policy applies to all employees of Stratford District Council, including contracted staff and Suppliers providing services to Council, and where appropriate extends to elected members and independent members of Council committees.

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Deleted: Procurement

Steve Taylor
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The policy applies to all procurement of goods and services, regardless of the value.

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Deleted: has been developed for use by council officers, current and potential suppliers, elected members, ratepayers and government funding agencies, and

This policy shall not be applied to invalidate New Zealand Transport Agency's Procurement Manual when applied to road maintenance and construction.

3. Stratford District Council Procurement Principles are:

- Value for money - where the projected whole-of-life cost is more relevant than the upfront quoted price.
- Procure for quality outcomes - planning and monitoring are key to successful outcomes.
- One-up principle for authorisation of all expenditure.
- Expenditure must be justifiable and be able to withstand public scrutiny.
- Local procurement is sought where practical.
- All council officers involved in procurement procedures are required to maintain confidentiality throughout, and of, the process.
- Tender processes can be a costly and lengthy exercise for everyone involved. Council has a responsibility to ensure the process is efficient and transparent.

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4. Definitions of Terms used in this Policy

Council Officer – Any employee of the Stratford District Council whether fixed term, part-time, or permanent, or a contractor working on behalf of the Council.

Expenditure – Includes the purchase of goods and/or services but does not include the payment of borrowings and interest or any tax and rate payments.

High Risk Procurement – Any procurement activity that could lead to or in some way contribute to the triggering of a risk incident in relation to one or more of the Stratford District Council's significant risks as per the Council's Risk Register.

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Local – Operating within the official Stratford district mesh block (electoral) boundaries.

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Maori Business – For the purposes of this policy, a Maori business is any business that identifies itself as Maori owned and can demonstrate that it is fully or more than 50% owned by a person or people who have Maori whakapapa (genealogy).

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Procurement Value – Annual monetary value for operating expenditure, and total contract value for capital expenditure.

Tender Evaluation Team (TET) – The team of council officers (2-4) who evaluate incoming tenders in accordance with the conditions of tender to recommend outcomes of the tender.

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Whole-of-life Cost - The total cost of procurement including maintenance, disposal, and replacement costs, it may also include opportunity costs.

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5. Justification of Expenditure

Council expenditure is subject to scrutiny by elected members and the public. Throughout all Council procurement activities, officers must keep in mind that expenditure incurred by Council is mainly funded by ratepayers. All expenditure must be:

- For a business purpose approved either through the LTP/Annual Plan process, or specifically approved by the Council and,
- Compliant with all of Stratford District Council's various policies.

At all times, officers should seek favourable rates and payment terms.

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The Stratford District Council has a legislative responsibility to actively manage the health and safety risk of all council officers, including contractor's and sub-contractor's workers.

Risk management processes

- a. Council purchasing officers must identify potential health and safety risks at the procurement planning phase, prior to seeking quotes or tenders.
- b. Health and safety risk management will be incorporated into a Contractor's tender. All public works contracts must include a section on Health and Safety.
- c. All contractors undertaking work not classified as low risk within the pre-qualified contractors manual must complete the pre-qualification process detailed in that manual.
- d. Refer to the Council's Health and Safety Policy for further information on the Council's response to Health and Safety risks.

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7. Preferred Suppliers

The Council may, from time to time, establish direct relationships with suppliers to procure goods and services at lower than market rates, or at an agreed level of service. This is intended to achieve consistency of advice and service, and value for money by consolidating spend and reducing the cost of business through reduced transactions and a reduced number of suppliers.

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These suppliers will be listed on the Preferred Suppliers Panel, following an open tender process in which all local businesses in a specific spend category have the opportunity to participate.

They should be used in the first instance for the specified spend category, e.g. painting, legal, catering, accommodation etc. In all cases, an estimated cost should still be obtained and filed by the council officer before the work is initiated.

An exemption from using a preferred supplier may be sought on the grounds of better value for money, quality or continuity of service, and/or availability. This should be raised with the Director-Corporate Services, AND approved by a Director.

The Suppliers on the Panel should be reviewed at least every three yearly.

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At least two council officers must be involved in the procurement of all goods and services, regardless of the value. The purchasing officer, as the procurer, is involved in developing the scope and design of what good and/or service is required, and the authorising officer (senior to the purchasing officer) will ensure the purchase complies with the Procurement Policy, where the expenditure is within their financial delegated authority.

In the case of expenditure by the Mayor, this will be approved by two Directors of the Council, and quarterly reviewed by the chair of the Audit and Risk Committee.

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- \$5,000 to \$20,000
Where the proposed procurement value is between \$5,000 and \$20,000, at least two written quotes must be obtained. A short form contract or written expectations of the good and/or services to be provided should be agreed to prior to confirming the purchase.
- < \$5,000
There are no formal procedures for procurement with a value of less than \$5,000 but council officers are to ensure pre-approved Suppliers are used for all physical works, that their manager is aware of the purchase, and that there is sufficient budget available.

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The following competitive tendering procedure may be used regardless of the procurement value. However, thought must be given to the value, for money of working through such a process for lower value procurement contracts.

Publicly advertised competitive tender process

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All expenditure with a procurement value over \$100,000 must go through the formal public tendering process that is detailed in the Procurement Manual.

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Petty cash is to be used when money is needed in advance for purchases of less than \$50. A petty cash form must be completed and authorised prior to receiving the cash, and receipt/s or tax invoice/s must be provided to the Petty Cash officer as soon as practicable after the expenditure has been incurred. Alternatively, a Purchase Order must be raised.¶

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- a. The Business Case and Procurement Plan will establish the business need, and the design, scope and budget for the project.
- b. All contract arrangements will need to be formal, with a single point of contact established for answering enquiries for each tender.
- c. All tenderers will be provided with the same information at the same time.
- d. A Request For Tender (RFT) is required. An RFT is a formal means of seeking tenders to provide goods and services where there are clearly defined requirements with little room for flexibility or innovation.
- e. All tenders are to be published on the Government Electronic Tendering System (GETS)
- f. Tenders open and upcoming will be advertised on Council's website.
- g. The range of criteria that may be considered in the evaluation of tenders are:
 - company track record;
 - experience of personnel;
 - health and safety;
 - price; and
 - other criteria (such as sustainability) that may be relevant to the procurement.
- h. No late tenders will be accepted.
- i. All contracts awarded with a procurement value over \$500,000 must be reported to the Policy and Services Committee.

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10. Exceptions to the Competitive Tender Process and/or obtaining quotes

Exceptions to the competitive tender process and/or obtaining quotes, enable increased flexibility and innovation when procuring, and align with the purpose of this policy. Exceptions applied to contracts with a potential procurement value over \$500,000 must be approved by the Policy and Services Committee. Approval must be given in accordance with the one-up principle, and by either the Chief Executive, or the Director – Corporate Services and another Director. The purchasing officer requesting the exemption must record the exception on Council's Procurement Exceptions Register.

All of Government Contracts

Council officers will not be required to undergo a competitive tender process or obtain quotes if Council is part of an All of Government contract, as Council accepts that the Government has already undertaken a robust tender process.

Contract Rollovers

In some situations, where a procurement contract is expiring with no further renewals, the supplier may offer continued pricing and/or service levels if the contract is renewed. If the Council Officer managing the contract is satisfied with the goods and/or services supplied throughout the term of the maturing contract and it is not cost-effective to go through a competitive tender process, then the procurement may be excluded from going through the process. Approval from the Chief Executive is required prior to proceeding, notwithstanding a contract may not be rolled over for a term exceeding the initial contract term (excluding renewals).

Emergency Procurement

In an emergency it may be necessary to dispense with parts of the Procurement Policy so that the Council can react quickly to unforeseen events. For the purposes of this policy, an emergency is defined as an event that puts life or public health or safety at risk, or could lead to devastating consequences for the Stratford District Council if not acted upon immediately.

Existing Contract

If goods or services are in addition to, or necessary for the completion of, delivery of an existing contract, and the original contract, which was publicly advertised, includes all required rates for

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the additional work, and a change in Supplier cannot be made for economic, technical, legal, or practical reasons.

Grant funded projects with Limiting Conditions

Council is exempt from the public tender process when significant constraints outside of SDC's control prevent compliance of standard procurement procedures. In such cases, Council Officers must still comply with the next highest achievable procurement process.

Monopoly

Where there is a monopoly situation and only one supplier capable of supplying the business need, the supplier shall be used without the need to obtain more than one quote. Attempts should always be made to establish whether there are any alternative potential suppliers. Approval to continue with the procurement needs to be obtained from the Chief Executive Officer.

Shared Services / Joint Procurement with local authorities

This exception specifically relates to joint efforts with other councils to collaborate in an attempt to achieve better procurement outcomes. In these situations, it is accepted that a robust and appropriate procurement process would have been worked through.

Specialist Consultants

Where specialist equipment is to be maintained or serviced or specialist advice is required, the internal process will be same as Monopoly above. Specialist in this context means someone that is highly skilled in a specific and restricted field.

11. Conflicts of Interest

A conflict of interest occurs when someone who is involved in multiple interests - one of which could corrupt the motivation for an act in the other. This would make it difficult for that person to fulfil their duties fairly. Conflicts of interest may occur in cases of:

- professional or personal obligations;
- personal interests; and/or
- financial interests.

Conflicts of interest can arise at any time during the contracting process, but they most commonly occur during the planning and invitation to tender stages when people are able to influence the requirements, the evaluation criteria, or the way that the selection is made.

Managing conflicts of interest

All TET members are required to declare any conflicts of interest throughout the procurement process. Should any member indicate a conflict with any of the tenderers the process needs to be halted while the CEO or relevant Director makes a determination on whether the panel member should be replaced.

No Director should authorise any contract in which they have a direct or indirect personal interest in. The CEO shall make the final call on whether there is a conflict of interest and remove that Director from the process if necessary.

It is important to avoid any suggestion of potential bribe or inducement arising from the acceptance of gifts to staff from companies or individuals. Staff should exercise judgment and consider the Procurement Principles when accepting gifts in connection with their council role, particularly where it could be perceived to influence a procurement decision.

Staff must disclose details of any gift accepted with a value of over \$50, in all cases, to their Director or to the CEO (if a Director).

No council officer directly involved on the TET should receive any personal benefit from their role as a panel member.

A personal gift of cash of any amount, and in any form ie cash, direct credit, loan, must never be accepted by any staff member.

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12. Contracts with Elected Members

An elected member is liable to disqualification from the Council if involved in, either directly or through a spouse or partner, contracts with Council in which payments to the associated entity exceed \$50,000 in any financial year, without prior written approval from the Auditor-General. While compliance is entirely the responsibility of the elected member, should staff become aware of a potential breach, the matter should at once be reported to the Chief Executive.

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13. Local Procurement Policy

The principles of the local procurement policy are:

- To promote local economic sustainability and growth;
- To encourage business activity by local rate paying firms, where they are competitive suppliers in respect of price and quality; and
- Minimise transport costs and their environmental effects through measures which provide for Council to buy from local sources where competitive.

A local provider will be allowed a 5% bias of the lowest conforming tender price, with a maximum bias of \$50,000.

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Additionally, council will make it easier for local businesses to work for council by ensuring all tenders are advertised on the council website and Central Link and are able to sign up to updates from council on procurement activity. Council will also offer local contractors that are unsuccessful with their tenderer an opportunity to debrief with council staff.

Council may require that contractors subcontract to local businesses only, where there is no disadvantage to council.

Council may unbundle larger capital projects to enable smaller businesses to bid for council work, which is expected to grow capacity and contribute to economic development in the district.

Where NZTA funding is involved in roading related work, the local procurement policy does not apply.

14. Māori Business

To assist in achieving the following Community Outcome, Council is committed to supporting and encouraging the local Māori business economy.

We encourage partnerships to collaborate with Mana Whenua for the benefit of the Stratford District

Council will look to invest in opportunities that focus on strengthening long term partnerships with iwi, and that provide for jobs growth and for economic diversity in the district.

Council will actively work with Māori businesses as potential suppliers to increase capacity and capability to bid for council work.

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15. Sustainability

Council has a commitment to sustainability and environmental protection. Where cost-effective and legal this will be pursued by promoting purchasing practices which conserve water resources, demonstrate energy efficiency, minimise waste, have low toxicity and/or will protect the environment and public health, and maintain environmental safety and quality.

Consideration of any sustainability requirements should be made at the procurement planning phase. The competitive tendering process may include a criteria weighting for sustainability and environment protection. This will be decided by the Tender Evaluation Team. If sustainability objectives are a desired outcome of the procurement activity then they should be included in the RFT.

16. Risk Management in Procurement

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Procurement is a major activity for local government organisations and involves significant sums of money. It spans across all areas of the organisation and most council officers are involved in procurement activities in some way or another. The consequences of failing to follow a robust policy and framework can be significant in terms of the potential financial implications, reputational damage, political scrutiny, and reduced Council performance.

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There are important areas throughout each of the phases of procurement that must be addressed in order to reduce the impact or likelihood of a risk incident. Each of these phases are addressed in further detail in the Procurement Manual.

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Planning the Procurement – Phase 1

- Document business needs and reason/s for the procurement (Business Case usually done as part of preparation for Long Term Plan / Annual Plan).
- Develop detailed scope and design of the procurement project (Procurement Plan).
- Identify health and safety and other potential risks.
- Consideration of alternative business models such as public/private partnerships, government schemes, social enterprise delivery, and potential alternative funding sources.
- Identify desired outcomes.

Engaging with the Market – Phase 2

- Ensure the approach to the market is fair and accessible, acknowledging that it is the perception of openness and fairness that matters.
- Develop a set of criteria and appropriate weightings based on the risk, complexity and nature of the work required.
- Consider the benefits of using alternative approaches such as shortlisting, requesting expressions of interest / RFI, or invitation only tenders where appropriate.
- The selection process should be fair and objective with any conflicts of interest declared prior to the appointment of the TET.
- Due diligence to be carried out on prospective suppliers.
- Ensure retention, dispute-resolution, confidentiality, contractor insurance and security clauses are incorporated into public works contracts.
- Draft contract for High Risk Procurement should be independently reviewed by a legal professional and the Health and Safety Manager before signing.

Review and Monitoring – Phase 3

- Regular and timely reporting provided by contractor on specific key contractual obligations and documented.
- Implement regular performance reviews, meetings.
- Retentions held until specific performance criteria met as per the contract.
- All records, minutes, and relevant communications between contractor and council officers to be filed in Content Manager.
- Internal audit programme to review Council Officer compliance with the Procurement Policy and Procurement Manual.
- Implement regular staff training on Council's Procurement Policy, Procurement Manual, and Pre-Qualified Contractor Manual.

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The documentation that is to remain on file is listed in the Procurement Manual.

Council must also adhere to any requirements to consult with affected parties, and obtain appropriate consents.

Physical works contracts will not provide for contractor indemnities, advance payments, principal bonds and guarantees, variable pricing, and other high-risk methods of engagement in favour of the contractor, unless approved in writing by the Chief Executive Officer.

17. Related Documents

Pre-Qualified Contractor Booklet	D18/29593
Procurement Manual	D19/33336
Schedule of Purchase Order Exceptions	D18/29594

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Delegations Policy D17/7725
Declaration Regarding Any Conflict of Interest (Tender Evaluation Team) D13/18862
[Health and Safety Manual](#) D23/46433
[Procurement Exceptions Register](#) D24/16000

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18. Relevant Legislation

- Construction Contracts Act 2002
- Contract and Commercial Law Act 2017
- Consumer Guarantees Act 1993
- Land Transport Management Act 2003
- Public Bodies Contracts Act 1959
- Local Government Act 2002
- Public Records Act 2005
- Health and Safety at Work 2015
- Local Authorities (Members' Interest) Act 1988

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19. Industry Contract Standards and Guidelines

- NZS 3910: [2023](#) Conditions of contract for building and engineering construction
- NZS 3916: 2013 Conditions of contract for building and civil engineering – design
- NZS 3917: 2013 Conditions of contract for building and civil engineering – fixed term
- [ACENZ](#) standard contract conditions
- NZ Institute of Architects Standard Conditions of Contract

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SCHEDULE OF FINANCIAL DELEGATIONS

Financial Authority (annual value for operating and total value for capital)	Delegated Authority	Process Requirement (see Procurement Manual)	Method of Engagement (pre-purchase)	Reporting Requirements
Exceeds Annual Plan/LTP Activity Budget by more than \$100,000 (net of any grant funding)	Council	Decision Report to Policy and Services Committee	N/A	Decision Report
Exceeds Annual Plan/LTP Activity Budget by more than the lesser of: 10% or \$50,000	CEO	Confirmation from CEO required - via Business Case	N/A	Monthly Reporting
> \$250,000	CEO and one Director*	Publicly advertised competitive process required, unless an Exception approved by the Policy and Services Committee.	Written Contract	Award of the contract must be reported to the next Policy and Services Committee meeting.
\$100,000 to \$250,000	Director	Publicly advertised competitive process required, unless an Exception approved by the Chief Executive.	Written Contract	As required by Chief Executive
\$20,000 to \$99,999	Within Delegated Authority	At least 3 written quotes or written quotes from all available suppliers if less than 3.	Written Contract	None
\$5,000 to \$19,999	Within Delegated Authority	At least 2 written quotes obtained where there is an alternative competitor. Officers to ensure prices do not exceed market rates and/or preferred suppliers are used.	Short form contract for services	None
\$50 to \$4,999	Within Delegated Authority	No formal procedures but office is to ensure prices do not exceed market rates and preferred suppliers are used.	Short form contract may be appropriate	None

*Contract / progress payments over \$250,000 may be signed off by contract manager and authorised by a Director.

** Refer to Exceptions List for exceptions to obtaining quotes or publicly tendering

POLICY



Policy:	PROCUREMENT
Department:	Corporate Services
Approved by:	Director – Corporate Services
Effective date:	2023/24
Next review date:	2026/27
Document Number:	D23/30224

1. Purpose

The purpose of this policy is to ensure Council, when procuring goods, works or services:

- achieves the right outcomes and value for money;
- manages risk effectively;
- allows council officers to exercise business judgement by enabling flexibility and innovative approaches to procurement;
- demonstrates fairness; and

2. Scope

This Policy applies to all employees of Stratford District Council, including contracted staff and Suppliers providing services to Council, and where appropriate extends to elected members and independent members of Council committees.

The policy applies to all procurement of goods and services, regardless of the value.

This policy shall not be applied to invalidate New Zealand Transport Agency's Procurement Manual when applied to road maintenance and construction.

3. Stratford District Council Procurement Principles are:

- Value for money - where the projected whole-of-life cost is more relevant than the upfront quoted price.
- Procure for quality outcomes - planning and monitoring are key to successful outcomes.
- One-up principle for authorisation of all expenditure.
- Expenditure must be justifiable and be able to withstand public scrutiny.
- Local procurement is sought where practical.
- All council officers involved in procurement procedures are required to maintain confidentiality throughout, and of, the process.
- Tender processes can be a costly and lengthy exercise for everyone involved. Council has a responsibility to ensure the process is efficient and transparent.

4. Definitions of Terms used in this Policy

Council Officer – Any employee of the Stratford District Council whether fixed term, part-time, or permanent, or a contractor working on behalf of the Council.

Expenditure – Includes the purchase of goods and/or services but does not include the payment of borrowings and interest or any tax and rate payments.

High Risk Procurement – Any procurement activity that could lead to or in some way contribute to the triggering of a risk incident in relation to one or more of the Stratford District Council's significant risks as per the Council's Risk Register.

Local – Operating within the official Stratford district mesh block (electoral) boundaries.

Maori Business – For the purposes of this policy, a Maori business is any business that identifies itself as Maori owned and can demonstrate that it is fully or more than 50% owned by a person or people who have Maori whakapapa (genealogy).

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- \$5,000 to \$20,000
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In some situations, where a procurement contract is expiring with no further renewals, the supplier may offer continued pricing and/or service levels if the contract is renewed. If the Council Officer managing the contract is satisfied with the goods and/or services supplied throughout the term of the maturing contract and it is not cost-effective to go through a competitive tender process, then the procurement may be excluded from going through the process. Approval from the Chief Executive is required prior to proceeding, notwithstanding a contract may not be rolled over for a term exceeding the initial contract term (excluding renewals).

Emergency Procurement

In an emergency it may be necessary to dispense with parts of the Procurement Policy so that the Council can react quickly to unforeseen events. For the purposes of this policy, an emergency is defined as an event that puts life or public health or safety at risk, or could lead to devastating consequences for the Stratford District Council if not acted upon immediately.

Existing Contract

If goods or services are in addition to, or necessary for the completion of, delivery of an existing contract, and the original contract, which was publicly advertised, includes all required rates for

the additional work, and a change in Supplier cannot be made for economic, technical, legal ,or practical reasons.

Grant funded projects with Limiting Conditions

Council is exempt from the public tender process when significant constraints outside of SDC’s control prevent compliance of standard procurement procedures. In such cases, Council Officers must still comply with the next highest achievable procurement process.

Monopoly

Where there is a monopoly situation and only one supplier capable of supplying the business need, the supplier shall be used without the need to obtain more than one quote. Attempts should always be made to establish whether there are any alternative potential suppliers. Approval to continue with the procurement needs to be obtained from the Chief Executive Officer.

Shared Services / Joint Procurement with local authorities

This exception specifically relates to joint efforts with other councils to collaborate in an attempt to achieve better procurement outcomes. In these situations, it is accepted that a robust and appropriate procurement process would have been worked through.

Specialist Consultants

Where specialist equipment is to be maintained or serviced or specialist advice is required, the internal process will be same as Monopoly above. Specialist in this context means someone that is highly skilled in a specific and restricted field.

11. Conflicts of Interest

A conflict of interest occurs when someone who is involved in multiple interests - one of which could corrupt the motivation for an act in the other. This would make it difficult for that person to fulfil their duties fairly. Conflicts of interest may occur in cases of:

- professional or personal obligations;
- personal interests; and/or
- financial interests.

Conflicts of interest can arise at any time during the contracting process, but they most commonly occur during the planning and invitation to tender stages when people are able to influence the requirements, the evaluation criteria, or the way that the selection is made.

Managing conflicts of interest

All TET members are required to declare any conflicts of interest throughout the procurement process. Should any member indicate a conflict with any of the tenderers the process needs to be halted while the CEO or relevant Director makes a determination on whether the panel member should be replaced.

No Director should authorise any contract in which they have a direct or indirect personal interest in. The CEO shall make the final call on whether there is a conflict of interest and remove that Director from the process if necessary.

It is important to avoid any suggestion of potential bribe or inducement arising from the acceptance of gifts to staff from companies or individuals. Staff should exercise judgment and consider the Procurement Principles when accepting gifts in connection with their council role, particularly where it could be perceived to influence a procurement decision.

Staff must disclose details of any gift accepted with a value of over \$50, in all cases, to their Director or to the CEO (if a Director).

No council officer directly involved on the TET should receive any personal benefit from their role as a panel member.

A personal gift of cash of any amount, and in any form ie cash, direct credit, loan, must never be accepted by any staff member.

12. Contracts with Elected Members

An elected member is liable to disqualification from the Council if involved in, either directly or through a spouse or partner, contracts with Council in which payments to the associated entity exceed \$xx,000 in any financial year, without prior written approval from the Auditor-General. While compliance is entirely the responsibility of the elected member, should staff become aware of a potential breach, the matter should at once be reported to the Chief Executive.

13. Local Procurement Policy

The principles of the local procurement policy are:

- To promote local economic sustainability and growth;
- To encourage business activity by local rate paying firms, where they are competitive suppliers in respect of price and quality; and
- Minimise transport costs and their environmental effects through measures which provide for Council to buy from local sources where competitive.

A local provider will be allowed a 5% bias of the lowest conforming tender price, with a maximum bias of \$50,000.

Additionally, council will make it easier for local businesses to work for council by ensuring all tenders are advertised on the council website and Central Link and are able to sign up to updates from council on procurement activity. Council will also offer local contractors that are unsuccessful with their tenderer an opportunity to debrief with council staff.

Council may require that contractors subcontract to local businesses only, where there is no disadvantage to council.

Council may unbundle larger capital projects to enable smaller businesses to bid for council work, which is expected to grow capacity and contribute to economic development in the district.

Where NZTA funding is involved in roading related work, the local procurement policy does not apply.

14. Māori Business

To assist in achieving the following Community Outcome, Council is committed to supporting and encouraging the local Maori business economy.

We encourage partnerships to collaborate with Mana Whenua for the benefit of the Stratford District

Council will look to invest in opportunities that focus on strengthening long term partnerships with iwi, and that provide for jobs growth and for economic diversity in the district.

Council will actively work with Maori businesses as potential suppliers to increase capacity and capability to bid for council work.

15. Sustainability

Council has a commitment to sustainability and environmental protection. Where cost-effective and legal this will be pursued by promoting purchasing practices which conserve water resources, demonstrate energy efficiency, minimise waste, have low toxicity and/or will protect the environment and public health, and maintain environmental safety and quality.

Consideration of any sustainability requirements should be made at the procurement planning phase. The competitive tendering process may include a criteria weighting for sustainability and environment protection. This will be decided by the Tender Evaluation Team. If sustainability objectives are a desired outcome of the procurement activity then they should be included in the RFT.

16. Risk Management in Procurement

Procurement is a major activity for local government organisations and involves significant sums of money. It spans across all areas of the organisation and most council officers are involved in procurement activities in some way or another. The consequences of failing to follow a robust policy and framework can be significant in terms of the potential financial implications, reputational damage, political scrutiny, and reduced Council performance.

There are important areas throughout each of the phases of procurement that must be addressed in order to reduce the impact or likelihood of a risk incident. Each of these phases are addressed in further detail in the Procurement Manual.

Planning the Procurement – Phase 1

- Document business needs and reason/s for the procurement (Business Case usually done as part of preparation for Long Term Plan / Annual Plan).
- Develop detailed scope and design of the procurement project (Procurement Plan).
- Identify health and safety and other potential risks.
- Consideration of alternative business models such as public/private partnerships, government schemes, social enterprise delivery, and potential alternative funding sources.
- Identify desired outcomes.

Engaging with the Market – Phase 2

- Ensure the approach to the market is fair and accessible, acknowledging that it is the perception of openness and fairness that matters.
- Develop a set of criteria and appropriate weightings based on the risk, complexity and nature of the work required.
- Consider the benefits of using alternative approaches such as shortlisting, requesting expressions of interest / RFI, or invitation only tenders where appropriate.
- The selection process should be fair and objective with any conflicts of interest declared prior to the appointment of the TET.
- Due diligence to be carried out on prospective suppliers.
- Ensure retention, dispute-resolution, confidentiality, contractor insurance and security clauses are incorporated into public works contracts.
- Draft contract for High Risk Procurement should be independently reviewed by a legal professional and the Health and Safety Manager before signing.

Review and Monitoring – Phase 3

- Regular and timely reporting provided by contractor on specific key contractual obligations and documented.
- Implement regular performance reviews, meetings.
- Retentions held until specific performance criteria met as per the contract.
- All records, minutes, and relevant communications between contractor and council officers to be filed in Content Manager.
- Internal audit programme to review Council Officer compliance with the Procurement Policy and Procurement Manual.
- Implement regular staff training on Council's Procurement Policy, Procurement Manual, and Pre-Qualified Contractor Manual.

The documentation that is to remain on file is listed in the Procurement Manual.

Council must also adhere to any requirements to consult with affected parties, and obtain appropriate consents.

Physical works contracts will not provide for contractor indemnities, advance payments, principal bonds and guarantees, variable pricing, and other high-risk methods of engagement in favour of the contractor, unless approved in writing by the Chief Executive Officer.

17. Related Documents

Pre-Qualified Contractor Booklet
Procurement Manual

D18/29593
D19/33336

8

Schedule of Purchase Order Exceptions	D18/29594
Delegations Policy	D17/7725
Declaration Regarding Any Conflict of Interest (Tender Evaluation Team)	D13/18692
Health and Safety Manual	D23/46433
Procurement Exceptions Register	D24/16000

18. Relevant Legislation

- Construction Contracts Act 2002
- Contract and Commercial Law Act 2017
- Consumer Guarantees Act 1993
- Land Transport Management Act 2003
- Public Bodies Contracts Act 1959
- Local Government Act 2002
- Public Records Act 2005
- Health and Safety at Work 2015
- Local Authorities (Members' Interest) Act 1968

19. Industry Contract Standards and Guidelines

- NZS 3910: 2023 Conditions of contract for building and engineering construction
- NZS 3916: 2013 Conditions of contract for building and civil engineering – design
- NZS 3917: 2013 Conditions of contract for building and civil engineering – fixed term
- ACENZ standard contract conditions
- NZ Institute of Architects Standard Conditions of Contract

SCHEDULE OF FINANCIAL DELEGATIONS

Financial Authority (annual value for operating and total value for capital)	Delegated Authority	Process Requirement (see Procurement Manual)	Method of Engagement (pre-purchase)	Reporting Requirements
Exceeds Annual Plan/LTP Activity Budget by more than \$100,000 (net of any grant funding)	Council	Decision Report to Policy and Services Committee	N/A	Decision Report
Exceeds Annual Plan/LTP Activity Budget by more than the lesser of: 10% or \$50,000	CEO	Confirmation from CEO required - via Business Case	N/A	Monthly Reporting
> \$250,000	CEO and one Director*	Publicly advertised competitive process required, unless an Exception approved by the Policy and Services Committee.	Written Contract	Award of the contract must be reported to the next Policy and Services Committee meeting.
\$100,000 to \$250,000	Director	Publicly advertised competitive process required, unless an Exception approved by the Chief Executive.	Written Contract	As required by Chief Executive
\$20,000 to \$99,999	Within Delegated Authority	At least 3 written quotes or written quotes from all available suppliers if less than 3.	Written Contract	None
\$5,000 to \$19,999	Within Delegated Authority	At least 2 written quotes obtained where there is an alternative competitor. Officers to ensure prices do not exceed market rates and/or preferred suppliers are used.	Short-form contract for services	None
\$50 to \$4,999	Within Delegated Authority	No formal procedures but officers to ensure prices do not exceed market rates and preferred suppliers are used.	Short-form contract may be appropriate	None

*Contract / progress payments over \$250,000 may be signed off by contract manager and authorised by a Director.

** Refer to Exceptions List for exceptions to obtaining quotes or publicly tendering

INFORMATION REPORT



F22/55 – D24/33347

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 16 July 2024
Subject: Long Term Plan 2024 Debrief

Recommendations

1. THAT the report be received.

Recommended Reason

To present to the Audit and Risk Committee an internal assessment of the development of the Long Term Plan 2024-34 and any associated learnings.

/_____
Moved/Seconded

1. Purpose of Report
 - 1.1 This report is intended to provide an internal assessment of the Long Term Plan 2024-34 (“LTP”) process and associated risks and controls, and any learnings from the process, for discussion with the Audit and Risk Committee. A final and updated version of the debrief document will be used to inform the development of the LTP 2027-37.
2. Executive Summary
 - 2.1 The LTP is most likely to be the single most important document prepared by council within the three year elected member term. It is made up of a multitude of documents including strategies, policies, asset management plans, and financial assumptions and forecasts, relevant to the ten financial years from 1 July 2024.
 - 2.2 A debrief of the LTP process provides an opportunity to discuss with elected members what went well what can be improved on, to be better prepared in planning for and delivering the next Long Term Plan (2027-37). This report attempts to capture the learnings from the recent LTP process. Conducting this process immediately after final adoption of the LTP reduces the chance that enthusiasm to review the process has not completely waned and that the learnings of the process are still fresh in our minds.
 - 2.3 Overall, from an internal perspective, the LTP process has gone smoothly and significant improvements have been made, in terms of process, from the previous LTP 2021. Many learnings from the LTP 2021 debrief have been taken on board. Despite the disruption caused by the three waters reform legislation being repealed, staff were able to deliver a realistic and robust LTP Consultation Document and final LTP within expected timeframes and without any significant issue.

3. Local Government Act 2002

Under section 10 of the Local Government Act 2002, the Council's purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:			Yes
Social	Economic	Environmental	Cultural
x	x	x	x

1.1 The Long Term Plan document affects all four wellbeings in some way, and improvements in the preparation process of the LTP flow through to overall community wellbeing.

2. Background

2.1 The process of developing the LTP began at the initial induction to the new council in November 2022. At that time, elected members were advised that the LTP will be the single biggest decision that is likely to be made over their three year term.

We gradually worked through a planned, structured LTP work programme through workshops, and multiple draft decision reports along the way to ensure resolutions were captured at certain points in time along the way that could be referred back to if necessary. This included the following:

1. Section 17a reviews – which looked at all council activities (including some back office functions), and whether to continue with them or not, and the cost efficiency of each activity, and whether the activity should be outsourced or delivered in-house.
2. Several workshops on key LTP capital projects over the next ten years – initially ranked by priority (legislative or health and safety requirement, replacing existing infrastructure, or lastly improving infrastructure), and later reviewed by Activity. Sources of funding for each capital project were also reviewed against Revenue and Financing Policy principles.
3. Reviewed levels of service for each activity and updated non-financial performance measures for each activity, and realignment and merger of some activities.
4. Review of the Forestry differential on the Roding Targeted Rate, including the amount collected and determination of liability for the differential.
5. Review of policies and strategies within the LTP:
 - Revenue and Financing Policy
 - Development and Financial Contributions Policy
 - Significance and Engagement Policy
 - Financial Strategy
 - Asset Management Plans
6. Adoption of LTP related supporting documents:
 - Treasury Management Policy
 - Rates Remission and Rates Postponement Policy
 - Fees and Charges 2024/25

2.2 There are a number of risks inherent in the LTP process that officers were mindful of prior to, and during the development of the LTP:

- Timeframes are not met – which could cause delays, and rushed work resulting in errors and inability to properly engage with elected members, staff and the community on proposals. New legislation that came into effect in 2024 allowed council to extend the adoption of the LTP to 30 September. Council made a decision to adopt the LTP no later than 31 July as this decision would make little impact on council operations. Fees and Charges for 2024/25 were adopted separately in June 2024 to ensure they could take effect from 1 July 2024.
- Assumptions are incorrect – this could result in council either underfunding activities or overrating ratepayers, potentially impacting levels of service.
- Uncertainty of assumptions is not considered and reflected on.
- Potential for confusion on final decisions due to the high number of decisions and iterations being made during the LTP process – this often occurs where demand for changes are coming from multiple directions, e.g. auditors, elected members, senior management.
- The decisions made during the LTP are not made in connection to the four wellbeings and high level community outcomes and are made ad-hoc.
- Lack of leadership at management and governance level – strong leadership throughout the process ensures coordination of tasks, delivery to timeframes, efficient and effective decision making, and consistent messaging across the organisation and to the community.
- Elected members focusing on minor issues and detail instead of higher level outcomes and significant issues – this can prevent issues that have major impact being ignored or not having the proper amount of focus. It is up to the LTP project manager, to ensure that information presented is at the appropriate level.

2.3 To mitigate the above risks, council implemented the following:

- Establishment of a project team and project manager with all staff engaged and positively contributing in their key areas. Elected members were fully engaged in the process and open to understanding and learning from staff and the community as needed.
- Ensuring staffing is resourced adequately and appropriate competency levels are on the project team.
- Development of an LTP Project Plan and setting of timeframes, and allocating responsibility to relevant staff.
- Starting the development of certain aspects of the LTP as early as possible with the Section 17a reviews and review of Vision and Community Outcomes.
- Completed the Taituara LTP Health check 2024, which ensured major areas of risk were considered and allocated controls.
- Draft decisions were presented to elected members along the journey of the development of the LTP – all collated into the Consultation Document, and then the final LTP.
- Developed principles for the development of the LTP (*Attachment 1*) to ensure the LTP project team were all on the same page in terms of understanding what success looked like, and how we were going to achieve that.

5. Information Summary

5.1 Refer to the attached LTP Debrief 2024 (*Attachment 2*). This document is a discussion setter, providing staff insights on the following:

- Strengths – What worked well? What should we continue to do?
- Weaknesses – Where were the gaps? What could we improve on?
- Opportunities for Improvement – What could we do differently? Are there new directions to be explored?
- Risks Identified – What threats are we exposed to? What assumptions need to be reviewed?

5.2 It is intended that this document will be further refined and updated at the Audit and Risk Committee meeting on 16 July. The final updated document will be reviewed by the LTP 2027-37 project team at commencement of planning for the next LTP.

5.2 The LTP Debrief 2021 (*Attachment 3*) has been attached also, for comparison.

6. Strategic Alignment

6.1 **Direction**

This report touches on the Community Outcomes and the consistency with all other aspects of the LTP.

6.2 **Annual Plan and Long Term Plan**

Direct relationship with the Long Term Plan and also impacts on the development of future Annual Plans.

6.3 **District Plan**

No direct relationship.

6.4 **Legal Implications**

N/A

6.5 **Policy Implications**

This debrief does not raise any specific issues relating to council policy.

Attachments:

1. Principles for the Long Term Plan 2024-34 development
2. LTP Debrief 2024
3. LTP Debrief 2021



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 8 July 2024

Attachment 1:

Principles for the Long Term Plan 2024-34 development

The Long Term Plan (LTP) is a strategic document that outlines what Stratford District Council (SDC) intends to deliver, and how that will be funded, and measured, over the next ten years. The preparation of an LTP is usually the single most important process undertaken in a triennium.

It draws from a wide array of information including:

- Economic forecasts and assumptions
- Ratepayer expectations
- Levels of service desired by the community
- Customer satisfaction levels
- Government legislation and policies
- Emerging trends and environmental changes

The final outcome should be a document that the community and elected members are proud of, that is reflective of the current environment, yet incorporates Council's strategic goals, that addresses the key challenges Council is expected to face in the next 10 years, and is referred to frequently and actively once implemented. To achieve this, we have developed a set of principles to guide the process:

1. Establish an LTP project team with clearly defined goals and timeframes

- 1.1. The Council has a tight timeframe to prepare an LTP, for audit review, and consultation, and for final adoption by Elected Members within 1 year, by 30 June 2024.
- 1.2. The LTP project team will meet regularly (monthly then fortnightly) and each team member will demonstrate commitment to contributing to the success of the LTP.
- 1.3. Strong leadership will be required by the Project Sponsor (Chief Executive), the Project Manger (Director – Corporate Services), and the Mayor (legislative responsibility) and Elected Members to set a clear direction, identify big issues early, make decisions in a timely manner, and engage actively and comprehensively with the community.
- 1.4. The LTP project plan is essential for helping keep the mahi on track. An update will be provided to every Audit and Risk Committee meeting.

2. Council's *Vision, Strategic Goals and Community Outcomes* will drive decision-making

- 2.1. LTP's are a result of a large number of decisions that have long-term consequences for the community. These decisions must be linked to a strategic vision for the community, and owned by the community.
- 2.2. Decisions will be made progressively throughout the development of the LTP, rather than all decisions wrapped in one report at the end, to ensure greater transparency of decision making.
- 2.3. The Council has a wide purpose under the Local Government Act 2022 to promote the four wellbeings: Social, Cultural, Economic and Environmental. Therefore, Council can be as creative and aspirational as it likes in setting its goals and vision. The community and ratepayers will hold Elected Members to account.
- 2.4. The direction of the LTP and all associated policies, strategies and financial decisions must contribute towards the Strategic Goals and Community Outcomes.
- 2.5. A proposal to the LTP may only be submitted if it has a clear link to SDC's vision, strategic goals and community outcomes, unless it relates to legislative requirements.
- 2.6. A proposal will be considered and prioritised by how strongly it contributes towards the Vision, Strategic Goals and Community Outcomes, among other factors.

3. The Council represents the voice of the community

- 3.1. An engagement strategy for the LTP will guide how Council involves, consults with, and informs the community, sub-parts of the community, and stakeholders.
- 3.2. In order for the community to 'own' their LTP, they must have the opportunity to participate in the journey of developing the LTP.
- 3.3. The views of Maori and tangata whenua are identified in legislation as having unique importance in Council decision making and therefore Council will seek to understand and incorporate Te Ao Maori views and local iwi perspectives into the development of the LTP.
- 3.4. Elected members will empower the community to have their say and provide multiple opportunities for all to contribute to decisions.

4. Elected Members will maintain focus on the bigger picture outcomes

- 4.1. Elected Members are the only level of participants in the process that have an overarching responsibility to the entire community, district and ratepayers. Getting caught up in specific details can be distracting from the bigger picture.
- 4.2. Focusing on minor issues or areas of insignificance in relation to the wider strategic goals is an inefficient use of Elected Members' time.
- 4.3. A process of prioritisation for LTP projects/changes should be established to filter out information that is of lower importance.
- 4.4. The Section 17a reviews completed in 2023 looked at each Council Activity in detail, and the Project Team does not intend to duplicate this work for the LTP, but instead focus on the recommendations from the review only.

Attachment 2:

Debrief - Long Term Plan 2024-34

Strengths	Weaknesses
<p><i>What went well?</i> <i>What should we continue to do?</i></p> <ul style="list-style-type: none"> • Early and Deliberate start to process – Section 17a reviews provided for an indepth analysis early on of each council function / activity in terms of cost effectiveness and delivery method. This was then followed up with development of the Vision and Community Outcomes. • Structured Approach – each piece of work that contributed to the LTP was timeframed appropriately so that it would contribute to the next step. • Capital projects – as above, the capital expenditure projects had a significant focus. They were prioritised by risk, renewals, and then improvements. The high level of analysis of the capital expenditure projects due to the number and length of workshop focus resulted in a clear understanding of what capital projects would be proceeding, in which years, and how they would be funded. • Community Pre-engagement – this assisted with initial development of the Vision and Community Outcomes, and also to the initial capital projects schedule to some extent. • Community outcomes – these were expanded into more detail and publicly consulted on, with input from local iwi. These were able to drive development of LTP related supporting information from an early stage. • Consultation Document – looked good, easy to read, comprehensive, options were clear and key issues focused on appropriate significant areas. Was not significantly tainted by audit involvement due to no formal audit of the CD, although auditor feedback on the CD was taken on board in most cases. • Elected Member engagement - councillors were engaged throughout the process, open to learning and understanding the views of staff and the community, and passionate about balancing delivery of the Community Outcomes set and delivering on the basics vs ensuring rates were kept as low as possible. Despite the high rates increase in year 1 of the LTP, the impression was that elected members were proud of, and took ownership of the LTP 2024-34. • Business Cases for significant expenditure – there was a significant 	<p><i>Where were the gaps?</i> <i>What could we improve?</i></p> <ul style="list-style-type: none"> • Impacts of decisions - Full financial and other impacts of decisions were not always provided to elected members due to time constraints and a number of uncertainties, and cost of obtaining accurate financial estimates. • Three Waters reform repeal - Repeal of three waters legislation meant that budgets needed to be reworked – budgets were originally developed with three waters out from year 2 of the LTP. • Capital projects workshops – these workshops required a lot more time than initially expected, and more workshops were required than was considered necessary. We believe that this was due to the number of projects and working through each one line by line, with similar emphasis put on a <\$20,000 project, and a >\$5,000,000 project. Better facilitation by the workshop chair on working through the key projects efficiently was needed. The delays created issues when needing to progress to further stages of the LTP process. • Forestry differential – there was some confusion amongst ratepayers about how the change in the application of this differential would be applied to ratepayers who had more than 10 hectares of forestry but were not classified as FE. Communication and clarity of the message could have been improved. • Allocation of Staff Resources and Adequate Planning – This time around, all workshops required note taking, which provided a good record of discussions, however required extra staff resource. We could have planned for this better by sharing the load between staff e.g. allocating time slots, and ensuring the workshop chair was disciplined with regard to break requirements. Additionally, there were flow on effects of dedicating significant time and focus to the LTP, on other work and people management. • Internal Communications – as timeframes were regularly changed / pushed out due to delays, staff were required to be flexible and adapt to an updated schedule. Internal updates to governance and communications teams about the constant changes were not

<p>improvement in business cases being provided for all significant expenditure, and the quality of the information within the business cases markedly improved from the previous LTP. This was largely due to the new project manager taking responsibility and ownership of the coordination of the business cases.</p> <ul style="list-style-type: none"> • Resourcing – staff involved in the LTP project team were sufficiently competent and capable of delivering the LTP and adapting as required to changing environment. 	<p>always communicated directly, causing confusion.</p>
<p>Opportunities for Improvement</p>	<p>Risks Identified</p>
<p><i>What should we do differently? (Start or Stop)</i> <i>Are there any new directions to be explored?</i></p> <ul style="list-style-type: none"> • Facilitation of discussions at workshops – again as was recommended at the previous LTP debrief (2021), we could take advantage of external facilitators to keep discussions at the appropriate level and ensuring work is progressed in a timely manner in accordance with schedule. • Establish project teams for specific activities / projects based on skill level and interest e.g. subdivision, with a mixture of staff and elected members – similar to the section 17a review groups. • Dedicate 5 minutes at end of every workshop to do a wrap-up of the feel of the room, and whether we need to come back. • Dedicate 5 minutes at start of every workshop to summarise what the workshop is about. • Engage specifically with iwi on an ongoing basis throughout LTP. Do more to meet our obligations to provide for Maori contribute to decision making processes. • Develop an iwi engagement framework / strategy. 	<p><i>What threats are we exposed to?</i> <i>What assumptions need to be checked?</i></p> <ul style="list-style-type: none"> • Using a spreadsheet budget model results in a high risk of errors in the financial forecasts. It also causes inefficiencies in preparing budgets and auditing the LTP. Investigation into budgeting software is highly recommended to be in place prior to Annual Plan 2026/27. • This LTP has a high level of uncertainty in terms of delivery of capital projects. Little in-depth analysis has been carried out on the potential impact on levels of service and financial impact of not delivering the capital budget. • No submissions were received on the LTP consultation document from local iwi – there is a risk that Maori and iwi are uninterested in engaging with council which could potentially lead to reduced long term planning outcomes for the community as a whole. • With three waters back in for the full ten years of the LTP, it has been identified that the wastewater reserve will go into deficit from year 4 of the LTP. This funding shortfall will need to be addressed in coming years. • The three yearly Rating Valuation causes issues with explaining the rates increase in conjunction with a property capital value increase. The use of differentials for different categories of properties, or requesting a change in timing of the rating valuation are options that should be investigated further. • Decision making within workshops – although elected members and staff were very mindful (reminded on multiple occasions) that decisions were not to be made in workshops – there was always the risk and potential that changes made to the LTP were a result of workshop discussions and were not communicated back in a formal setting for final decision making.

Attachment 3:

Long Term Plan Project Review

Objectives / Goals

To complete the 2021 – 2031 Long Term Plan document

- That offers elected members sufficient input and say
- Compliance, audit sign off within timeframe
- Community felt like they had sufficient input and say, satisfying different engagement methods
- Sufficient forward planning, fit for purpose budgeting. Is it a good product?

SWOT Analysis

Strengths	Weaknesses
<p><i>What went well?</i> <i>What should we continue to do?</i></p> <ul style="list-style-type: none"> • Early start • Broke down each activity, early conversations • Key projects • Provided a lot of material, workshops were regular • Pre-engagement first time • Community outcomes facilitated workshop, mission, vision, values. • Good looking LTP. • Elected members owned the pre-engagement and fully involved 	<p><i>Where were the gaps? Resourcing etc</i> <i>What could we improve?</i></p> <ul style="list-style-type: none"> • Information was provided to elected members in a piecemeal, missed the big picture wrap up and tied into a strategy. • Didn't give full financial and other consequences. • Stripped things out that they originally wanted in, e.g. dog park without appropriate explanation of consequences. • Covid-19 interrupted • Didn't loop back to the community prior to releasing the consultation document. • Lacking business cases for particular new expenditure. Improve internal training, be clear on expectations for business cases. • Too many workshops, delved into too much detail. Low level operational items should be used as an example. • Issues with finalising final CD document, acknowledging new brand. • Thought some budgets were in, then they were out, miscommunication.

	<ul style="list-style-type: none"> • Managers doing workshops with elected members instead of directors, who can provide a bigger picture. • Timing of material uploaded to Diligent – should be Friday before the workshop to enable elected members appropriate time to prepare for workshop. • Specific targeted consultation was missed, e.g. aerodrome landing charges, other fees and charges. Didn't identify key stakeholders of specific decisions. • Iwi engagement – iwi felt like they were brought in too late.
Opportunities	Threats
<p><i>What should we do differently? (Start or Stop)</i></p> <p><i>Are there any new directions to be explored?</i></p> <p><i>What trend could we take advantage of?</i></p> <ul style="list-style-type: none"> • Facilitation of discussions at workshops • Setting the scene for the LTP – introduction, implications, and provide an 18 month timetable (framework), using a template and status update. • Annual workshop (training) on LTP and processes. • Provide hierarchy of decision making – governance vs operations, what is within elected members influence • Breakout groups for specific activities / projects based on skill level and interest e.g. subdivision. • Section 17A review – bring forward to 2022 instead of 2023 to inform the LTP. • Dedicate 5 minutes at end of every workshop to do a wrap-up 	<p><i>What trends are out there? Technology etc</i></p> <p><i>What threats do our weaknesses expose?</i></p> <p><i>What assumptions need to be checked?</i></p> <ul style="list-style-type: none"> • Change in elected members – introduction (should allow for a process of induction to LTP). • Not one person in charge, suggest Sven keep everyone in line, or create a new policy position who leads the LTP project. • Need to provide for consistency, templates and frameworks in workshops to elected members on activities. • Potential to move away from LTP spreadsheet budget model towards budgeting software.

<p>of the feel of the room, and whether we need to come back.</p> <ul style="list-style-type: none">• Dedicate 5 minutes at start of every workshop to summarise what the workshop is about.• Identify key stakeholders for new decisions and consult specifically.• Engage specifically with iwi on an ongoing basis throughout LTP. Further meet our obligations to provide for Maori contribute to decision making processes.• Develop iwi engagement framework.	
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Team

Right amount of people?

Where were the gaps?

Resourcing?

Communications

Internal

Elected Members

Teams

Project Team Members/Staff

External

Stakeholders

Audit NZ

Community

Document

Re-brand

Time

Cost

Quality

DECISION REPORT



F22/55 – D24/33498

To: Audit and Risk Committee
From: Director – Corporate Services
Date: 16 July 2024
Subject: Annual Report 2023/24 administration matters

Recommendations

1. THAT the report be received.
2. THAT the audited Annual Report 2023/24 for Stratford District Council be adopted no later than 31 December 2024, taking advantage of the extension under the Water Services Acts Repeals Act 2024.
3. THAT the audited Annual Report 2023/24 for Percy Thomson Trust be delivered to Council after the legislative deadline for Council Controlled Organisations of 30 September, but no later than 31 December 2024, in line with Council's Annual Report. A draft Annual Report 2023/24 must be provided to Council by 30 September 2024 and a final audited Annual Report by 30 November.

Recommended Reason

An extension of the adoption date for both Annual Reports is requested as a one-off for the 2023/24 year only.

/
Moved/Seconded

1. Purpose of Report
 - 1.1 That approval is given to adopt the audited Annual Reports for both Stratford District Council and Percy Thomson Trust for 2023/24, no later than 31 December 2024.
2. Executive Summary
 - 2.1 The Water Services Acts Repeals Act 2024 (the Act) allowed for the adoption of Council's Annual Report 2023/24 to be extended to no later than 31 December 2024, if Council's Long Term Plan 2024-34 was adopted after 30 June 2024. Staff are keen to take up this opportunity and have been liaising with Deloitte, the appointed auditors, to establish an updated audit schedule.
 - 2.2 The Act does not provide for an extension to adopt the Annual Report for Council Controlled Organisations. The Annual Report for Percy Thomson Trust needs to be delivered to Council, including audited financial statements and an audit report, by 30 September. However, auditors will not conduct two separate audits at different times for the Council and the Trust, without significant additional cost. Therefore, officers recommend that the audits of both entities are conducted at the same time, similar to previous years. Officers are recommending that a draft Annual Report 2023/24 be provided to Council by 30 September 2024, and a final audited version be provided by 31 December 2024. The trustees of the Percy Thomson Trust should also be formally advised of council's decision.

3. Local Government Act 2002 – Section 10

Under section 10 of the Local Government Act 2002, the Council’s purpose is to “enable democratic local decision making by and on behalf of communities; as well as promoting the social, economic, environmental, and cultural well-being of communities now and into the future”			
Does the recommended option meet the purpose of the Local Government 4 well-beings? And which:		N/A – there is no direct relationship between the wellbeings and the recommendation.	
Social	Economic	Environmental	Cultural

4. Background

4.1 The Water Services Acts Repeal Act 2024 provided that a local authority may extend the time frame for adopting the Long Term Plan 2024-34 to no later than 30 September 2024. On 23 January 2024, council resolved to extend the adoption of the LTP to no later than 31 July 2024. The LTP was adopted on 9 July 2024.

4.2 The Act also provided that if the Council decided to adopt its LTP after 30 June, then they may also extend adoption of the Annual Report 2023/24 to no later than 31 December 2024, after the legislative deadline of 31 October.

4.3 Officers recommend taking advantage of the extension date for the following reasons:

- To provide a longer period between adopting the Long Term Plan 2024-34, and delivering the Annual Report 2023/24 to ensure the quality of the Annual Report is not comprised by shorter preparation timeframes.
- The Director – Corporate Services position is likely to be vacant for the month of August, and it will take some time for the new director to be able to get up to speed with, and finalise, the Annual Report 2023/24 and associated audit.
- The three-waters and roading assets have been revalued as at 30 June 2024, as per the 2-3 yearly revaluation cycle. The valuation reports are still being finalised and take several weeks to review and update the financial information to the Annual Report.
- Auditors programme of work has been shifted out with a number of councils delaying the adoption of their Long Term Plans and council needs to provide auditors with realistic certainty of when a draft Annual Report is able to be delivered to them for audit.

4.4 The Act does not provide the same extension for council controlled organisations, so the 30 September delivery date remains for the Annual Report for Percy Thomson Trust. Staff have the capacity to provide a draft Annual Report to auditors by early August. However, auditors have advised that carrying out two separate audits at different times will create additional cost. Refer to an extract from an email from Deloitte below on 14 June 2024:

“We conduct the PTT audit at the same time as the Council audit to save costs and leverage efficiencies. Separating it will create a fair bit of inefficiency as the routine testing is completed by a junior team member with the guidance of the audit senior. This can be done effectively when there is a team onsite to coach and guide the junior team member, as is the case when aligned with the Council audit timing.

If we need to separate the PTT audit this will create additional cost and disbursements.”

Officers do not recommend incurring additional cost to Percy Thomson, or to Council, by separating the audits.

- 4.5 The Percy Thomson Trust is accountable to Council, the controlling entity. There is minimal negative consequence to the Trust or to Council of delaying the adoption of the Trust's Annual Report. It is common each year for a handful of local authorities and CCO's to adopt their Annual Report past the legislative due date. It is recommended that Percy Thomson provides a draft report by 30 September, and a final audited Annual Report to Council by 30 November.
- 4.6 The final audit dates are yet to be locked in, and officers are still waiting for the Audit Engagement Letter and Audit Proposal Letter from Deloitte. These letters will be presented to the September Audit and Risk Committee.

5. Consultative Process

5.1 **Public Consultation - Section 82**

This decision is not significant in terms of Council's Significance and Engagement Policy and therefore consultation with the public is not warranted.

However, officers must inform the trustees of the Percy Thomson Trust of council's decision.

5.2 **Māori Consultation - Section 81**

As above.

6. Risk Analysis

Refer to the Council Risk Register - available on the Council website.

- Does this report cover any issues that relate to any risks on the Council Risk Register, and if so which risks and what are the impacts and likelihood of eventuating?
- Does this report cover any issues that may lead to any new risks that are not on the Council Risk Register, and if so, provide some explanation of any new identified risks.
- Is there a legal opinion needed?

- 6.1 This decision relates to Risk 8: Annual Report adoption and publication, on Council's risk register:

IF the Council's Annual Report is not adopted by 31 October and made publicly available by 30 November, THEN there will be additional audit scrutiny and reputational damage within local government. Loss of community trust - the community is unable to assess Council performance in a timely manner.

And Risk 59: CCO and other out-sourced functions:

IF Council's non-core activities (farm, aerodrome) or CCO (Percy Thomson Trust) operate in a way that has potential for non-compliance with the law or potential for financial loss THEN there may be legal, financial, environmental and health implications.

- 6.2 Risk 8 has been mitigated by central government amending legislation to extend adoption deadline to 31 December for council.
- 6.3 Risk 59 is likely to apply if legislation is breached by Percy Thomson not being able to deliver an audited Annual Report by 30 September. To mitigate this risk somewhat, it is recommended that the draft Annual Report 2023/24 be delivered to Council by 30 September, and the audited report by 30 November.

7. Decision Making Process – Section 79

7.1 Direction

	Explain
Is there a strong link to Council's strategic direction, Long Term Plan/District Plan?	Yes – the Annual Report provides a performance update on the LTP / Annual Plan.
What relationship does it have to the communities current and future needs for infrastructure, regulatory functions, or local public services?	Provision of performance information, particularly in relation to delivery of community, infrastructure, and regulatory functions and needs.

7.2 Data

<ul style="list-style-type: none"> Do we have complete data, and relevant statistics, on the proposal(s)? Do we have reasonably reliable data on the proposals? What assumptions have had to be built in?
--

At this stage, an assumption has been made that auditors have the capacity to deliver year end audits for both Council and the Percy Thomson Trust between September and November 2024. Auditors have tentatively agreed to this but have not officially confirmed the dates formally.

It is expected that the new Director – Corporate Services will be in the role by September and will be sufficiently competent to lead the Annual Report audit process.

7.3 Significance

	Yes/No	Explain
Is the proposal significant according to the Significance Policy in the Long Term Plan?	No	
Is it:	No	
• considered a strategic asset; or	No	
• above the financial thresholds in the Significance Policy; or	No	
• impacting on a CCO stakeholding; or	No	
• a change in level of service; or	No	
• creating a high level of controversy; or	No	
• possible that it could have a high impact on the community?	No	

In terms of the Council's Significance Policy, is this proposal of high, medium, or low significance?		
High	Medium	Low
		x

7.4 Options

<p>An assessment of costs and benefits for each option must be completed. Use the criteria below in your assessment.</p> <ol style="list-style-type: none"> What options are available? For each option: <ul style="list-style-type: none"> explain what the costs and benefits of each option are in terms of the present and future needs of the district; outline if there are any sustainability issues; and explain if the outcomes meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions? After completing these, consider which option you wish to recommend to Council, and explain:

- how this option is the most cost effective option for households and businesses;
- if there are any trade-offs; and
- what interdependencies exist.

Recommended option:

Approve that adoption of both Annual Reports 2023/24 for Stratford District Council and Percy Thomson Trust to be no later than 31 December 2024, despite the breach of legislation by the Trust.

Alternative option:

If legislative compliance is more important than incurring additional audit cost, then Council could organise separate audits with Deloitte so that the audit of Percy Thomson Trust commences in early August, and the final audited report can be delivered to Council no later than 30 September 2024. Officers are unable to confirm what the additional cost is likely to be as a result of separating the timing of audits.

7.5 Financial

- Is there an impact on funding and debt levels?
- Will work be undertaken within the current budget?
- What budget has expenditure come from?
- How will the proposal be funded? eg. rates, reserves, grants etc.

There is no cost implication of the first option, and the cost of the alternative option is not yet known.

7.6 Prioritisation & Trade-off

- Have you taken into consideration the:
- Council's capacity to deliver;
 - contractor's capacity to deliver; and
 - consequence of deferral?

The recommendation takes into account that officers are highly unlikely to have capacity to deliver an audited Annual Report 2023/24 for council by 31 October, and therefore must plan for this with auditors.

7.7 Legal Issues

- Is there a legal opinion needed?
- Are there legal issues?

The recommendation is likely to cause a breach in legislation by the Percy Thomson Trust.

7.8 Policy Issues - Section 80

- Are there any policy issues?
- Does your recommendation conflict with Council Policies?

N/A



Tiffany Radich
Director – Corporate Services



[Approved by]
Sven Hanne
Chief Executive

Date 8 July 2024



25 June 2024

Dear LGFA stakeholder

Statement of Intent 2024-2027

Please find attached the Statement of Intent (SOI) for the 2024-27 period.

LGFA remains focused on delivering strong results for our council borrowers and shareholders.

For our borrowing councils and CCOs we seek to optimise funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

The following points regarding the 2024-27 SOI are worth noting:

- We are needing to strengthen the financial and capital position of LGFA given
 - the weakening credit outlook for the sector¹
 - the additional borrowing by councils and CCOs that has led to increase borrowing costs incurred by LGFA e.g. the cost of offshore issuance, Approved Issuer Levy, legal and issuance expenses, a larger amount of liquid assets to ensure liquidity and NZX listing fees.

We propose to do this by increasing the base on-lending margin by 5 bps (0.05%) and to increase the Borrower Notes percentage to 5%. This will improve our profitability, retained earnings, capital base and preserve our high level of creditworthiness.

- As with previous years, there remains uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding as this depends upon the magnitude and timing of council borrowing. The actual amount of borrowing will be influenced by the ability of councils to deliver on the capex projections in their Long Term Plans (“LTPs”), any cost increases as we well as the amount of Central Government assistance in funded capex delivery.
- The Local Water Done Well reform programme (“LWDW”) is progressing with the second (of three) Bills currently passing through Parliament. There remains uncertainty for the sector

¹ S&P Global Ratings have placed twenty-one councils and two CCO on negative outlook, and they comprise 39% of the LGFA loan book.

(and LGFA) as to the amount, timing and transition of assets, debt and revenue to the new water organisations. We have assumed that any impact from LWDW is unlikely to occur until the 2025-26 year. For our council borrowing and bond issuance forecasting purposes we have used the latest Draft 2024-34 LTPs from councils (that incorporate water related activities). The only adjustment made is that we have assumed that LGFA won't be lending to financially independent Water CCOs such as Watercare.

- The SOI performance targets are the same as the targets in the prior year SOI except we have strengthened our focus on achieving sustainability outcomes and added performance targets to our Industry Leadership and Engagement Objectives.

The changes made to the Final SOI compared to the Draft SOI that you received in February 2024 for comment have been:

- We have increased our forecasts for council borrowing in the 2024-25, 2025-26 and 2026-27 financial years by \$1.2 billion, \$340 million, and \$1.1 billion. We have increased our forecasts for LGFA bond issuance by 2024-25, 2025-26 and 2026-27 financial years by \$150 million, \$460 million, and \$1.12 billion. We have increased our forecast for LGFA Bills on issue by \$500 million.
- Net Interest Income is forecast to increase in the 2024-25, 2025-26 and 2026-27 financial years by \$1.6 million, \$1.3 million, and \$14.5 million.
- Expenses are forecast to increase by \$2.2 million in 2024-25, \$2.9 million in 2025-26 and \$3.4 million in 2026-27 with over half of the increase in expenses coming from increased Approved Issuer Levy payments to Central Government from our offshore bond issuance.
- Forecast Net Operating Profit is forecast to decrease by \$600k (2024-25) but increase by \$8.4 million (2025-26) and \$11.1 million (2026-27).

We remain committed to delivering the lowest possible borrowing cost to the sector, providing certainty of access to funding and long dated tenors to councils while at the same time protecting the interests of our guarantors and shareholders.

We thank you for your support of LGFA and please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely



Mark Butcher
Chief Executive



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F21/96-D24/30417

13 June 2024

Percy Thomson Trust
C/- bruce.ellis.tepopo@gmail.com

Dear Trustees of the Percy Thomson Trust

Matters raised by Deloitte in Annual Audit

In May 2024, the Audit and Risk Committee was presented with the outstanding audit recommendations from Deloitte, from the 2022 and 2023 annual audits. The Audit and Risk Committee has directed Council to issue the Percy Thomson Trust with a formal letter of expectation.

The recommendations from Deloitte (external auditors) include that:

1. A control be put in place to monitor the investments against the investment objectives and diversification as outlined in the Investment policy.
2. The Investment policy be reviewed to incorporate the monitoring control of the performance of the investments.
3. The Trustee meeting minutes include an agenda item for monitoring the investments and how the Investment policy is being complied with.
4. The Trusts investments are reviewed annually for impairment and recognised at fair value where there is a material difference in cost and fair value.

Refer to the attached excerpts from the final audit reports for the 2021/22 and 2022/23 annual audits.

Council, as the controlling organisation, expects the Percy Thomson Trust to comply with these recommendations.

Please provide a statement of compliance with these audit recommendations, including the status of each recommendation, by 19 July 2024.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tiffany Radich'.

Tiffany Radich
Director – Corporate Services

Internal control findings

Matter	Observation	Deloitte recommendation	Management's response
Resource Consent Reporting Measure	<p>Deloitte notes per testing of the resource consent service reporting measures it was identified there was currently no system report able to be generated to outline all resource consents issued in the period and the time frame in which they were issued.</p> <p>Whilst we acknowledge that the Council represent that all information has been included in the calculation, there is still a risk of incorrectly reporting the measure due to a consent approved being missed when manually calculating the measure at month end through the entity reporting system.</p>	<p>Deloitte recommends that the Council has a process in place to ensure that there is a check for completeness and accuracy of data, and evidence is retained to enable reperformance of the process.</p>	<p>A report script within Authority is being developed for the next financial period which would allow for more accurate reporting of the measure directly from Authority. This will remove the manual calculation performed at month end by the team for each consent issued in the period and the time in which it was issued.</p>
Monitoring of Investments of the Trust	<p>Based on our discussions held with the Chairman of Percy Thomson Trust ("the Trust"), it was identified that the various AGM's of the investment funds which PTT holds investments in were attended by the Chairman. Deloitte has, however, noted per review of the minutes of meeting of the Trust that there is no discussion held over the monitoring of the performance of the investments nor is there documented discussions regarding the compliance with the Trust investment's objective and diversification of investments. Further, upon the review of the investment policy, there is no control identified on the monitoring of the investments.</p> <p>Despite the Trust disclosing in the annual report the performance of the investments and having an investment policy in place, these does not suffice to ensure that the investments are being monitored and that the policies are being complied with.</p>	<p>In that, we recommend that the Trust to do the following for best practice:</p> <ol style="list-style-type: none"> To have a control in place for monitoring the investments against the investment objectives and diversification as outlined in the investment policy; To revisit the investment policy to incorporate the monitoring control of the performance of the investments; and To include in the Trustee minutes of meeting the monitoring of the investments and how the investment policy is being complied with. 	<ol style="list-style-type: none"> Will review options for controls to monitor performance of the investments. A review of the Investment Policy will be undertaken in 2022/23. A fund manager for Craig's Investment Partners attended the Trust meeting in October 2022, and he is reviewing both the trust's investment policy and the trust investments, and creating a portfolio for the trust. To discuss this with the Chair, adding a permanent agenda item for investment performance.



Areas of audit focus

Percy Thomson Trust

Area of audit focus	Our approach	Audit findings
<p>The Percy Thomson Trust (the 'Trust') is a Council-Controlled Organisation and is consolidated as part of the Stratford District Council Group.</p> <p>We have audited the performance report of the Trust for the financial year ended 30 June 2023.</p>	<p>During the course of the audit we have:</p> <ul style="list-style-type: none"> Reviewed Trust's SSP against legislative requirements and good practice. This included checking consistency with the performance framework included the Trust's Statement of Intent; Conducted appropriate audit procedures in response to identified risks of material misstatement, including revenue, financial assets and the valuation of land and buildings; and Conducted the same procedures over the revaluation of land and buildings as those performed for the Council. 	<p>The Trust holds investments in commercial property through proportionate ownership schemes and property investment funds. In the standalone financial statements of the Trust these are held at cost as allowed under the Trust's accounting policies and applicable Tier 3 financial reporting standards.</p> <p>The Council is subject to Tier 2 financial reporting standards. Under these standards and the Council's accounting policies these investments should be recognised at their fair value.</p> <p>Consistent with prior years, these investments have not been recognised at fair value in the group financial statements. This results in an understatement of investment to the amount of \$321k which is included as an unadjusted difference on page 17 of this report.</p>



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.