

I hereby give notice that an Ordinary meeting of the

Audit, Risk and Finance Committee

will be held on:

Date: Wednesday 12 December 2018

Time: 10.00 am

Venue: Meeting Room, Mangawhai Club – Molesworth Drive, Mangawhai

Agenda

Membership

Chair: Stana Pezic
Members: Councillor del la Varis-Woodcock
Councillor Geange
Councillor Larsen
Councillor Wade
Deputy Mayor Wethey

Staff and Associates:

Chief Operating Officer and General Manager Infrastructure, General Manager Regulatory, Planning and Policy, Financial and Corporate Planning Manager, Financial Services Manager, Revenue Manager, Property and Commercial Advisor, and Governance Advisor (Minute-taker)

Contents

		Page
1	Opening	1
1.1	Present	1
1.2	Apologies	1
1.3	Confirmation of Agenda	1
1.4	Conflict of Interest Declaration	1
2	Confirmation of Minutes	2
2.1	Open Audit, Risk and Finance Committee minutes 12 September 2018	2
3	Open Committee Items 12 December 2018	13
3.1	Legal Compliance update	15
3.2	Quarterly Finance Report	19
3.3	Treasury Management	27
3.4	Forecast One*	
3.5	Policy Register Review Programme Update	35
3.6	Health and Safety Update December 2018	43
3.7	Audit Constructive Management Report year ended 30 June 2018	47
3.8	Kaipara Building Consent Authority Accreditation Audit outcome	61
3.9	NZ Transport Agency Investment Audit Report	115
4	Public Excluded Committee Items 12 December 2018	129
4.1	Public Excluded Audit, Risk and Finance Committee minutes 12 September 2018	
4.2	Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory	
4.3	Insurance Renewals	
4.4	Contract 839: Pukehuia Slip RP9650 Repair 2017/2018	
4.5	Risk Register	
5	Open Committee Meeting 12 December 2018	131
	Closure	

* Item 3.5 'Forecast One' will be provided under a separate cover.

Ordinary meeting of the Audit, Risk and Finance Committee

Wednesday 12 December 2018 in Mangawhai

1 Opening

1.1 Present

1.2 Apologies

1.3 Confirmation of Agenda

The Committee to confirm the Agenda.

1.4 Conflict of Interest Declaration

Committee Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a Committee Member and any private or other external interest they might have. It is also considered best practice for those members to the Executive Team attending the meeting to also signal any conflicts that they may have with an item before the Committee.

2 Confirmation of Minutes

2.1 Open Audit, Risk and Finance Committee minutes 12 September 2018

General Manager Governance, Strategy and Democracy 1610.07

Recommended

That the Open minutes of the Audit, Risk and Finance Committee meeting held 12 September 2018 be confirmed as a true and correct record.

Meeting	Audit, Risk and Finance Committee
Date	Wednesday 12 September 2018
Time	The meeting commenced at 10.09am The meeting concluded at 2.06pm
Venue	Meeting Room – Mangawhai Club, Molesworth Drive, Mangawhai
Status	Unconfirmed

Minutes

Membership

Chair: Stana Pezic
Members: Councillor del la Varis-Woodcock
Councillor Geange
Councillor Larsen
Councillor Wade
Deputy Mayor Wethey

Staff and Associates:

Acting Chief Executive, General Manager Risk, IT and Finance, Property and Commercial Advisor,
Acting General Manager Infrastructure, Roading Manager, Project Manager and Governance Advisor
(Minute-taker)

Contents

1	Opening.....	3
1.1	Present.....	3
1.2	Apologies	3
1.3	Confirmation of Agenda	3
1.4	Conflict of Interest Declaration	4
2	Confirmation of Minutes.....	4
2.1	Open Audit, Risk and Finance Committee minutes 13 June 2017	4
3	Items.....	4
3.1	Insurance Arrangements.....	4
3.2	Proposed Work Programme 2018-2019	4
3.3	Treasury Management.....	5
3.4	Quarterly Finance Report.....	5
3.5	Legal Compliance update	5
3.7	Audit Management Report	6
3.6	Annual Report 2017/2018	6
3.8	Health and Safety Update September 2018	7
3.9	Northland Transportation Alliance (NTA) End of Year Report (to 30 June 2018)	7
4	Public Excluded Committee Items 12 September 2018	8
5	Open Committee Meeting 12 September 2018.....	10
	Closure	10

Minutes of the Ordinary meeting of the Audit, Risk and Finance Committee
Wednesday 12 September 2018 in Mangawhai
1 Opening
1.1 Present

Stana Pezic (Chair), Mayor Jason Smith, Deputy Mayor Peter Wethey and Councillors Julie Geange (via audio link) and Andrew Wade

In Attendance

Name	Designation	Item(s)
Anna Curnow	Councillor	All
Curt Martin	Acting Chief Executive	All
Sue Davidson	General Manager Risk, IT and Finance	All
Donnick Mugutso	Acting General Manager Infrastructure	All
Diane Miller	Project Manager	All
Henri van Zyl	Roading Manager	3.9, 4.1
John Burt	Commercial and Property Advisor	3.1
Matthew Wilson	Insurance Broker, AON	3.1
Peter Gulliver	Council's appointed auditor, Deloitte	All
Vera Chien	Auditor, Deloitte	All
Lisa Hong	Governance Advisor	All (Minute-taker)

Adjournments

Reason	Start Time	Finish Time
Lunch	12.06pm	12.21pm

1.2 Apologies

Moved Wethey/Smith

That the apologies of Councillors del la Varis-Woodcock and Wade be received.

Carried

1.3 Confirmation of Agenda

Moved Wethey/Smith

The Committee confirmed the agenda with the addition of item 4.4 'Staff action sheet' in the Public Excluded session.

Carried

1.4 Conflict of Interest Declaration

Nil.

2 Confirmation of Minutes

2.1 Open Audit, Risk and Finance Committee minutes 13 June 2017

General Manager Governance, Strategy and Democracy 1610.06

Moved Wethey/Smith

That the Open minutes of the Audit, Risk and Finance Committee meeting held 13 June 2018 be confirmed as a true and correct record.

Carried

3 Items

3.1 Insurance Arrangements

Property and Commercial Advisor 5105.10

Moved Smith/Larsen

That the Audit, Risk and Finance Committee:

- 1 *Receives the Property and Commercial Advisor's report 'Insurance Arrangements' dated 29 August 2018 and its Attachment 1; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Considers all matters raised in the afore-mentioned report and notes that work is underway in preparation for the renewal of Council's insurance arrangements for 2018/2019.*

Carried

3.2 Proposed Work Programme 2018-2019

General Manager IT, Risk and Finance 2304.15

Moved Wethey/Smith

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Risk, IT and Finance's report 'Proposed Work Programme 2018-2019' dated 27 August 2018 and its Attachment 1; and*

- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Approves the proposed Audit, Risk and Finance Committee's Work Programme 2018-2019 as set out in the afore-mentioned report's circulated Attachment 1.*

Carried

3.3 Treasury Management

General Manager IT, Risk and Finance 2304.15

Moved Smith/Wethey

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Risk, IT and Finance's report 'Treasury Management' dated 05 September 2018 and Attachment, and the information contained therein; and*
- 2 *Recommends to Council to recognise that Council is outside its treasury ratios (debt interest proportions fixed/floating is outside current Treasury Policy and maturity of debt is outside current Treasury Policy).*

Carried

3.4 Quarterly Finance Report

General Manager IT, Risk and Finance 2304.15

Moved Smith/Wethey

That the Audit, Risk and Finance Committee receives the General Manager Risk, IT and Finance's report 'Quarterly Finance Report' dated 27 August 2018 and the information contained therein.

Carried

3.5 Legal Compliance update

General Manager IT, Risk and Finance 2304.15

Moved Larsen/Smith

That the Audit, Risk and Finance Committee receives the General Manager Risk, IT and Finance's report 'Legal Compliance update' dated 27 August 2018 and the information contained therein.

Carried

Cr Geange left the meeting at 12.04 pm (via audio link).

Meeting adjourned for lunch at 12.06pm.

Meeting recommenced at 12.21pm.

Cr Geange returned to the meeting at 12.30 pm (via audio link).

Cr Geange left the meeting at 12.41 pm (via audio link) due to technical failure.

Cr Geange returned to the meeting at 12.55 pm (via audio link).

3.7 Audit Management Report

General Manager IT, Risk and Finance 2304.15

[Secretarial Note: At the direction of the Chair, this item was taken out of order before item 3.6 'Annual Report 2017/2018'. The meeting agreed that a part of the discussion for this item should be held in the Public Excluded session without staff present. This part of the discussion was held when the meeting went into Public Excluded session at 1.27pm, before item 4.1 'Public Excluded Audit, Risk and Finance Committee minutes 13 June 2018'.]

Moved Smith/Wethey

That the Audit, Risk and Finance Committee receives the General Manager Risk, IT and Finance's report 'Audit Management Report' dated 05 September 2018 and Attachment, and the information contained therein.

Carried

3.6 Annual Report 2017/2018

General Manager IT, Risk and Finance 2304.15

Moved Smith/Wethey

That the Audit, Risk and Finance Committee:

- 1 Receives the General Manager Risk, IT and Finance's report 'Annual Report 2017/2018' dated 04 September 2018 and Attachment 1; and*
- 2 Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provisions of s79 of the Act determines that it does not require further information, further assessment of options or further analysis of the costs and benefits of different options prior to making a decision on this matter; and*

- 3 *Recommends to Council that it adopts, at its meeting on 27 September 2018, the Annual Report 2017/2018, subject to final Audit Opinion for the year ending 30 June 2018 and subject to final checking by audit of disclosures, and subject to amendments as per the Committee's feedback; and*
- 4 *Notes that the Summary Annual Report 2017/2018 is being completed and will be released to the public in due course; and*
- 5 *Delegates the Chief Executive and Mayor to approve minor typographical changes and the Committee's feedback amendments that do not alter the intent of the information in the Annual Report 2017/2018.*

Carried

3.8 Health and Safety Update September 2018

Health and Safety Advisor 2209.0

Moved Geange/Smith

That the Audit, Risk and Finance Committee:

- 1 *Receives the General Manager Infrastructure's report 'Health and Safety Update September 2018' dated 30 August 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Notes the update on health and safety performance; and*
- 4 *Notes the update on the development of Council's health and safety systems.*

Carried

3.9 Northland Transportation Alliance (NTA) End of Year Report (to 30 June 2018)

Roading Manager 41

Moved Wethey/Smith

That the Audit, Risk and Finance Committee receives the Roding Manager's report 'Northland Transportation Alliance (NTA) End of Year Provisional Report (to 30 June 2018)' dated 03 September 2018 and the information contained therein.

Carried

4 Public Excluded Committee Items 12 September 2018

The meeting went into Public Excluded session at 1.27pm.

Moved Wethey/Smith

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

- *Public Excluded discussion on item 3.7 'Audit Management Report';*
- *Public Excluded Audit, Risk and Finance Committee minutes 13 June 2018;*
- *Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory;*
- *Risk Register;*
- *Staff action sheet; and*

That Deloitte auditors Peter Gulliver and Vera Chien remain for the Public Excluded session.

The general subject matter of each matter to be considered while the public is excluded and the reasons 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	Ground(s) under Section 48 (1) for the passing this resolution:
<i>Public Excluded Audit, Risk and Finance Committee minutes 13 June 2018</i>	<i>Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) 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.</i>
<i>Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory</i>	<i>Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) 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.</i>

<p><i>Risk Register</i></p>	<p><i>Section 7(2)(g) maintain legal professional privilege.</i></p> <p><i>Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i></p>	<p><i>Section 48(1)(a) 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.</i></p>
-----------------------------	---	--

Carried

5 Open Committee Meeting 12 September 2018

The meeting returned to Open session at 2.03pm.

Closure

Meeting closed at 2.06pm.

Confirmed

Chair

Kaipara District Council

Dargaville

3 Open Committee Items 12 December 2018

File number: 2304.15/AR&F 2018/2019/Dec **Approved for agenda**
Report to: Audit Risk and Finance Committee
Meeting date: **12 December 2018**
Subject: **Legal Compliance update**
Date of report: 04 December 2018
From: Sue Davidson, General Manager Risk, IT and Finance
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Part of the responsibilities of this Committee is monitoring risk associated with legal compliance and to provide oversight to the approach to risk and complying with regulatory and statutory requirements. This report summarises how we demonstrated legal compliance.

Recommendation

That Audit Risk and Finance Committee receives the General Manager Risk, IT and Finance's report 'Legal Compliance update' dated 04 December 2018 and the information contained therein.

Reason for the recommendation

To review legal compliance since last reported.

Reason for the report

This is to show how Council is meeting its legal compliance obligations.

Background

This report will detail instances of non-compliance and progress with addressing the instances of actual or potential non-compliance. The Council has provided the following information:

1 General Management/Fraud

At the last Audit, Risk and Finance meeting I reported that there had been fraudulent activity on our BNZ visa line that saw credit card customers (not ours) having money taken off their credit cards. This was refunded by BNZ at the time but meant that Visa payments had to be closed down for a number of days during the August **2018** payment period.

This has occurred twice more, on **01 October 2018** and most recently on **24 October 2018**. Both times the BNZ has had to close down our VISA payments system. Initially they thought they had fixed the problem by putting a minimum payment of \$12 but it seems fraudulent activity is occurring over \$15.

I have talked to the BNZ manager as this causes an inconvenience to our customers, in that credit card payment may not be available at times our customers need it and want to pay us. The most recent incident also involved the BNZ refunding one of our customers overseas who had paid rates early as there was a good US\$ rate.

I have spoken to BNZ and they have replied

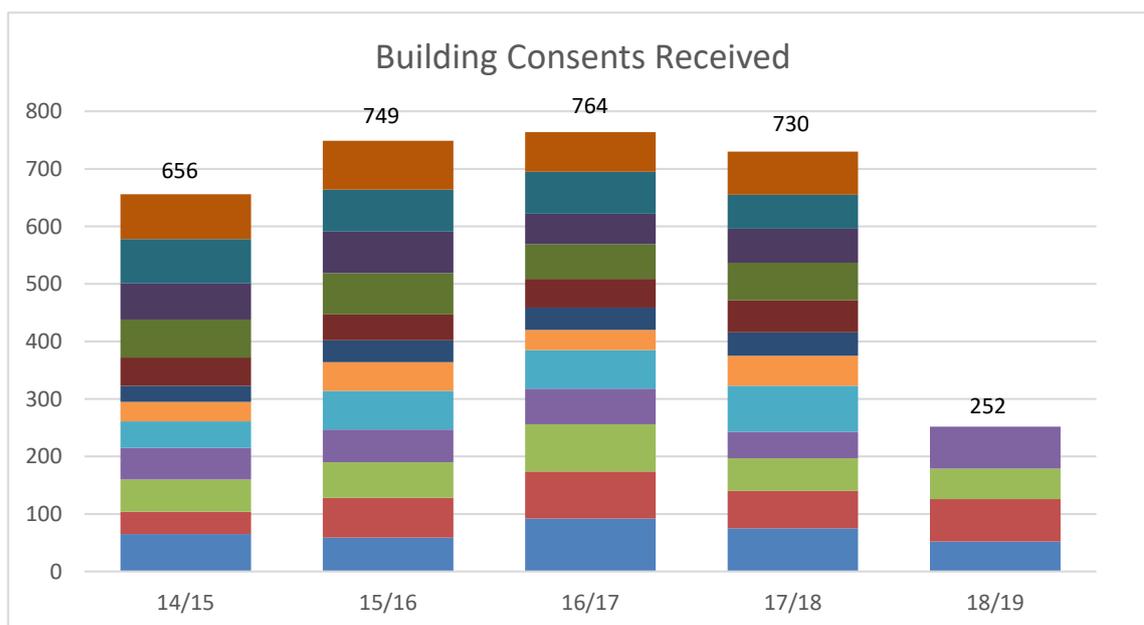
“Attacks like this happen with reasonable regularity across many different service providers and industries. It is an on-going challenge & we often find that fraudsters adapt their behaviour to circumvent actions put in place as preventative measures. We also have a dedicated Financial Crime team that are constantly monitoring transaction volumes and patterns to proactively identify potential threats whenever possible.

This being said, BNZ does support other solutions for Payment Gateway services if you would like to explore an alternative to Buyline. Let me know if you would like me to introduce a different vendor for further evaluation.”

At this stage we are not changing to a different vendor. BNZ identified at the time that Council had not been charged convenience fees and is keen to have us continue to bank with them.

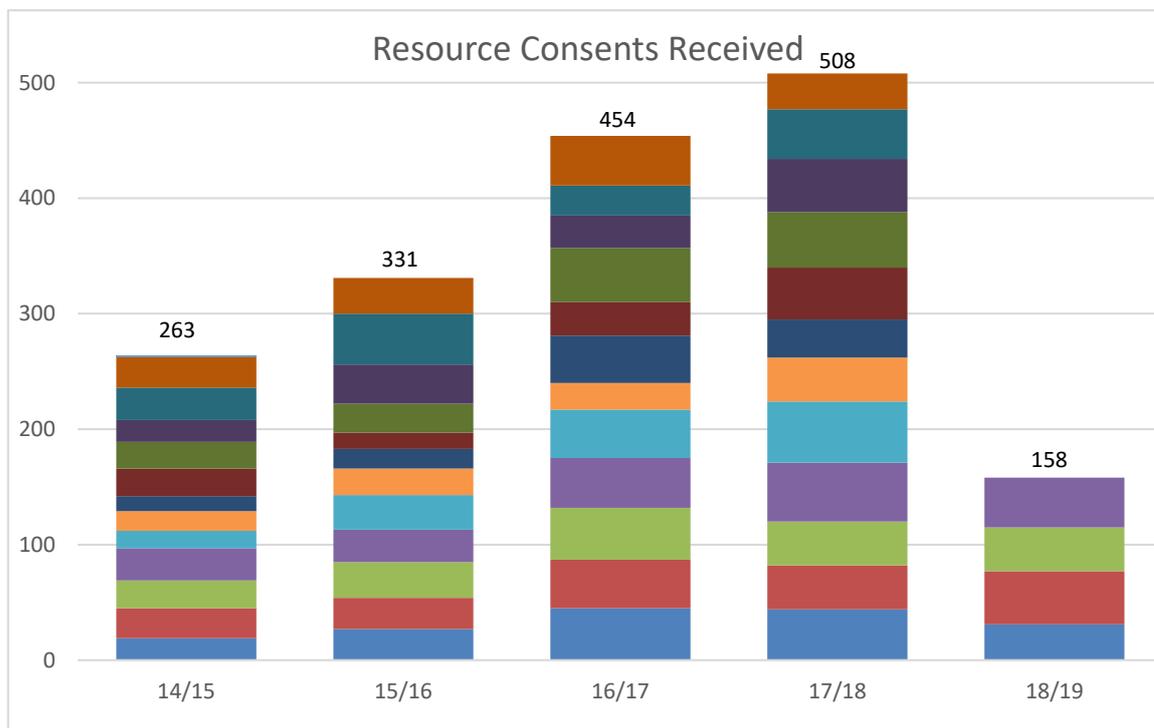
2 **Planning and Regulatory**

Building consents: The aim is to have 100% of building consents processed within the statutory timeframe. For the last year 97% of building consent applications were processed within that timeframe.



Percentage of building consents processed within statutory timeframes				
2014/2015	2015/2016	2016/2017	2017/2018	Quarter 2019
99%	99%	98%	97%	93%

Resource consents: The aim is to have all non-notified land use and subdivision consents processed within the statutory timeframe.



Percentage of resource consents processed within statutory timeframes				
2014/2015	2015/2016	2016/2017	2017/2018	Quarter 2019
100%	99%	99%	87%	67%

The most recent month of November showed environmental compliance of 72%.

Environmental health: Raw water supply to Kaihu and some houses in Maungaturoto is being used as a domestic supply, so the risk is it could be subject to contamination and affect residents' health. Non-compliance with the Health Act 1956 and Drinking Water Amendment Act 2007. Currently supplying water bottles to residents. WINZ has been approached but it appears Council may have to fund by loan water tanks for approximately 18 houses and ensure payback over 10 years with security provided over the individuals property. This is being programmed for December 2018.

3 **Operations**

Infrastructure: Compliance with all resource consents under the Resource Management with the exception of:

- Kaiwaka Treatment of Sewerage – Northland Regional Council (NRC) testing has revealed that the discharge from the Kaiwaka oxidation ponds is not up to standard. An abatement notice has been issued but NRC has chosen to work with Council at this stage. NRC is currently doing testing to see if there is animal pollution that is contributing to the negative results. The NRC has said their test of the fecal coliforms could not confirm whether the source was human or animal, nevertheless their duty is to ensure that Kaipara complies with

the resource consent conditions.

NRC requested KDC to provide a roadmap for a solution to the issues at the treatment ponds. Here is the timeframe given by NRC:

“We are engaging a consultant to provide guidance on what needs to be done to bring the treatment system to compliance. At this stage we do not know how far in terms of financial requirements and complexity of work this work will entail. Until we have the results from the consultants, I have a draft of the path we intend to follow below:

1. Engage a consultant to investigate what needs be done to the treatment system to bring it to compliance, and depending on whether and easy fix is identified, we would also pursue the possibility of varying the consent:

- a) Out to selected consultants by end of Oct 2018,*
- b) Preliminary findings and draft AEE by end of Mar 2019,*
- c) Submitted to NRC end of Apr 2019.*

2. Carry out CCTV survey/ I&I inspections of Kaiwaka Network: This will be to identify points of infiltration and other defects in the existing network to manage wet weather flow issues, install flow monitors at plant and connect monitoring systems to SCADA network.”

File number: 2304.15/AR&F 2018.2019/Dec **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: **12 December 2018**
Subject: **Quarterly Finance Report**
Date of report: 03 December 2018
From: Sue Davidson, General Manager Risk, IT and Finance
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Financial Performance is reported on so that the Audit, Risk and Finance Committee (the Committee) can monitor performance. This is a new report and will be refined at elected members request.

Recommendation

That Audit, Risk and Finance Committee receives the General Manager Risk, IT and Finance's report 'Quarterly Finance Report' dated 03 December 2018 and the information contained therein.

Reason for the recommendation

To be informed as to Council finances in order to monitor the financial performance of Council.

Rating and Debtors Report as at 31 October 2018

Land Rates Arrears Summary \$000

Arrears debt	No	31 October 2018		No	31 October 2017	
Mortgaged Properties	759	1,084,582		668	813,046	
Properties with no Mortgage	1,441	1,340,859		1,262	1,102,012	
Abandoned Land	7	139,965		7	107,245	
Maori Freehold Land	154	2,403,744		146	2,198,843	
	2,361	4,966,150	34% of debt	2,083	4,221,146	33% of debt

What has happened

There are five staff in the Revenue team with three of these new this year. One is a new position created so that collection of rates could be given more priority and focus. The figures above do not show any improvement in collection however the team is progressing to collect outstanding rates. The Court of Appeal decision was released in our favour on 06 November 2018. Amounts owed from Stayed and Judgment debtors had been set aside and can now be pursued. We have taken direction from the Crown Manager, Peter Winder.

Stayed defendants

- 1 Letters clarifying the debt situation have been sent to all stayed defendants.
- 2 One property sold – rate arrears settled.
- 3 One other property may be in the process of selling, having had a LIM report request. This will result in arrears being settled.

Judgment defendants

- 1 Letters of demand were sent to all judgment defendants.
- 2 One property has settled with all arrears being paid.
- 3 One property has entered into a payment plan.
- 4 Staff are discussing a payment plan with one other ratepayer.
- 5 Staff to correspond again with remaining three defendants again before proceeding with enforcing Judgment.

Properties heading towards rates being time barred

- 1 Three properties were heading towards having 2011/2012 rate arrears statute barred have had Statement of Claims lodged in court. Council's interests have been protected.
- 2 One has entered into a payment plan.
- 3 Staff to progress the remaining two towards Judgment.

Letters of intention to demand payment of outstanding rates from the 2017/2018 year will be sent to Mortgagees and ratepayers prior to Christmas 2018, with formal demand for payment to follow in March 2019. 11 properties in the district have previously been identified as abandoned land and staff are currently reviewing these with the aim to have these declared through the Courts as abandoned early in the 2019 year. The declaration of the Court will enable Council to sell or lease the land by either public auction or public tender. Staff are currently analysing the remaining outstanding rates debtors and are working on a communication strategy that will inform ratepayers of their outstanding rates, their obligation to pay and the next steps if payments, or arrangements to pay are not received.

Sundry Debtors Summary \$000

	Current	30 Days	60 Days	90 days	Total
Month of October 2018	632	78	51	484	1245
Aging Percentage	51%	6%	4%	39%	100%
Month of June 2018	460	90	81	525	1,156
Aging Percentage	40%	8%	7%	45%	100%

Other Debtors	30 Days		60 Days		90 days		Total Arrears	
	\$	Number	\$	Number	\$	Number	\$	Number
Aged Arrears at 30 October 2018								
Resource consents	22,740	11	2,880	5	47,600	39	73,220	55
Licensing, compliance, pools	2,000	8	1,840	5	24,000	49	27,840	62
Building consents	1,400	6	15,700	5	52,900	17	70,000	28
Sundry debtors - housing	-	-	-	-	340	1	340	1
Sundry debtors	5,900	7	600	2	108,600	23	115,100	32
Water rates	46,400	149	29,900	98	250,900	512	327,200	759
Total	78,440	181	50,920	115	484,340	641	613,700	937

The sundry debtors outstanding percentages have improved since last quarter. The team is ensuring that water rates will be pursued at the same time as land rates so costs of collection are minimised.

Financial Information

The October monthly accounts have been included for completeness, although they were included in the last Council meeting.

Statement of Operating and Capital Performance

	Year to Date October 2018			Indicator	Full Year Annual Plan \$000's
	Actual \$000's	Annual Plan \$000's	Variance \$000's		
Total Rates	11,509	11,676	(167)	●	35,029
Operating Subsidies and Grants	1,495	1,528	(33)	●	4,584
Activity Revenue and Other Income	2,223	1,766	458	●	5,544
Total Operating Income	15,227	14,970	257	●	45,156
Employee Benefits	3,548	3,607	59	●	10,819
Contractors	3,346	3,073	(273)	●	8,706
Professional Services	1,151	1,600	449	●	4,924
Repairs and Maintenance	903	987	84	●	3,348
Finance Costs	845	983	138	●	2,950
Other Operating Costs	2,050	1,828	(223)	●	5,317
Total Operating Costs	11,843	12,078	235	●	36,063
Operating Surplus / (Deficit) before Depreciation	3,384	2,891	492	●	9,093
Capital Subsidies	1,194	2,759	(1,565)	●	8,276
Contributions	1,704	831	873	●	2,494
Other Capital revenue	117	0	117	●	175
Total Capital Revenue	3,015	3,590	(575)	●	10,945
Capital Expenditure	2,562	4,372	1,810	●	23,529
Total Capital Expenditure	2,562	4,372	1,810	●	23,529
Subtotal Capital	453	(782)	1,235	●	(12,584)
Surplus / (Deficit) before Loan Payments and Depreciation	3,837	2,109	1,727	●	(3,492)

Key ● Favourable ● Unfavourable within 10% of Budget ● Unfavourable over 10% of Budget

Public Debt and Requirements			
	Jun-18 \$000's	Oct-18 \$000's	Jun-19 \$000's
Debt			
Debt	46,000	51,000	46,270
Cash in bank (overnight deposits)	- 3,641	- 6,693	- 500
Net debt	42,359	44,307	45,770
Reserves (future obligations)			
Development Contribution Reserve	- 24,648	- 24,648	-
Other Reserves	16,946	16,946	13,360
Total	- 7,702	- 7,702	13,360
Debt Requirements			
Debt	46,000	51,000	46,270
Future obligations	16,946	16,946	13,360
Gross Debt Requirement	62,946	67,946	59,630
Less cash in bank	- 3,641	- 6,693	- 500
Net Debt Requirement	59,305	61,253	59,130

Statement of Operating and Capital Performance

The Council has recorded an operating surplus of \$3,384,000 prior to depreciation compared with the Annual Plan of \$2,891,000 being a favourable variance of \$492,000 to 31 October 2018.

Rates Revenue:

Overall general and targeted rates are in line with budget. Water rates revenue is lower due to budget timing difference

Penalties are higher due to arrears penalties applied.

Activity Revenue and other income is higher as a result of increased resource consent income.

Operating Costs:

Overall costs are generally below budget.

Contractors costs are above budget year to date. The increase for year to date was mainly related to roading for extra repairs and maintenance costs of structures and footpaths in the month of September.

There is an issue with Professional Services being over budget because consultants have had to be used to process the resource consents.

Other operating costs are above budget year to date mainly due to timing differences. Rates paid for whole year on Council properties - \$279k.

Finance costs remain below budget due to lower inter-period loan balances due to lower capital expenditure.

Capital Revenue:

Capital subsidies are below budget due to capital expenditure not progressing as was budgeted on roading.

The financial and development contributions are continuing to be well above budget for the month of October and year to date.

Other capital revenue increase is due to sale of land on Tomarata Road.

Significant Activities Net Cost for the period to 31 October 2018

Activity	Actual Operating Income \$000s	Actual Operating Costs \$000s	Actual Net Operating Surplus/(Deficit) \$000s	Annual Plan Net Operating Surplus/(Deficit) \$000s		Explanation of variances
Community Activities	1,771	1,356	415	(48)		Increase in activity revenue – Kai Iwi Lakes camp ground revenue increase during Labour Weekend. Lower expenditure – Swimming pool grant of \$42k will be paid in November 2018. Grounds and drains maintenance of \$156k is scheduled for future months.
District Leadership	1,887	2,625	(738)	(710)		On budget to date but note annual licence for Kotui Library software of \$48k was unbudgeted.
Regulatory Management	2,093	1,911	182	1		Income above budget due to increase in subdivisions consents income. Costs increased as large bills for consultants.
Roads/Footpaths	4,783	3,475	1,308	1,233		Extra work done on roads and footpaths by contractors has been an increase on costs. Professional services only just being utilised but offsets increased contractor costs.
Flood control	252	108	145	151		On budget.
Wastewater	2,550	1,111	1,439	1,291		Costs for professional services down to date but will be utilised later in year for consulting on impacts of growth.
Solid Waste	517	373	144	116		Income above budget due to Waste Levy recovery in advance.
Stormwater	539	286	252	327		Reticulation maintenance work done in Mangawhai and Dargaville area.

Activity	Actual Operating Income \$000s	Actual Operating Costs \$000s	Actual Net Operating Surplus/(Deficit) \$000s	Annual Plan Net Operating Surplus/(Deficit) \$000s	Explanation of variances
Water Supply	834	599	236	531	Revenue is lower due to budget timing difference. Fonterra is to pay for some reticulation this year and capital expenditure has not yet begun but income is being accrued
Whole Council	15,226	11,844	3,383	2,892	

Kaipara District Council - Capital Projects for the period ended 31 October 2018

	Actual (YTD) \$	Budget (YTD) \$	Variance (YTD) \$	Budget (WY) \$	Budget remaining \$
Activity - Work in Progress					
Community Activities	95,629	372,000	276,371	1,957,217	1,861,588
District Leadership, Finance and Internal Services	182,535	86,664	-95,871	1,315,000	1,132,465
Flood Protection and Control Works	4,000		-4,000	158,500	154,500
Regulatory Management					
Sewerage and the Treatment and Disposal of Sewage	274,539	579,250	304,711	3,703,500	3,428,961
Solid Waste	30,998		-30,998	800,000	769,002
Stormwater Drainage	124,716		-124,716	170,000	45,284
The Provision of Roads and Footpaths	1,892,949	2,977,607	1,084,658	13,547,131	11,654,182
Water Supply	-43,239	356,500	399,739	1,878,000	1,921,239
Grand Total LTP Year 1	2,562,127	4,372,021	1,809,894	23,529,348	20,967,221

In four months 11% of the capital works programme has been completed which is behind budget.

In addition to the above capital items from Yr 1 of the LTP Council had approved \$3,042,004 in carry forwards which will be reported on in next quarter.

In addition to the above capital items from Yr 1 of the LTP Council added projects totalling \$704,000, which were brought forward from 2019/2020 Yr 2 the LTP.

Capital Works by Significant projects

	Actual (YTD) \$	Budget (YTD) \$	Variance (YTD) \$	Budget (WY) \$	Budget remaining \$
Structures Component Replacements 2018/2019	258,287	207,900	-50,387	2,250,000	1,991,713
Roads to be determined 2018/2019	44,315	629,016	584,701	2,186,960	2,142,645
Quail SW improvements	124,326	73,935	-50,391	1,197,935	1,073,609
Mangawhai Upgrade WWTP	11,045	125,000	113,955	1,000,000	988,955
Drainage Renewals 2018/2019	268,689	261,332	-7,357	740,000	471,311
LED conversion of streetlights	100,730	100,730	0	724,609	623,879
Hakaru Leachate Improvements	26,600	23,246	-3,354	685,549	658,949
Dargaville Main under Dargaville High: Reroute/replace pipe				637,500	637,500
Mangawhai WW Extend Irrigation System	370,909		-370,909	600,000	229,091
Mangawhai Wastewater Upgrade PS-VA	0		0	600,000	600,000
Dargaville WW PS1/PS2 Rising main from Pump Station 2 to Pump Station 1		75,000	75,000	596,000	596,000
Mangawhai Tara Road Box Culvert RP7270	128,347	27,224	-101,123	560,001	431,654
MCP Moir/Molesworth Intersection (Intersection 2)				550,000	550,000
MCP Insley/Moir Intersection (Intersection 1)				550,000	550,000
Mangawhai Cove Rd RP0-1152 Rehab				539,592	539,592
Digital transformation	75,631	26,664	-48,967	1,000,000	924,639
Total Significant Projects accounted for				\$14,418,146	

File number: 2304.15/AR&F Sept 2018 **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: **12 December 2018**
Subject: **Treasury Management**
Date of report: 28 November 2018
From: Violeta Kayryakova, Finance Manager
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Council undertakes treasury management activities in accordance with its Treasury Management Policy and Treasury Operations schedule. Council is working closely with the PwC Treasury advisors.

Council management provides the Audit, Risk and Finance Committee (the Committee) with detailed operational Treasury reporting.

Tools and techniques that are used to manage debt and funding are:

- Daily cash flow forecasting, undertaken in-house;
- A treasury model, managed jointly by Council and PwC to monitor Council's funding and interest rate risk management position at a given point; and
- PwC treasury advisors provide in-depth advice.

Council primarily borrows from the Local Government Funding Agency (LGFA) who provides the cheapest debt financing and longest maturity terms for debt financing available. Since 2016 Council has progressively refinanced and repaid debt. At 31 October 2018 a total of \$51m was drawn.

Recommendation

The Audit, Risk and Finance Committee receives the Finance Manager's report 'Treasury Management' dated 27 November 2018.

Reason for the recommendation

The Committee needs to be informed and updated on treasury management activities. This enables the Committee to make informed decisions regarding Council's future debt and funding strategies.

Reason for the report

To provide the Committee with detailed treasury management information and to provide an opportunity to discuss strategic directions.

Background

Council's current Treasury Management Policy was adopted in February 2018. Council's specialist Treasury advisors are PwC, since 2011.

Treasury Management

Council management conducts treasury operations in conjunction with Council's advisors, PwC.

Tools and techniques that are used to manage debt are:

- Daily cash flow forecasting - projecting timing of cash movements over the course of the year;
- A treasury model, managed jointly by Council and PwC to monitor Council's debt management position at a given point. This tool records loans and swaps that have been entered into and monitors the position against policy limits. It reflects on the current positions and projects future positions. In summary, the tool generates.

PwC's recommendations to Council are as follows:

- Pre-fund the upcoming March 2019 LGFA borrowing maturity to forward manage refinancing risk;
- As core debt becomes due, renew with longer term funding maturities to ensure adequate funding maturity risk spreading, achievement of compliance with Treasury Policy parameters and matching of funding terms with term of assets being funded (subject to understanding of Council's anticipated one off proceeds). This will likely also reduce current funding margins paid, with LGFA borrowing costs at favourable levels presently;
- Continue to meet short term funding requirements through LGFA commercial paper issuance;
- Execute receive fixed interest rate swaps to reduce proportion of interest rate fixing and achieve compliance with Treasury Policy parameters.

The Debt ratios and limits are key ratios which indicates whether Council is managing its finances appropriately.

Debt ratios and limits:

Ratio	KDC Policy	LGFA Covenants	KDC as at 31 October 2018	Compliance
Net debt as a percentage of total revenue	<170%	<175%	91%	Yes
Net interest as a percentage of total revenue	<15%	<20%	5%	Yes
Net interest as a percentage of annual rates income	<20%	<25%	5%	Yes
Liquidity	>110%	>110%	117%	Yes

Council is well within its policy limits.

Current Positions (31 October 2018): Indicates whether or not Council is within Treasury Policy parameters and its current funding and liquidity risk position (**Attachment 1**):

Council's funding and liquidity risk position:

	Minimum cover to Maximum cover	Actual %	Compliance
0 to 3 years	15% to 60%	62%	No
3 to 5 years	15% to 60%	29%	Yes
5 years plus	10% to 60%	10%	Yes

- Actual liquidity ratio is 117%;
- There were breaches of policy positions to report. Council's funding maturity profile evidences an excess of funding maturities within the 0-3 timeframe and a shortage of funding tenors greater than five years. These breaches have occurred due to a desire to maintain a short term funding profile as debt levels have been actively reduced over recent years.

Council's interest rate risk position (**Attachment 2**):

- 76% of the portfolio is fixed (based on a debt forecast level of \$55m).

The rationale for Council being outside Policy is that Council has repaid debt faster than anticipated and also has relied on shorter term debt funding in recent periods.

Projected Positions: Indicates whether or not Council is within Treasury Policy parameters and a summary of funding and liquidity risk position (**Attachment 3**):

Council's funding and liquidity risk position (note that this position assumes existing funding maturities are repaid as they fall due):

Period	Minimum to Maximum Fixed	Actual %	Compliance
Less than 12 months	50% to 95%	92% Fixed	Yes
12-36 months	40% to 90%	61% Fixed	Yes
37 to 60 months	30% to 80%	45% Fixed	Yes
Greater than 60 months	Nil to 50%	37% Fixed	Yes

There are no breaches of Policy parameters.

- Council receives active advice and information from PwC in the form of a monthly telephone conference to discuss the current position in relation to the market and strategies going forward, ad hoc meetings or telephone conversations as required, general market bulletins and other material that is more specific to Kaipara District Council as required. General bulletins from PwC are supplemented by market material from banks.

Guarantees

No guarantees have been entered into since 12 September 2018.

The maturity term of a \$5m BNZ facility was extended in August 2018 to ensure future short term cash obligations can continue to be met e.g. civil defence emergency as per the Treasury Policy.

The ANZ facility which had previously been \$20m was reduced to \$5m and this has been extended to 2022. This is also to meet a provision for liquidity should this be needed.

Factors to consider

Community views

The community would expect industry standard treasury management practices.

Policy implications

This report is in line with Policy, with the exception of the debt ratios, which the elected members have been aware of.

Financial implications

There are no financial implications as a result of this report.

Legal/delegations implications

This report is for information and does not trigger legal or delegation implications.

Options

The options available to the Committee:

Option A: Accept the report. Under this option the Committee would receive the information.

Option B: Ask for additional information or further clarification. Under this option the Committee could ask for additional information or further clarification.

Assessment of options

These options are not necessarily mutually exclusive, however Option A ratifies the current position.

Assessment of significance

Receiving Treasury information is a routine business practice issue and is not significant in terms of Council's Significance and Engagement Policy.

Recommended option

Option A, receive the report.

Attachments

- **Attachment 1:** Funding and liquidity risk position at 31 October 2018
- **Attachment 2:** Interest rate risk position at 31 October 2018
- **Attachment 3:** Debt Interest Rate Policy Parameters at 31 October 2018

31-Oct-18

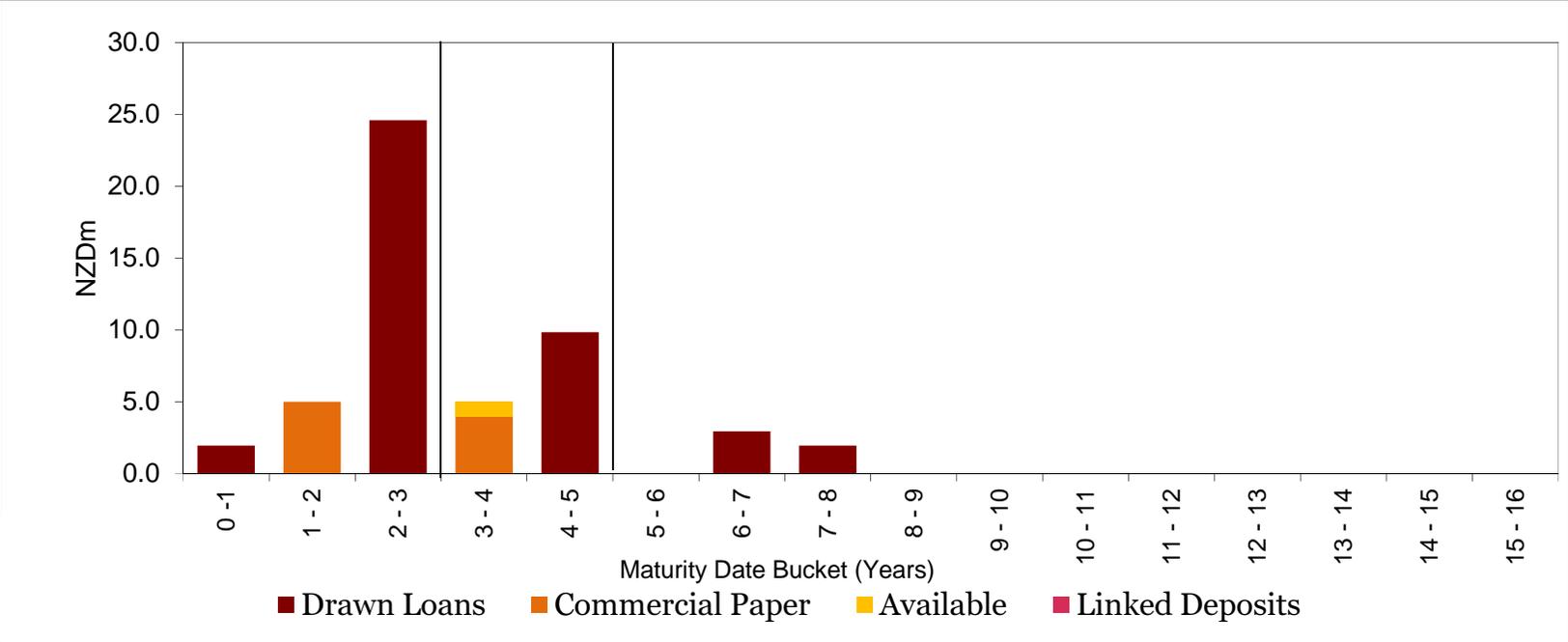
Kaipara District Council

Funding & Liquidity Risk Position

Committed Loans/Stock/Facilities/Investments \$58.8m
 Current External Debt \$50.3m
 Current Net Debt \$42.8m

Policy Liquidity Ratio >=110%
 Actual Liquidity Ratio 117%

	0 - 3 years	3 - 5 years	5 years plus
Policy Target Band	15%-60%	15%-60%	10%-60%
Actual	62%	29%	10%
Actual (NZDm)	31.57	14.84	4.92



31-Oct-18

Kaipara District Council

Interest Rate Risk Position

Overall Fixed

Policy Min 60%

Policy Max 90%

Actual 76%

based on projected debt of \$55m 31 October 2019

Actual Floating

24%

13m

Policy Target band

Actual

Actual (NZDm)

1 - 3 years

15%-60%

33%

13.86

3 - 5 years

15%-60%

24%

10.08

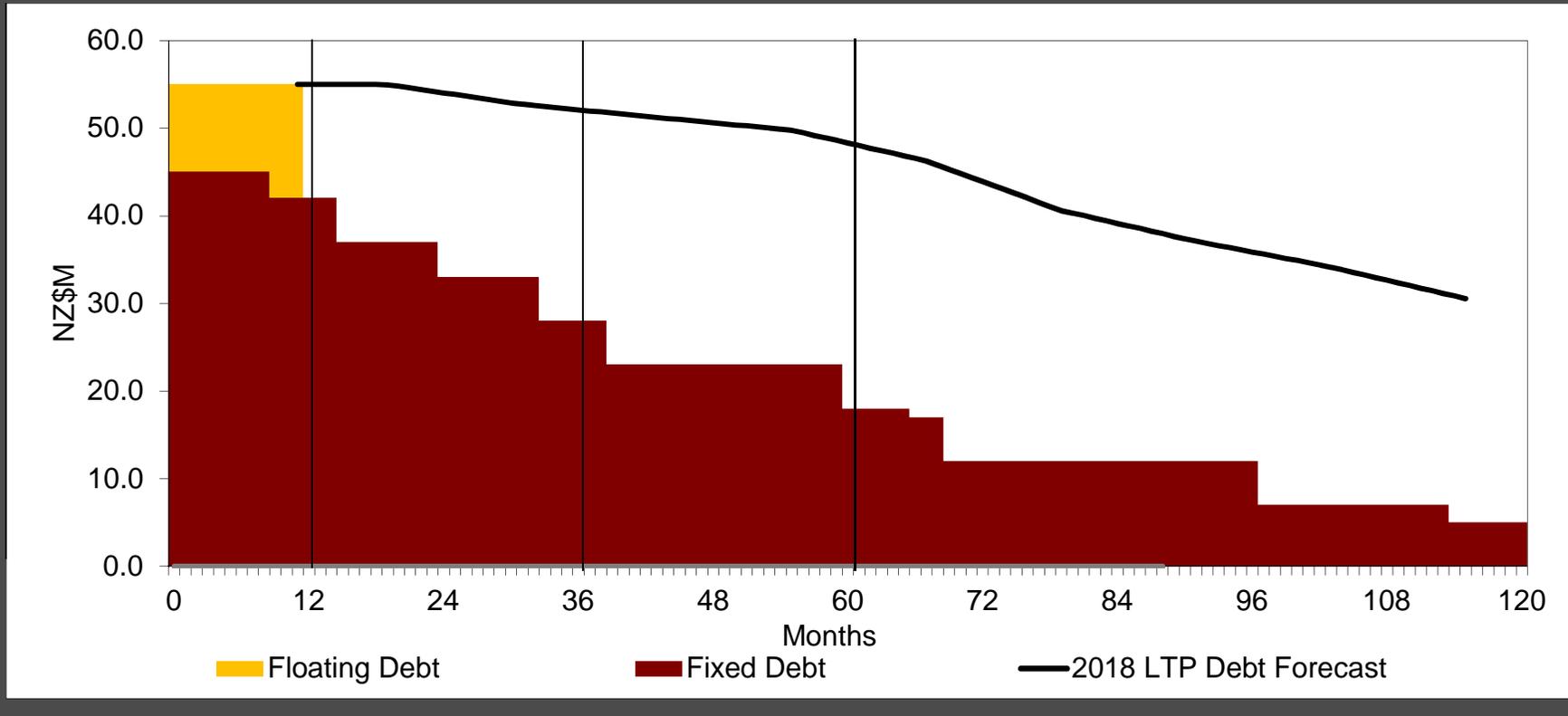
5 years plus

0%-60%

43%

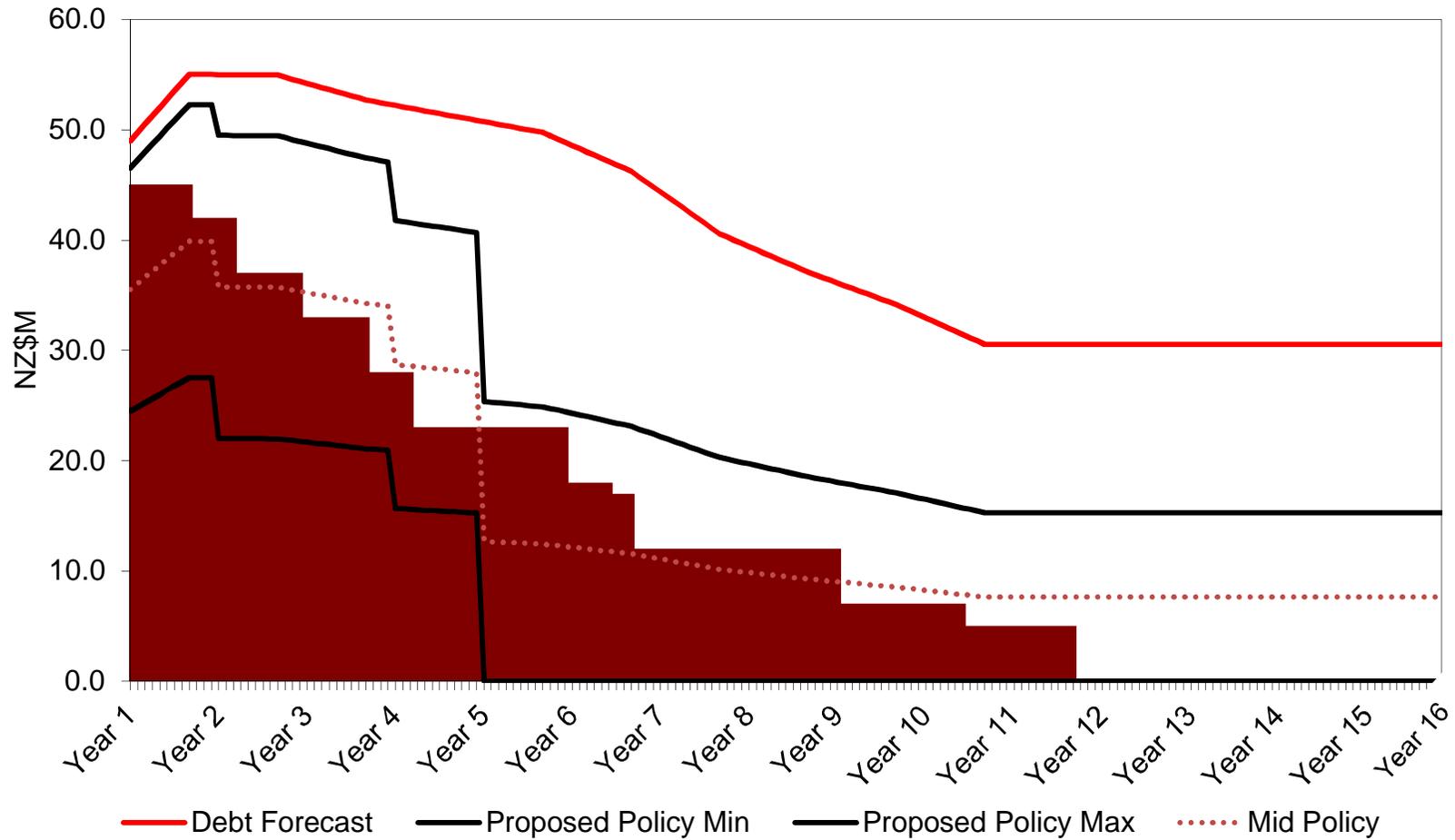
18.06

42m



31-Oct-18

Kaipara District Council



File number: 2128.01 **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: 12 December 2018
Subject: Policy Register Review Programme Update
Date of report: 27 November 2018
From: Linda Osborne, Administration Manager
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

The purpose of this Paper is to update the Audit, Risk and Finance Committee of the Policy Register, its contents and the review programme. The Register currently has 64 separate policies.

Recommendation

That the Audit, Risk and Finance Committee receives the Administration Manager’s report ‘Policy Register Review Programme Update’ dated 27 November 2018 and the information contained therein.

Reason for the recommendation

It is local government best practice that Council has and maintains a policy register and this report informs the Committee of progress with the review programme.

Reason for the report

To inform the Committee of the ongoing programme to maintain the currency of Council Policies.

Background

Council currently maintains 64 separate policies, **Attachment 1**. General Managers have the responsibility of periodically reviewing policies in their area and the GM Strategy, Governance and Democracy has an over-arching programme to ensure that happens. Some policies (operational) are authorised by the Chief Executive only, whereas others, in the interest of transparency, are adopted by Council.

The Policy Review Programme began in 2014 and was migrated onto the Council intranet (SharePoint) in 2016 enabling all staff easy access to ‘a single source of truth’ Policy Register. With staff changes, reviewing the policies stalled and the Register was not updated. The review programme has now recommenced.

This report reviews the programme as at 30 September 2018 and it will be reviewed quarterly with an update provided to each Audit, Risk and Finance Committee.

Issues

None.

Factors to consider

Community views

Those policies adopted by Council are made available to the public via published Council agendas and open forum Council meetings, and once adopted are then available on the Council website.

Policy implications

There are no policy implications of the review programme itself, aside from not meeting the review dates.

Financial implications

None.

Legal/delegation implications

Not applicable.

Options

Not applicable.

Assessment of options

Not applicable.

Assessment of significance

Not applicable.

Recommended option

Not applicable.

Next step

An update of the Policy Review Programme will be presented at each Audit, Risk and Finance meeting. Those policies requiring adoption by Council will also be periodically presented to Council.

Attachment

- Attachment 1 - List of 64 policies, their review dates and current status

Policy Name	Description	Status	Last Reviewed Date	Next Review Due	Comments	Policy Owner	RAG Status
Application of Sale Proceeds to Debt	To ensure that the application of sales or other proceeds to debt is systematic, fair and transparent.	Adopted	15/12/2015	15/12/2017	Will be reviewed early next year	GM Finance	
Bullying and Harassment Policy	Provides guidance and information to staff on how to identify, report and help prevent bullying or harassment occurring at KDC.	Adopted	30/11/2015	30/11/2020		GM People & Capability	
Class 4 Gambling Venues Policy	Controls the growth, integrity and fairness of gambling. The Policy provides the mechanism to limit opportunities for crime and dishonesty and ensures money from gambling benefits the community.	Adopted	23/06/2015	1/11/2018	Currently under review with hearings and deliberations completed 28 Nov 2018. Recommendation going to Dec 2018 Council meeting	GM Regulatory, Policy & Planning	
Code of Conduct - Staff	Policy deals with the way we go about our business and provides guidance on the standards of behaviour that are to be observed to ensure that these values are upheld.	Adopted	3/04/2017	3/04/2020		GM People & Capability	
Community Assistance Policy	The Policy sets out criteria to assist decision making when allocating funds for community assistance to competing requests.	Adopted	30/08/2017	30/08/2020		GM Regulatory, Policy & Planning	
Conflict of Interest - Staff	The purpose of this document is to clarify for Council Staff and representatives what constitutes a Conflict of Interest, their obligation to declare any conflict when it arises, how conflicts will be managed and the potential consequences if Staff and/or representatives do not comply with their obligations.	Adopted	28/07/2016	28/07/2021		GM People & Capability	
Constituent Engagement Policy	Outlines how Councillors will handle complaints, feedback and issues of some contention from constituents and provides clarity for Councillors, staff and the community.	Approved	30/11/2016	30/11/2019		GM Governance, Strategy and Democracy	
Customer Privacy Policy	This Policy governs Council's collection, use and disclosure of customers personal information (as defined in the Privacy Act 1993 (Privacy Act)) and has been prepared in accordance with Council's obligations and the customers rights set out in the Privacy Act.	Approved	8/03/2018	8/03/2021		GM People & Capability	
2018 Development Contributions Policy	Sets out Council's policy on levying and spending Development Contributions including how much will be levied for each activity in each catchment.	Adopted	23/02/2018	23/02/2021		GM Finance	
Disposal of Operational Assets Policy	The objective of this policy is to provide clear guidelines on the circumstances in which operational assets may be disposed of and the methods that can be used in such disposal.	Approved	28/09/2017	28/09/2020		GM Governance, Strategy and Democracy	
Early payment of rates for subsequent years Policy	States Council's policy with regard to the early payment of rates and zero discounts. Also payment of subsequent years rates in relation to the MCWWS.	Adopted	30/11/2017	30/11/2020		GM Finance	
Easter Sunday Shop Trading Policy 2017	This Policy is to allow shops the choice to trade on Easter Sunday if they wish to. The Policy neither requires shops to open, employees to work or individuals to shop on Easter Sunday.	Adopted	14/03/2017	14/09/2021		GM Regulatory, Policy & Planning	

Elected Members allowances and recovery of expenses Policy	This Policy sets out rules on the claiming of expenses by elected members and the resources that will be available to them during their term of office.	Adopted	27/09/2018	30/08/2019	Will be reviewed if required in 2019 to adjust to Remuneration Authority current national review of elected member salaries	GM Governance, Strategy and Democracy	
Code of Conduct Elected Members	Provides guidance on standards of behaviour that are expected from the Mayor and elected members of the Kaipara District Council.	Adopted	16/12/2016	16/12/2019	Will be reviewed in the new electoral term	GM Governance, Strategy and Democracy	
Flexible Working Arrangements Policy	This Policy supports employees with personal responsibilities, for example; family obligations, study and personal health. The policy aims to accommodate the reasonable requirements of staff members' work, life and family requirements, wherever practicable.	Approved	31/10/2016	31/10/2019		GM People & Capability	
Fraud Policy	Objective is to ensure that the assets and reputation of Kaipara District Council and its Staff are protected from fraudulent behaviour.	Adopted	30/05/2018	30/05/2020		GM People & Capability	
Gift Register Policy	The objective of this policy is to provide clear parameters for Council staff to ensure they are not open to influence or public criticism in relation to the receipt of gifts, hospitality and other personal benefits.	Adopted	31/08/2016	31/08/2021		GM People & Capability	
Gifts for Elected Members Policy	Provides clear guidance for Elected Members when considering whether to accept or decline a gift or hospitality. The policy also ensures the community has a clear sense of the Mayor's and Councillors decisions on these matters.	Adopted	30/11/2016	12/10/2018	Will be reviewed prior to 2019 election	GM Governance, Strategy and Democracy	
Health and Safety Policy	Sets out Health and Safety requirements for staff, managers, Health and Safety Committee members and representatives.	Adopted	6/12/2016	6/12/2019		GM Infrastructure	
ICT Contractor Engagement and Exit	The purpose of this policy is to ensure that risk to our systems, software and hardware is minimised and the business remains operational and that the correct processes and procedures are employed when contracting IT services.	Approved	30/06/2017	30/06/2022		GM Finance	
ICT Crime and Incident Policy	The purpose of this Policy is to ensure that the impact and risks associated with an event of IT crime or a security incident are minimised and contained, in order for Kaipara District Council (KDC) to continue business as usual. This policy should be read in conjunction with all other ICT policies.	Approved	31/05/2017	30/04/2022		GM Finance	
ICT Equipment Purchases and BYOD (Bring Your Own Device)	The purpose of this policy is to ensure that the correct processes and procedures are employed when purchasing, deploying, maintaining and replacing hardware and other equipment.	Approved	31/05/2017	31/05/2022		GM Finance	
ICT IT Asset Refresh Policy	The purpose of this policy is to ensure that all desktop equipment is continually refreshed.	Approved	30/06/2017	31/07/2022		GM Finance	

ICT Staff Moves, Additions and Changes Policy	The purpose of this policy is to ensure staff and contractors have access to ICT tools and systems they need to complete their work in a timely manner and ensure that the organisation has an accurate view of its ICT Equipment and Software asset base.	Approved	31/05/2017	31/05/2022		GM Finance	
ICT Staff Moves, Additions and Changes	The purpose of this policy is to ensure staff and contractors have access to ICT tools and systems they need to complete their work in a timely manner and ensure that the organisation has an accurate view of its ICT Equipment and Software asset base.	Approved	31/05/2017	31/05/2022		GM Finance	
IT Change Control Policy	Outlines the change management process for IT changes to ensure risk and costs are controlled	Approved	19/07/2017	19/07/2022		GM Finance	
Legislative Compliance Policy	To ensure that compliance with relevant statutes and regulations are met while undertaking the functions and duties of Local Government.	Adopted	21/04/2016	21/04/2019		GM Finance	
Local Election Hoardings Policy	Provides additional clarity to those wishing to erect election hoardings in addition to those guidelines contained in the District Plan Rules.	Adopted	5/05/2016	5/05/2019	Will be reviewed prior to 2019 election	GM Governance, Strategy and Democracy	
Local Government Election Year Policy - Staff	Sets out guidelines and rules during pre-election for staff.	Adopted	30/01/2016	31/03/2019	Amended date to fit in project plan	GM Governance, Strategy and Democracy	
Maori Freehold Land Rates Postponement and Remission Policy	This Policy is to ensure the fair and equitable collection of rates occurs from all sectors of the community. It is important to also recognise that Māori freehold land has particular conditions and ownership structures which may make it appropriate to provide relief from rates.	Adopted	30/11/2017	30/11/2020	Adopted in conjunction with Council's Long Term Plan	GM Finance	
Misconduct and Disciplinary Policy	Provides Staff with an understanding of what constitutes misconduct and Council's disciplinary process to manage it.	Adopted	13/07/2016	13/07/2021		GM People & Capability	
Mobile Phones Policy	The purpose of this policy is to establish clear and consistent guidelines for the issuance and use of mobile/cell (mobile) phones to conduct official business on behalf of the Council	Approved	31/10/2016	31/10/2019		GM People & Capability	
Officer Delegations Policy	Outlines delegations to ensure cost-effective use of resources and promoting the development of efficient and effective management while providing an appropriate risk management environment.	Adopted	5/04/2017	5/05/2019		GM Finance	
Parental Leave Policy	This Policy outlines to all staff, Council's approach to parental leave and the obligations we have to the employee and the employee has to Council.	Adopted	30/08/2016	30/08/2021		GM People & Capability	
Performance Management Policy	The purpose of the Performance Management Policy is to outline our procedure for resolving poor, non-effective or unsatisfactory performance via informal and formal performance management mechanisms.	Approved	31/10/2016	31/10/2019		GM People & Capability	
Petitions Policy	Sets out definition and procedures around petitions in order to strengthen and improve Council's decision-making through community involvement	Adopted	31/10/2016	30/05/2019	Will be completed prior to 2019 election	GM Governance, Strategy and Democracy	
Photocopier Usage Policy	Outlines the access and use of the photocopiers within the organisation	Adopted	27/10/2016	27/10/2021		GM People & Capability	

Policy on Dogs and Dog Management Bylaw	Sets out responsible dog ownership and community awareness to promote an environment where dogs and people can happily co-exist.	Adopted	30/07/2009	30/07/2019	Review under way with initial paper to Dec 2018 briefing	GM Regulatory, Policy & Planning	
Private Seal Extension Guidelines 2016	Sets out Council's guidelines for considering privately funded seal extension requests from ratepayers and/or residents.	Adopted	22/03/2016	22/03/2019		GM Infrastructure	
Procurement and Contract Management Manual	Covers activities associated with purchasing goods and services by the Council.	Adopted	30/09/2014	30/09/2019		GM Finance	
Professional Development and Training Policy	This Policy provides guidelines for administering professional development and training.	Adopted	31/10/2016	31/10/2019	Remuneration Committee to review in future	GM People & Capability	
Protected Disclosures Policy	Outlines the disclosure and investigation of matters of serious wrongdoing and protecting Staff who make disclosures of information about serious wrongdoing.	Adopted	27/05/2013	30/10/2019		Chief Executive	
Rates Postponement and Remission Policy	This Policy is to: provide financial assistance and support to ratepayers address rating anomalies address matters related to wastewater charges address matters related to excessive water rates	Adopted	17/11/2017	17/11/2020		GM Finance	
Recruitment and Selection Policy	Policy ensures all candidates applying for opportunities at Council are treated in the same way.	Adopted	30/08/2016	30/08/2021		GM People & Capability	
Reserves Contributions (Use of) Policy	Defines Council's priorities for use of reserve contributions and uses these priorities to guide the development of a programme of works. A works programme will be consulted on as part of each year's Annual Plan process.	Adopted	23/05/2018	16/12/2020		GM Regulatory, Policy & Planning	
Revenue and Finance Policy	This Policy sets out how Council funds each activity it is involved in and why. It forms part of the LTP.	Adopted	30/06/2018	30/03/2021		GM Finance	
Risk Management Policy and Framework	Outlines the ongoing requirement for all staff to identify opportunities that may enhance Council's objectives and to address risks that may negatively impact on the achievement of Council's objectives.	Approved	15/12/2012	15/12/2017	Currently under review	GM Finance	
Roading Policy	Provides guidelines and rules for Kaipara's roading network.	Adopted	30/09/2002	30/11/2016	Review will be undertaken early 2019	GM Infrastructure	
Sensitive Expenditure Policy	This Policy controls sensitive expenditure and ensure that the standards of probity and financial prudence expected of a public entity are met and the expenditure is able to withstand public scrutiny.	Adopted	23/03/2017	23/03/2020		GM People & Capability	
Significance and Engagement Policy	Guides the assessment of significance during decision-making and provides direction on the consideration of community views and the level of community engagement that might be desirable to enable Council to develop a clearer understanding of community views and preferences on an issue or proposal.	Adopted	30/12/2017	30/12/2020	Must be reviewed as part of the LTP process.	GM Governance, Strategy and Democracy	

Smokefree Parks and Playgrounds Policy	The object of this Policy is to outline how Council will be proactive and demonstrate leadership by promoting a smokefree lifestyle as being desirable throughout the Kaipara district.	Adopted	16/12/2016	16/12/2021	Currently under review with deliberations completed 12 Nov 2018. Recommendation going to Dec 2018 Council meeting	GM Regulatory, Policy & Planning	
Smokefree Workplace Policy	This Policy supports the health and well-being of their employees and, indirectly, their families/whanau through providing an environment that fully supports its employees to become and remain smokefree.	Approved	12/06/2016	12/06/2021		GM People & Capability	
Staff Induction Policy	To enable all new employees to become effective and efficient in their role as quickly as possible they are supported through an on-boarding programme, The New Employee Journey, which covers their first three months of employment.	Adopted	30/07/2016	30/07/2021		GM People & Capability	
Staff Involvement in Political Process Policy	Sets out requirements staff need to be aware of given their position as local authority officers.	Adopted	21/01/2016	31/03/2019	Will be reviewed prior to 2019 election	GM Governance, Strategy and Democracy	
Staff Procurement Policy	Provides Council employees guidelines on their ability to access procurement benefits through their employment relationship with Council.	Adopted	29/07/2014	29/07/2019	Next approval by Remuneration Committee	GM People & Capability	
Totalisator Agency Board (TAB) Venue Policy	Council is required to develop and implement policies relating to stand-alone TAB venues. Consent is required to establish new TAB venues (other than TAB agencies where the main business carried on in the premises is not racing betting or sports betting). Limiting the number of TAB venues that can be established gives Council the opportunity to exercise control over the impact of gambling within the District.	Adopted	27/07/2018	27/07/2021	Currently under review	GM Regulatory, Policy & Planning	
Treasury Policy	This Policy also incorporates the Liability Management and Investment Policies. It outlines approved policies and procedures in respect of all treasury activities undertaken by Council.	Adopted	28/02/2018	28/02/2022		GM Finance	
Vehicle Procedures Policy	The purpose of this Policy is to provide a guide that outlines the procedures for operating and maintaining a Council vehicle. This Policy needs to be read in conjunction with Council's Remuneration Policy and with employees individual employment agreements.	Approved	31/10/2016	31/10/2019		GM People & Capability	
Wastewater Drainage Policy and Bylaw 2016	The purpose of this Policy is to state Council's position and provide the statutory framework for protecting Council's wastewater assets and preventing unacceptable discharges of wastewater. The bylaw provides the mechanism to enforce the Policy.	Adopted	30/09/2016	30/09/2026		GM Infrastructure	
Citizens Awards Policy	This Policy provides an assessment framework to assist the Citizens Awards Committee when determining successful recipients from the pool of nominees.	Adopted	30/06/2018	1/05/2021		GM Governance, Strategy and Democracy	

Staff Uniform Policy	The objective of this policy is to define the provision of Council-funded clothing for Council officers	Approved	6/11/2018	6/11/2023		GM People & Capability	
ICT Data and Information Compliance	The purpose of this Policy is to ensure Council meets all legal and industry standard requirements pertaining to information and data that is either generated or held within our operation.	Adopted	30/06/2018	30/06/2019		GM Finance	

File number: 2209.0/AR&F 2018/reports **Approved for agenda**

Report to: Audit, Risk and Finance Committee

Meeting date: **12 December 2018**

Subject: **Health and Safety Update December 2018**

Date of report: 30 November 2018

From: Curt Martin, General Manager Infrastructure

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

This report summarises the OSH events and activities for the period July to September 2018, provides assurance to the Audit, Risk and Finance Committee (the Committee) that Council has an active Workplace Safety Management System, that legislative compliance is being met and that **critical risks** are being controlled effectively.

The Scorecard for the Quarter 1 period 01 July 2018 to 30 September 2018 is shown in **Attachment 1**.

There was one lost time injury and one medical treatment incident involving members of KDC staff, and one medical treatment incident to a contract worker in this period. A number of minor incidents and accidents were reported, with commentary included regarding the investigation and any remedial action taken.

Auditing the health and safety practices of Council contractors continues as an area of focus. Also see Attachment 1 for the audits conducted during the period. Note that there have been a total 59 audits undertaken over the reporting period which continues to demonstrate a high level of momentum in the contractor and safety monitoring programme.

Other initiatives for the period:

- Exercise ShakeOut and Hikoi (Mangawhai office) October 2018;
- H&S Committee representatives elected.

Recommendation

That the Audit, Risk and Finance Committee receives the General Manager Infrastructure's report 'Health and Safety Update December 2018' dated 30 November 2018, its Attachment 1, and the information contained therein.

Reason for the recommendation

To update the Committee on Council's health and safety performance and on the development of Council health and safety systems.

Reason for the report

To provide the Audit, Risk and Finance Committee (the Committee) with information on critical health and safety risks, the controls in place to manage those risks and the occurrence and nature of any Occupational Health and Safety (OHS) events at the Kaipara District Council (KDC) workplace.

Background

The elected members' role is to provide strategic direction to the business, to oversee the management of business risks and are thereby recommended to:

- Apply due diligence to ensure Council is meeting legal health and safety obligations;
- Ensure that health and safety risks have been identified and that KDC is meeting the legal obligation to lower the risk so far as is reasonably practicable; and
- Be confident that KDC is providing a safe workplace for its staff, contract workers, customers and visitors.

This report and attachments provides key information that addresses these matters at a governance level.

Risks

Emphasis continues to be placed on reducing driving speeds in Council fleet. Weekly over-speed reports through the SmartTrak GPS system enable intervention where data shows a cause for concern. Weekly reporting is disseminated with a notable reduction in the number and severity of exceedances since this initiative commenced.

Council's Health and Safety Advisor has resigned and recruitment is in progress to employ a suitable replacement.

Attachments

- Scorecard for the Quarter 1 period 01 July 2018 to 30 September 2018

Lag Indicators (Reactive)

Statistics are shown for Q4 of 2017/2018, and Q1 of 2018/19. The trend arrow is compared with the previous quarter.

Event Type	Council	Contractors	Public	QTR 4 17/18	Council	Contractors	Public	QTR 1 18/19	Trend
Environmental Incident				0		1		1	↑
Notifiable Event				0				0	=
Lost Time Injury	1			1	1			1	=
Medical Treatment Injury		1		1	1	1		2	↑
First Aid Injury	1	4		5	1	6		7	↑
Occupational Illness				0				0	=
Pain or Discomfort	1			1	1	1		2	↑
Property Damage		8		8		9		9	↑
Near Miss	2	13		15	3	14		17	↑

Table 1: KDC OHS Events

Near Miss (NM) – An event that has occurred which had the potential to cause harm to a person(s) but did not due to the narrowest of margins.

Property Damage – An incident where any asset belonging to a person or entity has received damage but no injury to any person has resulted.

Pain or Discomfort – The onset of pain or discomfort generally caused by awkward postures or repetitive movements.

Occupational Illness – A condition that results from exposure in a workplace to a physical, chemical or biological agent to the extent that the normal physiological mechanisms are affected and the health of the worker is impaired.

First Aid Injury (FAI) – The provision of initial care for an illness or injury, including diagnostic tests or advice, which does not lead to treatment.

Medical Treatment Injury (MTI) – The carrying out of, by or under the supervision of a registered medical practitioner, an operation, the administration of a drug or other like substance, or any other medical procedure (not including diagnostic tests or advice that do not lead to treatment).

Lost Time Injury (LTI) – An injury that is attributable to work (including the aggravation, exacerbation or recurrence of a prior work related injury) that resulted in permanent disability, a fatality or time lost from work (excluding the day of incident) of one day/shift or more.

Notifiable Event – Any event that meets the threshold of the statutory reporting obligations under the Health & Safety at Work Act 2015, namely; a death, a notifiable illness or injury, a notifiable incident.

Environmental Incident – An incident that has or had the potential to cause harm (temporary or permanent) to any; natural receiving environment, flora or fauna and community or cultural value.

Lead Indicators (Proactive)

KDC Contractor Audit Table

Audit Type	Number conducted
Roading - Mobile works	19
Roading Traffic Management –Site Condition Rating	27
Waters Fixed Facilities	4
Waters Mobile Works	3
Parks and Reserves	3
Solid Waste Fixed Facilities	3

File number: 2304.15/AR&F 2018/2019/Dec **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: 12 December 2018
Subject: Audit Constructive Management Report year ended 30 June 2018
Date of report: 27 November 2018
From: Sue Davidson, General Manager Risk, IT and Finance
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Alongside the audit of the Annual Report the Auditors prepare a Constructive Report to Management to year ending 30 June 2018, **Attachment 1**, of findings as they audit the financial statements and service performance statements.

Recommendation

That the Audit, Risk and Finance Committee receives the General Manager Risk, IT and Finance's report 'Audit Constructive Management Report' dated 27 November 2018 and its circulated Attachment 1, 'Constructive Report to Management year ended 30 June 2018' dated 19 November 2018.

Reason for the recommendation

To receive the Auditors findings and recommendations relating to the recent audit.

Reason for the report

This is to discuss the Auditors findings and recommendations.

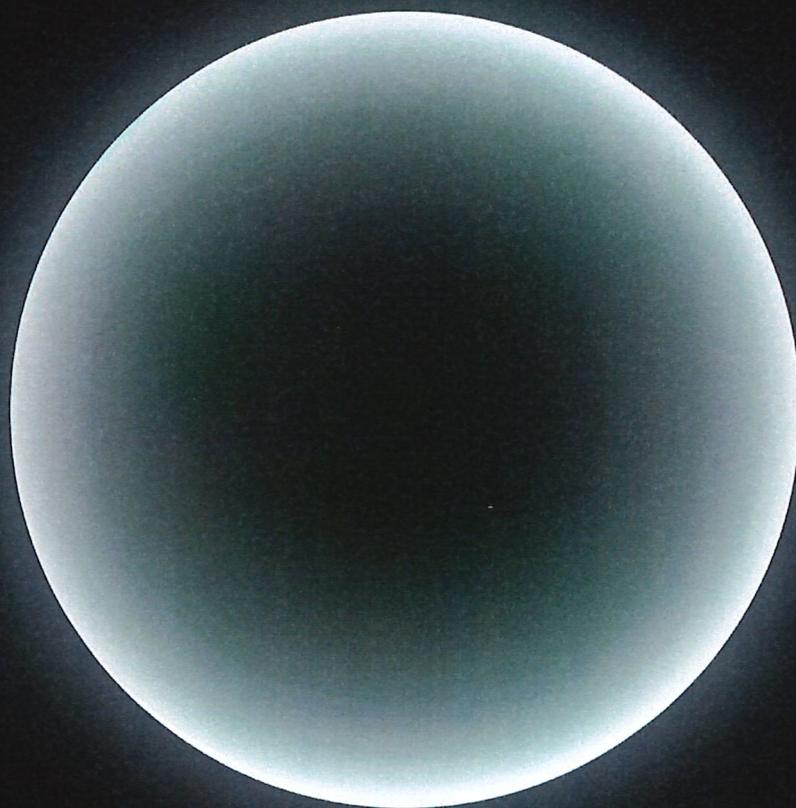
Background

This report will detail the findings and recommendations from the recent audits.

Attachment

- Attachment 1 - Deloitte's Constructive Report to Management year ended 30 June 2018 dated 19 November 2018

Deloitte.



Kaipara District Council
Constructive Report to Management
for the year ended 30 June 2018

Aspire with assurance

19 November 2018

Louise Miller
Chief Executive
Kaipara District Council
Private Bag 1001
Dargaville

Dear Louise

Constructive Report to Management for the year ended 30 June 2018

In accordance with our normal practice, we enclose our detailed comments on the points that were discussed with management at the conclusion of the audit which relate to certain internal controls and accounting practices which came to our attention during our audit of the financial statements of Kaipara District Council ("the Council") for the year ended 30 June 2018. The matters raised in this report have been discussed and agreed with management of the Council and their comments have been included. This report supplements the report to the Councillors dated 3 September 2018 which concluded on the areas of focus addressed as part of the audit.

We remind you that our audit was not designed to provide assurance as to the overall effectiveness of the controls operating within the Council, although we have reported to management any recommendations on controls that we identified during the course of our audit work. The matters being communicated are limited to those matters that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported. Recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

This correspondence is part of our ongoing discussions as auditor in accordance with our engagement letter and master terms of business dated 9 May 2017 and as required by the Office of the Auditor General's auditing standards which incorporate the New Zealand auditing standards. This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to management. The audit of the financial statements does not relieve management or the Council of their responsibilities. The ultimate responsibility for the financial statements and the design, implementation and maintenance of an appropriate internal control system to prevent and detect and fraud rests with the Council.

We have prepared this report solely for the use of the Council and management and it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy without our prior written consent, we would not accept responsibility for any reliance that they might place on it.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit. If you would like to discuss any matters raised in this report please do not hesitate to contact us.

Yours sincerely



Peter Gulliver
Partner
for Deloitte Limited
On behalf of the Office of the Auditor General

Contents

- 1. New points raised in current year 4**
 - 1.1 Creditors listing not available 4
 - 1.2 Accruals reconciliation not completed correctly 4
 - 1.3 Aged debtor accounts 4
 - 1.4 Recording of write-offs within the GL 4
 - 1.5 GST reconciliation 5
 - 1.6 Credit cards being used for operational expenditure 5
 - 1.7 Employee expense claim not authorised 5
 - 1.8 CE Report budget figures 5
 - 1.9 Debt maturity policy 6
 - 1.10 Calculation of debt ratios 6
 - 1.11 Review of authorised signatories for banking purposes 6
 - 1.12 Stormwater Assets: Implementation of OPUS recommendations 6
 - 1.13 Roading Assets: Implementation of OPUS recommendations 8

- 2. Points raised in prior year still open in current year 10**
 - 2.1 FAR Reconciliation 10
 - 2.2 Terminated User Accounts Retained 10
 - 2.3 Review of user access and modification rights 10

1. New points raised in current year

Observation	Recommendation	Management Response
1.1 Creditors listing not available		
<p>We note that KDC did not have a creditors listing as at 30 June 2018 which meant the general ledger account was not able to be properly reconciled.</p> <p>The balance had to be manually reconstructed after year end as the report was not able to be retrospectively generated, nor was it available from back up information.</p>	<p>To facilitate a proper reconciliation of the creditors general ledger account and to provide an appropriate audit trail the creditors report needs to be produced and saved at the appropriate time.</p> <p>This report should be generated at both year end and when all creditors have been entered into the system.</p> <p>Further system backups of such important data should be available.</p>	<p>Agreed. It was the first time for the staff involved and they were new to the computer systems. Eventually they did work out how they could get a copy out of the system. This issue will not recur in the following year.</p>
1.2 Accruals reconciliation not completed correctly		
<p>We noted during our review of the accruals reconciliation at 30 June 2018 the following issues: Prior year accruals were incorrectly included in current year balance, specifically ACC accruals</p> <p>Invoices received and recorded in payables still had a corresponding accrual</p>	<p>We recommend that the accruals reconciliations be reviewed each month to ensure it accurately reflects accrued liabilities for the correct period.</p>	<p>This occurred due to the change in personnel. Accruals are now made on a monthly basis. The accounting team also checks that accruals are being reviewed on a timely basis.</p>
1.3 Aged debtor accounts		
<p>During the audit we noted a number of significantly aged balances (non rates items) with in the debtors ledger. It was apparent these balances had not been appropriately followed up for payment during the year. Further, management had not completed a review of these balances to assess the level of doubtful debts provision which was required at year end. This led to an audit adjustment.</p>	<p>An aged debtors report should be produced at the end of each month with appropriate follow up action taken for non payment.</p> <p>Further, management should make a monthly assessment of the adequacy of the doubtful debts provision based on this information.</p>	<p>Agreed. Council is now up to headcount and will be focusing on rates collection. Monthly assessments will be made about debts to be collected. Debtors and any provisions will now be discussed quarterly in the Audit, Risk and Finance Committee.</p>
1.4 Recording of write-offs within the GL		
<p>We note that write offs for bad debts and items of property, plant and equipment (PPE) have been recorded within the same General Ledger (GL) account.</p>	<p>We recommend that management record bad debts and PPE write offs in separate GL accounts to aid transparency.</p>	<p>Agreed best practice should be to keep these write offs separate.</p>

1. New points raised in current year

Observation	Recommendation	Management Response
1.5 GST reconciliation		
<p>The GST account balance had not been properly reconciled at year end. This was exacerbated by the existence of prior year balances relating to the period when Council moved from the cash basis of returning GST to the accrual basis.</p>	<p>We recommend that the finance team review historic documentation with IRD to determine the total amounts relating to prior periods. This should be incorporated into a monthly reconciliation of the GST account.</p>	<p>The new Finance Manager will look at this and ensure historic amounts are reviewed.</p>
1.6 Credit cards being used for operational expenditure		
<p>We note that some operating type expenditure such as payments for office printers, as well as license fees were made through the use of credit cards.</p>	<p>Credit cards should ideally only be used for expenditure that cannot be facilitated through Council's normal procurement process. Whilst credit card payments are subject to separate approval, there are additional controls in the normal procurement process.</p>	<p>There was one instance of use of the credit card for operational expenditure and when checked it was for technology parts that were cheaper to buy online. The use of credit cards will continue to be monitored.</p>
1.7 Employee expense claim not authorised		
<p>We noted one instance of an employee expense claim, amounting to \$1,300 that was paid out despite not being appropriately approved.</p>	<p>The approval process for expense claims should be adhered to at all times. Accounts payable staff should be instructed not to process payments without such approvals being in place.</p>	<p>Agreed, there should always be one up authorization and this has been reinforced.</p>
1.8 CE Report budget figures		
<p>We note that the monthly Chief Executive (CE) Report included incorrect budget figures for the 2018 year. The budget figures used for analysing variances against the actual results were based on a draft annual plan rather than the adopted annual plan.</p>	<p>The correct budget figures should be included in the CE Report to facilitate accurate variance analysis.</p>	<p>This has been sorted this year and staff are well aware that reported figures must relate to those in the plan.</p>

1. New points raised in current year

Observation	Recommendation	Management Response
1.9 Debt maturity policy		
We note that aspects of the debt maturity bands included in the treasury policy are not met as at 30 June 2018. Specifically KDC has not achieved the targets for the percentage of debt maturing in the aging brackets 0-3 years and 5 years plus. This is largely the result of debt repayments being higher than anticipated.	The treasury policy was recently reviewed as part of the LTP process. Hence we recommend that where policy limits are forecast not to be achieved, and this relates to sound strategic reasons, then Council formally approves management to operate outside of the policy for a period of time.	Council has approved the out of policy ratios and understands the implications and that it will be a year before Council is within its ratios. Out of policy has occurred due to quicker repayment of debt.
1.10 Calculation of debt ratios		
KDC calculates the ratios for their Liability Management Policy through a PWC Model Workbook. Deloitte's calculation of the same ratios result in slight variances as a result of differences in the definition of Liquid Investments (Cash), which are included in our calculation and not included in KDC's calculation.	Whilst KDC's calculation is more conservative and there are no material differences in the two calculations we recommend, for completeness, that KDC's calculation is updated so that it adheres to the definitions and calculations stipulated by the policy.	Agreed
1.11 Review of authorised signatories for banking purposes		
We note that former employees are still listed as authorities to undertake banking transactions.	This list of authorized people to transact with the bank should be reviewed and updated. This list should also be amended in a timely fashion where employees resign.	Agreed, a number of signatory staff left within a short period and were not removed immediately as signatories.
1.12 Stormwater Assets: Implementation of OPUS recommendations		
We have noted the following recommendations that OPUS has raised as part of their 2018 valuation of stormwater assets. It will be important for management to address these matters so that the quality of the data underpinning the valuation continues to improve. This in turn impacts the accuracy of the valuation, the funding (or rating) requirement for the assets, and the operational issues around timing of renewals.	We recommend management implement these recommendations as raised by OPUS and that progress is reported to the Audit, Finance and Risk Committee.	Agreed. Engineering staff are keen to improve the accuracy of all the data on assets. Engineering staff have been made aware of these points

1. New points raised in current year

Observation

Recommendation

Management Response

- Continue to maintain, develop and improve the asset component register by ensuring the construction dates are applied to those components of large value and additions and disposals of stormwater assets be accurately recorded within AssetFinda;

- Ensure care is taken to ensure every asset has the asset owner field populated. Ensuring the asset owner field is populated for each new asset will increase the accuracy of the valuation process;

- Review the ownership of stormwater assets stored within AssetFinda to ensure there is no double counting between the two asset registers;

- The default construction dates applied to assets during the valuation process should be reviewed as these were determined some time ago and may not be appropriate now;

- The quantity of catchpits has increased significantly since the previous valuation. Data checks should be undertaken to confirm the accuracy of this increase;

- KDC should undertake a full condition assessment on their network. This will not only help ensure that appropriate remaining lives are assigned to assets or the valuation it will also allow the council to create a more accurate forward works plan; and

- KDC should review the local prices for the costs of these specific assets to confirm the rates used in the valuation and within AssetFinda are accurate.

1.13 Roading Assets: Implementation of OPUS recommendations

We have noted the following recommendations that OPUS has raised as part of their 2018 valuation of stormwater assets. It will be important for management to address these matters so that the quality of the data underpinning the valuation continues to improve. This in turn impacts the accuracy of the valuation, the funding (or rating) requirement for the assets, and the operational issues around timing of renewals.

- Undertake analysis of some actual projects to confirm the overhead percentage used;
- Undertake analysis on the new unit rates that were tendered in the recent maintenance contracts to ensure the unit rates used in the valuation are still current in today's market;
- The default construction dates applied to assets during the valuation process should be reviewed as these were determine some time ago and may not be appropriate now;
- Currently, pavement sub-base assets are not being depreciated. OPUS experience is that on many networks, including rural areas, by the time pavement rehabilitation occurs there is no pavement strength contribution from the existing sub-base. Consideration should be given to depreciation sub-base assets;
- Continue to maintain, develop and improve the asset component register by ensuring the construction dates are applied to those components of large value and additions and disposals of roading assets be accurately recorded within RAMM;
- Ensure care is taken to ensure every asset has the asset owner field populated. Ensuring the asset owner field is populated for each new asset will increase the accuracy of the valuation process;

We recommend management implement these recommendations as raised by OPUS and that progress is reported to the Audit, Finance and Risk Committee.

Roading Engineering Team made aware of these points. All of these recommendations are occurring and being managed currently. We can respond directly to each of these items.

Opus must not have been made aware of processes in place and work being completed through the New Road Maintenance & Renewals Contract in addressing some of these.

1. New points raised in current year

Observation

Recommendation

Management Response

- Produce a construction cost database to record actual project costs; and
 - Undertake analysis for the actual achieved lives for surfacing on the Kaipara network for each surface type. Some of the detail total useful lives that are currently being used appear to be overstated.
-

2. Points raised in prior year still open in current year

Observation

Recommendation

Management Response

2.1 FAR Reconciliation

There has not been a reconciliation of the totals within the revaluation reports prepared by valuation experts to their respective categories in the Fixed Asset Register, resulting in some variances.

We recommend a monthly reconciliation of revaluation reports at a category and total level to the Fixed Asset Register. We recommend this is reviewed by management once a month in a timely manner.

The Finance Manager is trying to reconcile assets quarterly and to move the excel spreadsheet to a proper fixed asset register application which will then allow monthly reconciliation.

2.2 Terminated User Accounts Retained

We have noted that IT never delete users when personnel leave the organization; instead they move the users to a disabled login. NCS users are never deleted to enable access to user history records.

Although we understand that KDC would like to retain the user history records, we would recommend that user accounts that have been disabled after a period of time are terminated to decrease the risk of misuse.

Although KDC does not delete user accounts when staff leave, not only are the user accounts deleted but the accounts are also removed from all security groups (permission groups) they belong to, thereby minimizing the risk of misuse. However, IT now will commence a process of deleting all 'disabled' user accounts that are over 6 months old.

2.3 Review of user access and modification rights

We have noted that no review of user access has been performed within the last year.

We recommend that user access reviews be conducted at least annually to ensure that redundant accounts are removed and user accounts are reflective of authorised access levels.

We have recently put security restrictions in place for our ERP system (MagiQ). Also, we will develop a plan to review user access on our systems annually.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients’ most complex business challenges. To learn more about how Deloitte’s approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

Deloitte New Zealand brings together more than 1200 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch and Dunedin, serving clients that range from New Zealand’s largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website www.deloitte.co.nz.

© 2018. For information, contact Deloitte Touche Tohmatsu Limited

File number: 2304.15/AR&F 2018/2019/Dec **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: **12 December 2018**
Subject: **Kaipara Building Consent Authority Accreditation Audit outcome**
Date of report: 29 November 2018
From: Ian McCauley Building Manager
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

This report is to inform the Audit, Risk and Finance Committee of the outcome of Kaipara Building Consent Authorities (BCA) Biannual Accreditation Audit that was undertaken in the last week of October 2018. This information is provided in order that the Committee is aware of the capacity and operational status of the BCA. It also illustrates how the BCA is performing in comparison to the audit criteria and any commentary by the auditors that may assist Council in the future. The IANZ audit report is attached to this report as Attachment 1.

Recommendation

That the Audit, Risk and Finance Committee receives the Building Manager's report 'Kaipara Building Consent Authority Accreditation Audit outcome' dated 29 November 2018, its Attachments 1, and the information contained therein.

Reason for the recommendation

To have confidence that Kaipara BCA is meeting its statutory obligations under the Building Regulations 2006 so that building consents issued and certified in Kaipara meet the performance requirements of the New Zealand Building Code and therefore contribute to the safety and wellbeing of the people in the Kaipara community that use them.

Reason for the report

Information only to provide the Committee with the confidence that the Kaipara BCA is not only meeting statutory obligations but Council's BCA staff are exemplary in their practice and service delivery.

Background

Every BCA in New Zealand is required under the Building Regulations 2016 to undergo an IANZ (International Accreditation New Zealand) Audit on a biannual basis to ensure that the BCA is meeting its statutory obligations under the Building Act 2004 in carrying out its responsibilities.

Issues

General Outcome of Audit

The Audit team included one lead Auditor and another IANZ team member; an MBIE representative who oversees the Audit and a Building Technical expert.

The Audit was programed to run over four days whereby the entire Quality system is reviewed against MBIE checklists. These checklists are a complex list of 272 detailed items that the BCA is measured against. The technical expert examines numerous processing and inspection records as well as accompanies inspectors to building sites.

For three days the Quality Assurance Manager and the Building Manager are intensely interviewed and must explain and show the auditors whatever is required as they work through the checklists.

The Audit was completed earlier than expected and IANZ Auditors were extremely complementary of the BCA and the formal report reflected this stating:

'The BCA had an outstanding commitment to all aspects of their Quality System both technical and non-technical.'

Informally, the lead Auditor stated that the BCA had the best training system they had ever seen in the country and many of the Quality processes in her view put us in the top three BCA's in the country.

After the 272 items were reviewed, the BCA received no SNC's (serious non-compliance) and only 15 GNC's ('general non-compliance') five of which were resolved during the audit. Another six or seven have been resolved already and evidence of this has been sent to IANZ in November 2018. The remaining three or four have been corrected however training of team members and several months' worth of data illustrating that the matters have been embedded into the system and daily operating procedures, is still required to be provided to IANZ.

The dates specified by IANZ are:

- 1 A Plan of action to clear the non-compliance to be sent to IANZ by 11 January 2019. The BCA has already formulated and forwarded the GNC clearance plan in November 2018.
- 2 All no-compliances must be addressed by 03 March 2019. However, the BCA will have cleared all but two by this Christmas. These two will be cleared early in 2019.

Both Council and the Kaipara community have reason to be proud that the BCA is performing at an 'outstanding' level and punching well above its weight.

At the exit meeting the lead Auditor stated in the presence of the entire Building team the following:

"This BCA is outstanding and it is so rare for IANZ to find such a dedicated BCA to the end that we (IANZ) are irrelevant. We will leave here with the utmost confidence that you do what you do, not because of us, but that you are fully committed to doing an incredible job. Out of all the BCA's we visit Kaipara stands out amongst the top in the country."

Factors to consider

Community views

Community views frequently criticise Council for not providing efficient and professional services. This report provides evidence for a good news story that shows Kaipara's BCA has been externally audited and can be trusted as a professional body. This helps to build the reputation of the Kaipara District Council staff and elected members amongst domestic, commercial and industrial building owners, architects and builders in the district.

Policy implications

n/a

Financial implications

The AlphaOne processing system and quality assurance manual continue to provide efficient and effective practices which lead to team members and service efficiencies that continue to ultimately support cost savings for Council and the community.

Legal/delegation implications

Statutory obligations have been met. This will be included in national monitoring reporting and highlight Kaipara District Council's legal competency.

Options

Option A: Accept this report as an accurate record of the successful audit of Kaipara's BCA.

Option B: Seek further information about the audit of Kaipara's BCA.

Assessment of options

Option A: This option enables Council staff to implement the audit recommendations with the knowledge that elected members are well informed of the process undertaken and its successful completion. This builds a positive reputation for Council staff and elected members to collaboratively express within the communities Kaipara serves.

Option B: This option maybe required if the General Manager cannot cover off specific details arising out of discussions with elected members.

Assessment of significance

n/a

Recommended option

The recommended option is **Option A**.

Next step

Provide some communications on this success on the Council's website and as part of the Mayoral newspaper commentary.

Attachments

- Attachment 1: IANZ audit report



**BUILDING CONSENT AUTHORITY ACCREDITATION
ASSESSMENT REPORT**

KAIPARA DISTRICT COUNCIL

CONTENTS

BUILDING CONSENT AUTHORITY ACCREDITATION	1
ASSESSMENT REPORT	1
Kaipara District Council	1
ASSESSMENT SUMMARY	4
RECORD OF NON-COMPLIANCE	23
RECORD OF NON-COMPLIANCE	26
RECORD OF NON-COMPLIANCE	28
RECORD OF NON-COMPLIANCE	31
RECORD OF NON-COMPLIANCE	33
RECORD OF NON-COMPLIANCE	35
RECORD OF NON-COMPLIANCE	38
RECORD OF NON-COMPLIANCE	39
RECORD OF NON-COMPLIANCE	40
RECORD OF NON-COMPLIANCE	41
SUMMARY OF RECOMMENDATIONS	42
SUMMARY OF ADVISORY NOTES	43
SUMMARY TABLE OF NON-COMPLIANCE	44

INTRODUCTION

This report relates to the accreditation assessment of the Kaipara District Council Building Consent Authority (BCA) which took place 30, 31 October and 1 November 2018 to determine compliance with the requirements of the *Building (Accreditation of Building Consent Authorities) Regulations 2006* (the Regulations).

This report is based on the document review, witnessing of activities and interviews with the BCA's employees and contractors undertaken during the accreditation assessment.

A copy of this report, and subsequent information regarding progress towards clearance of non-compliance/s, will be provided to the Ministry of Business, Innovation and Employment (MBIE) in accordance with International Accreditation New Zealand's (IANZ) contractual obligations. This report may also be made publicly available by the BCA as long as this is not done in a way that misrepresents the content within. It may also be released under the Local Government Meetings and Official Information Act 1987 consistent with any ground for withholding that might be applicable.

ACCREDITATION FEEDBACK AND CONTINUING ACCREDITATION

Accreditation is a statement, by IANZ, that your organisation complies with the Regulations and MBIE BCA accreditation scheme guidance documents (as relevant). Where non-compliance with the Regulations has been identified, the Act requires that it must be addressed. This report will also highlight examples of good practice and performance.

This accreditation assessment found that the BCA was non-compliant with a number of accreditation requirements as detailed below. The non-compliances identified must be addressed before accreditation is continued.

Summary of the non-compliances identified during the assessment

Your non-compliances with the Regulations have been summarised and recorded in detail in this report. Please complete the Record of Non-compliance table/s detailing your proposed corrective actions and forward a copy to IANZ. This plan of action must be provided to IANZ by 11/01/2019.

All non-compliances must be finally addressed and cleared by 11/03/2019. To maintain accreditation you must provide evidence of the actions taken to clear non-compliance to IANZ within the required timeframe. If you do not agree with the non-compliances identified, please contact the Lead Assessor as soon as possible. If you need further time to address non-compliances, please contact the Lead Assessor as soon as possible.

Where you are seeking an extension to an agreed timeframe to address a non-compliance, your Chief Executive is required to make a formal request for an extension of the timeframe.

If you have a complaint about the assessment process, please follow the procedure set out in the IANZ complaint process which can be found in the IANZ Procedures and Conditions of Building Consent Authority Accreditation on the IANZ website.

Summary of the good practice and performance identified during the assessment

This accreditation assessment found the following aspects of the BCA's operations of particular note as good practice and/or performance which should be maintained:

- The BCA had an outstanding commitment to all aspects of their Quality System both technical and non-technical.

NEXT ACCREDITATION ASSESSMENT

Unless your BCA undergoes a significant change, requiring some form of interim assessment, the next assessment of the BCA is planned for October 2020. You will be formally notified of your next assessment six weeks prior to its planned date.

ASSESSMENT SUMMARY

ORGANISATION DETAILS		
Organisation:	Kaipara District Council	
Address for service:	6 Molesworth Drive Mangawhai 0505 New Zealand	
Client Number:	7457	
Accreditation Number:	46	
Chief Executive:	Louise Miller	
Chief Executive contact details:	chiefexec@kaipara.govt.nz	
BCA Authorised Representative:	Fran Mikulicic	
BCA Authorised Representative contact details:	fmikulicic@kaipara.govt.nz	
BCA Quality Manager:	Ian McCauley	
Number of BCA FTE's	Technical - 8 Administration – 5 FTE Vacancies - 1	
ASSESSMENT TEAM		
Lead Assessor:	Carolyn Osborne	
Lead Assessor contact details:	cosborne@ianz.govt.nz	
Technical Expert/s:	Phil Judge Anne Hofstra	
MBIE observer/s:	Matt Grant	
IANZ REPORT PREPARATION		
Prepared by:	Carolyn Osborne	
Signature:	<i>C Osborne</i>	
Checked by:	Peter Wakefield	
Signature:	<i>P Wakefield</i>	
Date:	12/11/2018	
ASSESSMENT FINDINGS		
	This assessment:	Last assessment:
Total # of "serious" non-compliances:	0	
Total # of "general" non-compliances:	15	
Total # of non-compliances outstanding:	10	
Number of recommendations:	0	
Number of advisory notes:	1	
Date clearance plan required from BCA:	11/01/2019	
Date all non-compliances must be finally cleared:	11/03/2019	
Accreditation to continue with non-compliance clearance?	Yes	
NEXT ASSESSMENT		
Recommended next assessment type:	Full assessment	
Recommended next assessment date:	October 20	

ASSESSMENT OBSERVATIONS REGULATION 6A NOTIFICATION REQUIREMENTS

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

REGULATION 7 PERFORMING BUILDING CONTROL FUNCTIONS

Regulation 7(2)(a): providing consumer information

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 1. To be resolved
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>Public Information addressed most requirements except the following:</p> <ul style="list-style-type: none"> • Didn't clarify accurately work that can be performed under schedule 1 and was misleading with respect to which work does require a building consent. • Didn't clarify how to make applications for minor variations or amendments to a consent. • Was not accurate to the Building Act as it referred to consents lapsing from date of issue rather than date of granting. • Incorrectly included s363 as a condition on a consent. • When discussing the site inspection process it did not describe (at a high level) the typical inspection types, for example, structure drainage etc. • Did not discuss conditional continuation of work when a Site Inspection had not passed. • Discussion about Notices to Fix didn't align with s164 and s166. • Discussion about applying for a Code Compliance Certificate (CCC) did not describe the content and detail required of plans and supporting material. • Did not specify that building work is certified (CCC'd) when the BCA is "satisfied on reasonable grounds" as per s94. • When discussing CCC's the public information did not clarify statutory timeframes or when the statutory clock may be stopped and started. 	

- Similarly when discussing CCC's the public information did not discuss the Request for Further Information process.

GNC 1 To be resolved.

Regulation 7(2)(b)-(c), and 7(2)(d)(i): receiving, checking and recording applications

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 2. To be resolved.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>7(2)(b) Receiving</p> <ul style="list-style-type: none"> • Procedures prompted classifications (of buildings) other than those in A1 when recording the “current lawfully established use”. This was resolved during the assessment. • Assessors were not able to see the new procedures effectively implemented. <p>GNC 2 To be resolved.</p> <p>7(2)(c) Checking for completeness of application. Procedures addressed requirements and were effectively implemented.</p> <p>7(2)(d)(i) Lodging applications. Procedures addressed requirements and were effectively implemented.</p>	

Regulations 7(2)(d)(ii)-(iii): assessing and allocating applications

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>7(2)(d)(ii) Assessing applications for complexity. Procedures addressed requirements and were effectively implemented.</p> <p>7(2)(d)(iii) Allocating applications Procedures addressed requirements and were effectively implemented.</p>	

Regulation 7(2)(d)(iv)-(v): processing, granting and issuing consents

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 3. To be resolved GNC 4. To be resolved
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>7(2)(d)(iv) Processing</p> <ul style="list-style-type: none"> • Procedures did not prompt the processor to consider national multiple-use approvals. Current process was effective. • Procedures did not prompt the review of minor variations (s45A). Current process was effective. • Procedures for processing did not prompt the BCA to utilise Fire and Emergency New Zealand (FENZ) advice. Current process was effective. • Procedures for considering making decisions about conditions on consents were not accurate as they included s363 as a condition. This was resolved during the assessment. However the BCA was not able to demonstrate the effective implementation of this requirement. Specifically, s90 was not always being included on the consent. • Procedures did not clarify that the BCA/BCO must re-initiate the statutory clock from the date RFI material (if complete) was first received electronically by the processing BCO. If the BCO takes a period of time (reasonable period approximately 48 hours) before they look at the material and the material is good to complete the processing, the statutory clock must be reversed to the date it first appeared in their email. Implementation of this requirement was not able to be demonstrated by the BCA. • The BCA was not able to demonstrate the effective implementation of consideration of s112(2) with respect to alterations both domestic and commercial. <p>GNC 3. To be resolved.</p>	

7(2)(d)(v) Granting and issuing consents

- **Procedures** (where a Compliance Schedule or amended Compliance Schedule was required) did not require the BCA to list Performance Standards on a consent although they did require the BCA to list the Specified Systems. The BCA was not able to demonstrate the effective **implementation** of this requirement.

Note: It is possible for the BCA to list Specified Systems and their Performance Standards on a Draft Compliance Schedule attached to the consent and specify on the consent that the Draft Compliance Schedule is attached.

GNC 4. To be resolved.

Other procedures addressed requirements and were effectively implemented.

Regulation 7(2)(e): planning, performing and managing inspections

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 5. To be resolved
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<ul style="list-style-type: none"> • Procedures did not discuss how building work that does not comply with the building code was dealt with. Current process was effective. <p>GNC 5. To be resolved.</p> <p>Other procedures addressed requirements and were effectively implemented.</p>	

Regulation 7(2)(f): code compliance certificates, compliance schedules and notices to fix

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 6. To be resolved.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>Application for a code compliance certificate Procedures addressed requirements and were effectively implemented.</p> <p>Code compliance certificates</p> <ul style="list-style-type: none"> • Procedures did not address the requirement of the BCA to consider whether the BCA would/would not consider issuing CCC's where the building consent had been granted by another BCA. • Procedures did not prompt the BCA to consider whether there were any applicable MBIE warnings or bans related to any building method or products used. • Procedures did not discuss the BCA's process for deciding to issue/not issue a CCC at 24 months where there had been no application for a CCC. The current process was effective. • Procedures did not discuss making a decision whether to extend the timeframe in which the CCC may be determined. The current process was effective. • Procedures did not describe a process to ensure that the BCA/BCO must re-initiate the statutory clock from the date RFI material (if complete) was first received electronically by the processing BCO. If the BCO takes a period of time (reasonable period approximately 48 hours) before they look at the material and the material is good to complete the application for CCC, the statutory clock must be reversed to the date it first appeared in their email. The current process was effective. • Procedures did not describe the process used by the BCA when considering whether the documentation satisfies s94 of the Act. The current process was effective. <p>GNC 6. To be resolved.</p> <p>Compliance schedules</p> <ul style="list-style-type: none"> • Procedures did not ensure the BCA was issuing Compliance Schedules consistent with the requirements of s103 of the Act. The BCA was not able to demonstrate the effective implementation of this requirement. <p>GNC 6.To be resolved.</p> <p>Notices to fix Procedures addressed requirements and were effectively implemented.</p>	

Regulation 7(2)(g) and (h): customer enquiries and complaints

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>7(2)(g) Customer enquiries Procedures addressed requirements and were effectively implemented.</p> <p>7(2)(h) Complaints Procedures addressed requirements and were effectively implemented.</p>	

REGULATION 8 ENSURING ENOUGH EMPLOYEES AND CONTRACTORS

Regulation 8(1): forecasting workflow

Non-compliance? Y/N	Yes
Non-compliance number/s:	GNC 7. Resolved during assessment.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<ul style="list-style-type: none"> The BCA had not recorded the outcome of the implementation of their procedure whereby the BCA annually reviewed known pressures impacting on performance of building control functions such as limited access to technical leadership or specialist resources. This was resolved during the assessment. The BCA had not recorded the outcome of the implementation of their procedure whereby the BCA annually reviewed internal and external factors that might impact on performance of building control functions. This was resolved during the assessment. <p>GNC 7. Resolved during assessment.</p> <p>Other procedures addressed requirements and were effectively implemented.</p>	

Regulation 8(2): identifying and addressing capacity and capability needs

Non-compliance? Y/N	Yes
Non-compliance number/s:	GNC 8. Resolved during assessment.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<ul style="list-style-type: none"> The BCA had not calculated/recorded the number of Full Time Equivalent (FTE) staff needed at each level of competency. Resolved during assessment. The BCA had not recorded where there were gaps in capacity and capability. Resolved during assessment. <p>GNC 8. Resolved during assessment.</p> <p>Other procedures addressed requirements and were effectively implemented.</p>	

REGULATION 9 ALLOCATING WORK

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

REGULATION 10 ESTABLISHING AND ASSESSING COMPETENCY OF EMPLOYEES

Regulation 10(1) and (3): assessing prospective employees

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

Regulation 10(2) and (3): assessing employees performing building control functions

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

REGULATION 11 TRAINING EMPLOYEES DOING A TECHNICAL JOB

Regulation 11(1) and (2)(a)-(d),(f) and (g): the training system

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 9. To be resolved. GNC 10. To be resolved.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>11(2)(b)</p> <ul style="list-style-type: none"> Procedures for Training Plans did not require the BCA to record on the Training Plan how the application of any training would be monitored. The BCA was unable to demonstrate the implementation of this requirement. <p>GNC 9. To be resolved.</p> <p>Other procedures for Training Plans addressed requirements and were effectively implemented.</p> <p>11(2)(d)</p> <ul style="list-style-type: none"> Procedures did not require the BCA to monitor the application of training. The BCA was not able to demonstrate the implementation of this requirement. <p>GNC 10. To be resolved.</p>	

Regulation 11(2)(e): supervising employees doing a technical job under training

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

REGULATION 12 CHOOSING AND USING CONTRACTORS

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 11. To be resolved.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>12(2)(c)</p> <ul style="list-style-type: none"> • Procedures that specified what was to be included in contracts did not specify that the contractor would be required to have an annual competency assessment. <p>GNC 11. To be resolved.</p> <p>Other procedures addressed all requirements and were effectively implemented.</p>	

REGULATION 13 ENSURING TECHNICAL LEADERSHIP

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>Procedures addressed requirements and were effectively implemented.</p>	

REGULATION 14 ENSURING NECESSARY (TECHNICAL) RESOURCES

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 12. To be resolved.
Opportunities for improvement? Y/N	Yes
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	1
Advisory note number/s:	A1
Observations and comments, including good practice and performance	
<ul style="list-style-type: none"> Procedures (electronic) did not allow consents to be granted when/if Resource Management Act processes were still in progress. To date this had not disrupted the effective implementation of procedures to grant consents in a timely fashion in the BCA. <p>GNC 12. To be resolved.</p> <ul style="list-style-type: none"> The BCA is advised (A1) to consider revising their working thermometer tolerance. At present it is specified plus or minus 2 degrees. This in combination with the plus or minus 2 degree tolerance allowed for by their reference thermometer, could, in a worst case scenario mean that the working thermometer was reading 4 degrees cooler than the water tested. <p>Other procedures addressed requirements and were effectively implemented.</p>	

REGULATION 15 KEEPING ORGANISATIONAL RECORDS

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

REGULATION 16 FILING APPLICATIONS FOR BUILDING CONSENT

Non-compliance? Y/N	Yes
Non-compliance number/s:	GNC 13. Resolved during assessment.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<ul style="list-style-type: none"> • Procedures did not require the BCA to include Code Compliance Certificates in the final file of records. Resolved during assessment. <p>GNC 13. Resolved during assessment.</p> <p>Other procedures addressed requirements and were effectively implemented.</p>	

REGULATION 17 ASSURING QUALITY

Regulations 17(1) and (2)(a): A quality assurance system that covers management and operations

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed most requirements. Where a procedure was missing it has been addressed under its respective regulation.	

Regulation 17(2)(b) and (3): A policy on quality and a quality manager

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>17(2)(b) Quality Policy Procedures addressed requirements and were effectively implemented.</p> <p>17(3) Quality Manager Procedures addressed requirements and were effectively implemented.</p>	

Regulation 17(2)(d) and 17(5): Management reporting and review, including of the quality system

Non-compliance? Y/N	Yes
Non-compliance number/s:	GNC 14. Resolved during assessment.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>17(2)(d) Regular Management Review</p> <ul style="list-style-type: none"> • Procedures did not specify the level of management to review management reports. Resolved during assessment. <p>GNC 14. Resolved during assessment. Other procedures addressed requirements and were effectively implemented.</p> <p>17(5) Management Review of Effectiveness of Quality System. Procedures addressed requirements and were effectively implemented.</p>	

Regulation 17(4): Compliance with a quality assurance system

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

Regulation 17(2)(c): Ensuring operation within any scope of accreditation

Non-compliance? Y/N	NA
Non-compliance number/s:	
Opportunities for improvement? Y/N	
Number of recommendations:	
Recommendation number/s:	
Number of advisory notes:	
Advisory note number/s:	
Observations and comments, including good practice and performance	
NA	

Regulation 17(2)(e) Supporting continuous improvement

Non-compliance? Y/N	Yes
Non-compliance number/s:	GNC 15 Resolved during assessment.
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>Procedures addressed requirements except the following:</p> <ul style="list-style-type: none"> • Did not specify that the BCA would review the implementation of any appropriate Continuous Improvement. <p>GNC 15 Resolved during assessment.</p> <p>Despite procedures not specifying the above requirement, the BCA was effectively performing the above function and all other Continuous Improvement functions.</p>	

Regulation 17(2) (h): Undertaking annual audits

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were very effectively implemented.	

Regulation 17(2)(i): Identifying and managing conflicts of interest

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

Regulation 17(2)(j): Communicating with internal and external persons

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

Regulation 17(3A): Complaints about building practitioners

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

REGULATION 18 TECHNICAL QUALIFICATIONS

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Procedures addressed requirements and were effectively implemented.	

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 1	
Breach of regulatory requirement:	7(2)(a)	
Finding:	General Non-compliance	
Finding details:	<p>Public Information addressed most requirements except the following:</p> <ol style="list-style-type: none"> 1. Didn't clarify accurately work that can be performed under schedule 1 and was misleading with respect to which work does require a building consent. 2. Didn't clarify how to make applications for minor variations or amendments to a consent. 3. Was not accurate to the Building Act as it referred to consents lapsing from date of issue rather than date of granting. 4. Incorrectly included s363 as a condition on a consent. 5. When discussing the site inspection process it did not describe (at a high level) the typical inspection types, for example, structure drainage etc. 6. Did not discuss conditional continuation of work when a Site Inspection had not passed. 7. Discussion about Notices to Fix didn't align with s164 and s166. 8. Discussion about applying for a Code Compliance Certificate (CCC) did not describe the content and detail required of plans and supporting material. 9. Did not specify that building work is certified (CC'd) when the BCA is "satisfied on reasonable grounds" as per s94. 10. When discussing CCC's the public information did not clarify statutory timeframes or when the statutory clock may be stopped and started. 11. Similarly when discussing CCC's the public information did not discuss the Request for Further Information process. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.

Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>	<p>The GNC's were addressed by amending the consumer information on the second day of assessment and sent to be uploaded onto KDC website. Some of the amendments were discussed with the Phil Judge (TE) for agreement as noted:</p> <ol style="list-style-type: none"> 1. Building work examples given are prefixed by the statement that 'there are some exceptions...' then a link to the MBIE Guidance document is inserted. It is reasonable to expect that the consumer will check the guidance document linked to review whether there is an exception to the work being considered. –discussed with the TE and agreed. 2. Page 13 deals with variations to the application prior to the consent being granted. Page 14 deals with variations to the consent after granted. 3. Wording has been taken directly from section 52 of the Act. The words are '12 months after the date of 'issue' of the building consent. 4. Alpha electronically removed section 363 from the Conditions and sent to 'Advice notes' during the assessment and any consent issued after this was done shows it by any BCA Alpha user. Some examples are given. 5. Typical inspection examples are given and explained on page 15. 6. Page 18 has added discussion of failed inspections and how it is identified what work can continue or not. 7. Misalignment with section 164 & 166 has been removed and amended regarding NTF. 8. & 9. CCC considerations are described along with the 'reasonable grounds' on page 20. 9. As above. 10. CCC timeframes, statutory clock and request for further information process on pages 20 & 21. 11. As above. 	
Evidence of implementation: <i>To be provided by BCA</i>	<p>Evidence has been provided by referral to the Consumer Information on KDC Website and reference to the page number where amendments have been made.</p>	
Non-compliance cleared? Y/N	Choose an item.	

Signed:	
Date:	Click here to enter a date.

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 2	
Breach of regulatory requirement:	7(2)(b)	
Finding:	General Non-compliance	
Finding details:	<ul style="list-style-type: none"> • Procedures prompted classifications (of buildings) other than those in A1 when recording the “current lawfully established use”. This part was resolved during the assessment. • However Assessors were not able to see the new procedures effectively implemented. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>	<p>Alpha have agreed to amend the classification to align with A1 of the Building Code 'Classified Use'. This will be automated so the 'Lawfully established use' text box is populated with the Classified Use from A1 NZBC.</p> <p>Alpha are running tests on this change and will be rolled out in a week or two. Examples will be sent to IANZ when this is live.</p>	
Evidence of implementation: <i>To be provided by BCA</i>		
Non-compliance cleared? Y/N	Choose an item.	
Signed:		

Date:

[Click here to enter a date.](#)

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 3	
Breach of regulatory requirement:	7(2)(d)(iv)	
Finding:	General Non-compliance	
Finding details:	<ol style="list-style-type: none"> 1. Procedures did not prompt the processor to consider national multiple-use approvals. Current process was effective. 2. Procedures did not prompt the review of minor variations (s45A). Current process was effective. 3. Procedures for processing did not prompt the BCA to utilise Fire and Emergency New Zealand (FENZ) advice. Current process was effective. 4. Procedures for considering making decisions about conditions on consents were not accurate as they included s363 as a condition. This was resolved during the assessment. However the BCA was not able to demonstrate the effective implementation of this requirement. Specifically, s90 was not always being included on the consent. 5. Procedures did not clarify that the BCA/BCO must re-initiate the statutory clock from the date RFI material (if complete) was first received electronically by the processing BCO. If the BCO takes a period of time (reasonable period approximately 48 hours) before they look at the material and the material is good to complete the processing, the statutory clock must be reversed to the date it first appeared in their email. Implementation of this requirement was not able to be demonstrated by the BCA. 6. The BCA was not able to demonstrate the effective implementation of consideration of s112(2) with respect to alterations both domestic and commercial. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		

Plan of action:

To be provided by BCA

1. Alpha one has a prompt in the form 2 application. It is expected that the applicant will see this prompt and choose it should he/she require the use of 'Multiple use approval' How to guide created outlining 'current effective procedure' and considerations for MUA. KDC currently has one contract processor who is familiar with the procedure and any processor otherwise will be required to follow the 'how to guide' which directs the processor to the MBIE guidance.

Quality manual to be updated with a note in T-04 'BC Processing' added between paragraphs 8 & 9 and a reference to the new how to guide.

Note: IANZ acknowledge the 'current process is effective' and the above text is reflective of this.

2. How to guide created outlining 'current effective procedure' dealing with considerations for variations to application prior to consent being issued.

3. Update of Quality manual to reflect the current practice to include the following advice as a paragraph in T-04 'BC Processing inserted between paragraphs 8 & 9:

'Upon the receipt of any advice given by FENZ, the processor will take this advice into account in making compliance decisions in relation to the fire design. The processor will have the requisite competence to assess the application against the requirements of C1- C6 of the NZ building code, however, the BCA's contract Specialist Fire engineer may be requested at any time to provide specialist input to review FENZ advice and provide the BCA with a professional opinion that may assist the processor in making a compliance decision.'

Note: IANZ acknowledge the 'current process is effective' and the above text is reflective of this.

4. Alpha has already removed section 363 as a condition of consent and moved to Advice Notes. Evidence is provided which shows the removal of the section from 'conditions' and placed in 'Advice Notes'.

This development is applicable to all Alpha Users.

5. BCM has confirmed the Alpha system provides the facility to backdate the statutory clock prior to issue of BC and has found that there is inconsistency among the processors i.e. some were unaware of the requirement. BCA will write a how to guide with respect to the statutory clock in relation to issuing BC's & CCC's and responsibilities to backdate the clock to the day complete information was provided. Training session will be undertaken in house and contractors will be advised. BCA will provide copy of HTG also training notes along with sample screen shots and file notes demonstrating implementation.

6. All processors including contractors have been advised of the consistency required in correctly applying section 112 to alterations in accordance with the Act. Evidence of implementation to include emailed advice, screen shots of live applications; copy of amended audit checklist designed

	for ongoing checks.
Evidence of implementation: <i>To be provided by BCA</i>	
Non-compliance cleared? Y/N	Choose an item.
Signed:	
Date:	Click here to enter a date.

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 4	
Breach of regulatory requirement:	7(2)(d)(v)	
Finding:	General Non-compliance	
Finding details:	<ul style="list-style-type: none"> • Procedures (where a Compliance Schedule or amended Compliance Schedule was required) did not require the BCA to list Performance Standards on a consent although they did require the BCA to list the Specified Systems. The BCA was not able to demonstrate the effective implementation of this requirement. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>	<p>This was resolved during Assessment by Alpha I.T. so that the specified systems were removed from Form 5 and replaced with the text ' A compliance schedule is required for the building, please refer to Draft CS for details.'</p> <p>The BCA will provide example of form 5 issued after this development. Please note: This is a development that has been rolled out across all users.</p> <p>This is an electronic system fix that was done at the time. The example of a form 5 provided should suffice and the fix was rolled out across all BCA's.</p>	
Evidence of implementation: <i>To be provided by BCA</i>	.	

Non-compliance cleared? Y/N	Choose an item.
Signed:	
Date:	Click here to enter a date.

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 5	
Breach of regulatory requirement:	7(2)(e)	
Finding:	General Non-compliance	
Finding details:	<ul style="list-style-type: none"> Procedures did not discuss how building work that does not comply with the building code was dealt with. Current process was effective. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>	<p>Quality Manual to be amended to describe noncompliance procedures that are 'currently effective'. New section to be added in T-05 under 'Non-Compliance' number '5' and to state:</p> <p>'5. Building work that does not comply with the building code shall be addressed in the following ways:</p> <ul style="list-style-type: none"> - If the consent contains details that do not comply with the building code, the inspector shall nevertheless issue a site instruction to amend the plans by way of a minor variation or amendment, whichever is appropriate. The BCA will not charge for any processing for this. - If the noncompliance is found where a consent was not obtained, whether or not a consent was required, the inspector shall advise the T/A Compliance officer who will deal with the noncompliance following the relevant procedures outlined in section 163 of the building act 2004. ' 	

Evidence of implementation: <i>To be provided by BCA</i>	
Non-compliance cleared? Y/N	Choose an item.
Signed:	
Date:	Click here to enter a date.

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 6	
Breach of regulatory requirement:	7(2)(f)	
Finding:	General Non-compliance	
Finding details:	<p>Code compliance certificates</p> <ol style="list-style-type: none"> 1. Procedures did not address the requirement of the BCA to consider whether the BCA would/would not consider issuing CCC's where the building consent had been granted by another BCA. 2. Procedures did not prompt the BCA to consider whether there were any applicable MBIE warnings or bans related to any building method or products used. 3. Procedures did not discuss the BCA's process for deciding to issue/not issue a CCC at 24 months where there had been no application for a CCC. The current process was effective. 4. Procedures did not discuss making a decision whether to extend the timeframe in which the CCC may be determined. The current process was effective. 5. Procedures did not describe a process to ensure that the BCA/BCO must re-initiate the statutory clock from the date RFI material (if complete) was first received electronically by the processing BCO. If the BCO takes a period of time (reasonable period approximately 48 hours) before they look at the material and the material is good to complete the application for CCC, the statutory clock must be reversed to the date it first appeared in their email. The current process was effective. 6. Procedures did not describe the process used by the BCA when considering whether the documentation satisfies s94 of the Act. The current process was effective. <p>Compliance schedules</p> <ol style="list-style-type: none"> 7. Procedures did not ensure the BCA was issuing Compliance Schedules consistent with the requirements of s103 of the Act. The BCA was not able to demonstrate the effective implementation of this requirement. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:

Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
<p>Plan of action: <i>To be provided by BCA</i></p>	<ol style="list-style-type: none"> 1. The Quality manual shall be updated to include a paragraph under section under T- 05 'Certification' that will state: '6. Kaipara BCA will not issue CCC's for building consents that were issued by another BCA.' 2. This GNC is not applicable as the TE noticed that Alpha includes the prompt to consider section 28 on every final inspection checklist for every consent issued. Phil Judge returned to office and reminded me. I checked also and confirmed. <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;"><small>Section 28: Warning and Bans: In terms of s28 (Warnings and Bans) - can CCC be issued? ACT</small></div> 3. The quality manual shall be amended to include the paragraphs in T-05 under 'CCC reminders' the following text outlining the 'current effective practice': <ol style="list-style-type: none"> 1. If no application for a CCC has been provided to the BCA, the technical support officer will contact the applicant on the 22nd month enquiring the status of the work and advise them that the BCA is required under the Act to make a decision whether to issue or refuse CCC. If no response is received another letter will be sent to the applicant at 24 months advising that the BCA will refuse the CCC 20 working days after the 24 month letter is sent. A decision to grant an extension of time will be made if requested by the applicant. Unless there are exceptional circumstances, only one extension of 12 months will be given. 4. Included in number 3 above. 5. The BCA will draft a 'How to Guide' for the statutory clock and distribute to all officers. This will be a section on the same HTG covering the issue of BC's since the same principle applies. The BCA will undertake training sessions to ensure all officers including contractors are aware of the statutory clock requirements. Screenshots and file notes will be collated and sent to IANZ demonstrating the procedure is being followed. 6. T- 05 'Certification' does contain the process the BCA uses to consider section 94 of the Act, however, this will be expanded to describe in more detail by adding the following text: 'Certification' The BCA will consider in accordance with section 94 of the Act the following matters when deciding whether to issue code compliance certificate: 	

	<ol style="list-style-type: none"> 1) Whether the building work complies with the building consent; 2) Whether specified systems (if applicable) have supporting evidence that they perform to the required performance standards; 3) Whether there has been any warnings or bans issued by the ministry that was specified with the consent; 4) Whether an energy certificate has been provided; 5) Whether a development contribution has been paid where one was required. <p>7. Alpha has amended the text on form 5 and removed the list of specified systems entirely replacing this with the text, 'A compliance Schedule is required for the building. Please refer to the attached compliance schedule for details.'</p> <p>The T/A will forward examples of an issued CS and CSS when available.</p>
<p>Evidence of implementation: <i>To be provided by BCA</i></p>	
<p>Non-compliance cleared? Y/N</p>	<p>Choose an item.</p>
<p>Signed:</p>	
<p>Date:</p>	<p>Click here to enter a date.</p>

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 9	
Breach of regulatory requirement:	11(2)(b)	
Finding:	General Non-compliance	
Finding details:	<ul style="list-style-type: none"> • Procedures for Training Plans did not require the BCA to record on the Training Plan how the application of any training would be monitored. The BCA was unable to demonstrate the implementation of this requirement. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>		
Evidence of implementation: <i>To be provided by BCA</i>		
Non-compliance cleared? Y/N	Choose an item.	
Signed:		
Date:	Click here to enter a date.	

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 10	
Breach of regulatory requirement:	11(2)(d)	
Finding:	General Non-compliance	
Finding details:	<ul style="list-style-type: none"> • Procedures did not require the BCA to monitor the application of training. The BCA was not able to demonstrate the implementation of this requirement. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>		
Evidence of implementation: <i>To be provided by BCA</i>		
Non-compliance cleared? Y/N	Choose an item.	
Signed:		
Date:	Click here to enter a date.	

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 11	
Breach of regulatory requirement:	12(2)(c)	
Finding:	General Non-compliance	
Finding details:	<ul style="list-style-type: none"> • Procedures that specified what was to be included in contracts did not specify that the contractor would be required to have an annual competency assessment. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>		
Evidence of implementation: <i>To be provided by BCA</i>		
Non-compliance cleared? Y/N	Choose an item.	
Signed:		
Date:	Click here to enter a date.	

RECORD OF NON-COMPLIANCE

Non-compliance number:	GNC 12	
Breach of regulatory requirement:	14	
Finding:	General Non-compliance	
Finding details:	<ul style="list-style-type: none"> • Procedures (electronic) did not allow consents to be granted when/if Resource Management Act processes were still in progress. To date this had not disrupted the effective implementation of procedures to grant consents in a timely fashion in the BCA. 	
BCA Actions required:	<p>Please develop and submit to IANZ a Plan to address the above finding/s. Include in the Plan what evidence the BCA will submit to demonstrate that the Plan had been effective.</p> <p>Please submit the evidence that demonstrate the Plan has been effective.</p>	
IMPORTANT DATES		
Non-compliance to be cleared by:	11/03/2019	
	Due by:	Accepted by IANZ:
Plan of action from BCA:	11/01/2019	Click here to enter a date.
Evidence of implementation from BCA:	1/03/2019	Click here to enter a date.
EVIDENCE		
Plan of action: <i>To be provided by BCA</i>		
Evidence of implementation: <i>To be provided by BCA</i>		
Non-compliance cleared? Y/N	Choose an item.	
Signed:		
Date:	Click here to enter a date.	

SUMMARY OF RECOMMENDATIONS

Recommendations are intended to assist your BCA to maintain compliance with the Regulations. They are **not** conditions for accreditation but a failure to make changes may result in non-compliance with the Regulations in the future.

No recommendation were made.

SUMMARY OF ADVISORY NOTES

Advisory notes are intended to assist your BCA to improve compliance with accreditation requirements based on IANZ's experience. They are **not** conditions for accreditation and do not have to be implemented to maintain accreditation.

IANZ advises that:

- A1 The BCA consider revising their working thermometer tolerance. At present it specified plus or minus 2 degrees. This in combination with the plus or minus 2 degree tolerance allowed for by their reference thermometer, could, in a worst case scenario mean that the working thermometer was reading 4 degrees cooler than the water tested.

SUMMARY TABLE OF NON-COMPLIANCE

The following table summarises the non-compliance identified with the accreditation requirements in your BCA's accreditation assessment. Where a non-compliance has been identified, a Record of Non-compliance template has been prepared detailing the issue, and to enable you to detail your proposed corrective actions to IANZ. You must update and return a template for each non-compliance identified.

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? (Enter Yes where applicable)						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY) N/A where NC is resolved on-site	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendations	Advisory notes	
6(A)(1)	Choose an item.													
6(A)(2)	Choose an item.													
Regulation 7														
7(1)	Choose an item.													
7(2)(a)	General	GNC 1	Yes	Yes					No	11/3/2019				<p>Public Information addressed most requirements except the following:</p> <ol style="list-style-type: none"> 1. Didn't clarify accurately work that can be performed under schedule 1 and was misleading with respect to which work does require a building consent. 2. Didn't clarify how to make applications for minor variations or amendments to a consent. 3. Was not accurate to the Building Act as it referred to consents lapsing from date of issue rather than date of granting. 4. Incorrectly included s363 as a condition on a consent. 5. When discussing the site inspection process it did not describe (at a high level) the typical inspection types, for example, structure drainage etc. 6. Did not discuss conditional continuation of work when a Site Inspection had not passed. 7. Discussion about Notices to Fix didn't align with s164 and s166. 8. Discussion about applying for a Code Compliance Certificate (CCC) did not describe the content and detail required of plans and supporting material. 9. Did not specify that building work is certified (CCC'd) when the BCA is "satisfied on reasonable grounds" as per s94. 10. When discussing CCC's the public information did not clarify statutory timeframes or when the statutory clock may be stopped and started. 11. Similarly when discussing CCC's the public information did not discuss the Request for Further Information process.

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? (Enter Yes where applicable)						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY) N/A where NC is resolved on-site	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendations	Advisory notes	
7(2)(b)	General	GNC 2			Yes				No	11/3/2019				<ul style="list-style-type: none"> • Procedures prompted classifications (of buildings) other than those in A1 when recording the “current lawfully established use”. This part was resolved during the assessment. • However Assessors were not able to see the new procedures effectively implemented.
7(2)(c)	Choose an item.													
7(2)(d)(i)	Choose an item.													
7(2)(d)(ii)	Choose an item.													
7(2)(d)(iii)	Choose an item.													
7(2)(d)(iv)	General	GNC 3	Yes	Yes	Yes				No	11/3/2019				<ol style="list-style-type: none"> 7. Procedures did not prompt the processor to consider national multiple-use approvals. 8. Procedures did not prompt the review of minor variations (s45A). 9. Procedures for processing did not prompt the BCA to utilise Fire and Emergency New Zealand (FENZ) advice. 10. Procedures for considering making decisions about conditions on consents were not accurate as they included s363 as a condition. This was resolved during the assessment. However the BCA was not able to demonstrate the effective implementation of this requirement. Specifically, s90 was not always being included on the consent. 11. Procedures did not clarify that the BCA/BCO must re-initiate the statutory clock from the date RFI material (if complete) was first received electronically by the processing BCO. If the BCO takes a period of time (reasonable period approximately 48 hours) before they look at the material and the material is good to complete the processing, the statutory clock must be reversed to the date it first appeared in their email. Implementation of this requirement was not able to be demonstrated by the BCA. 12. The BCA was not able to demonstrate the effective implementation of consideration of s112(2) with respect to alterations both domestic and commercial.
7(2)(d)(v)	General	GNC 4	Yes	Yes	Yes				No	11/3/2019				<ul style="list-style-type: none"> • Procedures (where a Compliance Schedule or amended Compliance Schedule was required) did not require the BCA to list Performance Standards on a consent

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? (Enter Yes where applicable)						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY) N/A where NC is resolved on-site	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendations	Advisory notes	
														although they did require the BCA to list the Specified Systems. The BCA was not able to demonstrate the effective implementation of this requirement.
7(2)(e)	General	GNC 5	Yes	Yes				No	11/3/2019					<ul style="list-style-type: none"> Procedures did not discuss how building work that does not comply with the building code was dealt with
7(2)(f)	General	GNC 6	Yes	Yes	Yes			No	11/3/2019					<p>Code compliance certificates</p> <p>8. Procedures did not address the requirement of the BCA to consider whether the BCA would/would not consider issuing CCC's where the building consent had been granted by another BCA.</p> <p>9. Procedures did not prompt the BCA to consider whether there were any applicable MBIE warnings or bans related to any building method or products used.</p> <p>10. Procedures did not discuss the BCA's process for deciding to issue/not issue a CCC at 24 months where there had been no application for a CCC.</p> <p>13. Procedures did not discuss making a decision whether to extend the timeframe in which the CCC may be determined.</p> <p>11. Procedures did not describe a process to ensure that the BCA/BCO must re-initiate the statutory clock from the date RFI material (if complete) was first received electronically by the processing BCO. If the BCO takes a period of time (reasonable period approximately 48 hours) before they look at the material and the material is good to complete the application for CCC, the statutory clock must be reversed to the date it first appeared in their email.</p> <p>12. Procedures did not describe the process used by the BCA when considering whether the documentation satisfies s94 of the Act. The current process was effective.</p> <p>Compliance schedules</p> <p>13. Procedures did not ensure the BCA was issuing Compliance Schedules consistent with the requirements of s103 of the Act. The BCA was not able to demonstrate the effective implementation of this requirement.</p>
7(2)(g)	Choose an item.													

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? (Enter Yes where applicable)						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY) N/A where NC is resolved on-site	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendations	Advisory notes	
7(2)(h)	Choose an item.													
Regulation 8														
8(1)	General	GNC 7			Yes				Yes					<p>14. The BCA had not recorded the outcome of the implementation of their procedure whereby the BCA annually reviewed known pressures impacting on performance of building control functions such as limited access to technical leadership or specialist resources. This was resolved during the assessment.</p> <p>15. The BCA had not recorded the outcome of the implementation of their procedure whereby the BCA annually reviewed internal and external factors that might impact on performance of building control functions. This was resolved during the assessment.</p>
8(2)	General	GNC 8			Yes				Yes					<ul style="list-style-type: none"> The BCA had not calculated/recorded the number of Full Time Equivalent (FTE) staff needed at each level of competency. Resolved during assessment. The BCA had not recorded where there were gaps in capacity and capability. Resolved during assessment.
Regulation 9														
9	Choose an item.													
Regulation 10														
10(1)	Choose an item.													
10(2)	Choose an item.													
10(3)(a)	Choose an item.													
10(3)(b)	Choose an item.													
10(3)(c)	Choose an item.													
10(3)(d)	Choose an item.													
10(3)(e)	Choose an item.													
10(3)(f)	Choose an item.													
Regulation 11														
11(1)	Choose an item.													
11(2)(a)	Choose an item.													
11(2)(b)	General	GNC 9	Yes	Yes	Yes				No	11/3/2019				<ul style="list-style-type: none"> Procedures for Training Plans did not require the BCA to record on the Training Plan how the application of any training would be monitored. The BCA was unable to demonstrate the implementation of this requirement.
11(2)(c)	Choose an item.													

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? (Enter Yes where applicable)						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY) N/A where NC is resolved on-site	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendations	Advisory notes	
11(2)(d)	General	GNC 10	Yes	Yes	Yes				No	11/3/2019				<ul style="list-style-type: none"> Procedures did not require the BCA to monitor the application of training. The BCA was not able to demonstrate the implementation of this requirement.
11(2)(e)	Choose an item.													
11(2)(f)	Choose an item.													
11(2)(g)	Choose an item.													
Regulation 12														
12(1)	Choose an item.													
12(2)(a)	Choose an item.													
12(2)(b)	Choose an item.													
12(2)(c)	General	GNC 11	Yes	Yes					No	11/3/2019				<ul style="list-style-type: none"> Procedures that specified what was to be included in contracts did not specify that the contractor would be required to have an annual competency assessment.
12(2)(d)	Choose an item.													
12(2)(e)	Choose an item.													
12(2)(f)	Choose an item.													
Regulation 13														
13(a)	Choose an item.													
13(b)	Choose an item.													
Regulation 14														
14	General	GNC 12	Yes	Yes					No	11/3/2019			Yes	<ul style="list-style-type: none"> Procedures (electronic) did not allow consents to be granted when/if Resource Management Act processes were still in progress.
Regulation 15														
15(1)(a)	Choose an item.													
15(1)(b)	Choose an item.													
15(2)	Choose an item.													
Regulation 16														
16(1)	Choose an item.													
16(2)(a)	General	GNC 13	Yes	Yes					Yes					<ul style="list-style-type: none"> Procedures did not require the BCA to include Code Compliance Certificates in the final file of records. Resolved during assessment.
16(2)(b)	Choose an item.													
16(2)(c)	Choose an item.													
Regulation 17														
17(1)	Choose an item.													
17(2)(a)	Choose an item.													
17(2)(b)	Choose an item.													
17(2)(c)	Choose an item.													

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? (Enter Yes where applicable)						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY) N/A where NC is resolved on-site	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recommendations	Advisory notes	
17(2)(d)	General	GNC 14	Yes	Yes					Yes					<ul style="list-style-type: none"> Procedures did not specify the level of management to review management reports. Resolved during assessment.
17(2)(e)	General	GNC 15	Yes	Yes					Yes					<ul style="list-style-type: none"> Procedures did not specify that the BCA would review the implementation of any appropriate Continuous Improvement.
17(2)(h)	Choose an item.													
17(2)(i)	Choose an item.													
17(2)(j)	Choose an item.													
17(3)	Choose an item.													
17(3A)(a)	Choose an item.													
17(3A)(b)	Choose an item.													
17(3A)(c)	Choose an item.													
17(4)(a)	Choose an item.													
17(4)(b)	Choose an item.													
17(5)(a)	Choose an item.													
17(5)(b)	Choose an item.													
Regulation 18														
18(1)(a)	Choose an item.													
18(1)(b)	Choose an item.													
18(1)(c)	Choose an item.													
18(3)(a)	Choose an item.													
18(3)(b)	Choose an item.													

File number: 4102.48/Programme 2018.21 **Approved for agenda**
Report to: Audit, Risk and Finance Committee
Meeting date: **12 December 2018**
Subject: **NZ Transport Agency Investment Audit Report**
Date of report: 30 November 2018
From: Shakhin Sharma, Roothing Projects Engineer
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

This report informs of the Audit carried out by the NZ Transport Agency (NZTA) on Council's land transport programme. The audit provides assurance that Council is appropriately delivering value for money and managing risk associated with the NZTA's Investment. The audit report from NZTA recommends improvements where appropriate.

Recommendation

That the Audit, Risk and Finance Committee receives the Roothing Project Engineer's report 'NZ Transport Agency Investment Audit Report' dated 30 November 2018, and its Attachment 1, and the information contained therein.

Reason for the recommendation

Te ensure Council is kept informed of the NZTA's audits.

Reason for the report

This report provides areas of improvements for Council's Roothing team and the steps taken to resolve them. The NZTA's key concern was inconsistencies on contract procurement practices, which do not meet the NZTA's requirement and has recommended that Council improves its quality assurance processes when procuring suppliers.

Council's Roothing team has provided feedback to NZTA which is captured in **Attachment 1**. All recommendations have been accepted and implemented to align with the NZTA's requirements.

Background

The NZTA carries out independent audits on an annual basis for roading activities which are subsidised. This year's audit was focused specifically on our procurement process for capital projects.

Issues

The following issues were raised in the Audit:

- Retentions which are held after the expirations of defects period need to be addressed/investigated and appropriately closed off;
- Procurement of suppliers/contractors need to comply with KDC/NZTA procurement policies and the selection of suppliers/contractors needs to be carried out by qualified professionals;

- Contract files should have the complete version of all documentation relating to the contract, especially the procurement records;
- Complete exemption declarations when it considers that a road safety audit is not required for a construction project or renewal.

Factors to consider

Community views

N/A

Policy implications

Not significant in relation to Council's Significance and Engagement Policy.

Financial implications

N/A

Legal/delegation implications

N/A

Next step

Infrastructure Roading team to implement the changes agreed with the NZTA.

Attachment

- Attachment 1 : NZTA Investment Audit Report

NZ TRANSPORT AGENCY INVESTMENT AUDIT REPORT

Monitoring Investment Performance

Report of the investment audit carried out under section 95(1)(e)(ii) of the Land Transport Management Act 2003.

Approved Organisation (AO):	Kaipara District Council
NZ Transport Agency Investment (2015 - 2018 NLTP)	\$30,543,715 (budgeted programme value)
Date of investment audit:	30th July - 2nd August 2018
Investment Auditor:	Tony Pinn
Report No:	RATPI-1834

OBJECTIVE

The objective of this audit is to provide assurance that the New Zealand Transport Agency's investment in Kaipara District Council's land transport programme is being well managed and delivering value for money. We also seek assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. We recommend improvements where appropriate (for audit programme refer appendix B).

EXECUTIVE SUMMARY

Council's Land Transport Disbursement Account is correctly set up in the general ledger, and there was a clear audit trail supporting the final claims for the three years audited.

We found significant inconsistencies in Council's contract procurement practices, which do not meet Transport Agency requirements. Council needs to improve its quality assurance processes in this area to ensure risks are better managed.

Council also needs to ensure that it considers road safety audits for non-maintenance activities.

AUDIT RATING ASSESSMENT

	Issue	Rating Assessment*
Q.1	Previous audit issues	N/A
Q.2	Financial Management	Effective
Q.3	Procurement	Significant Improvement Needed
Q.4	Contract Management	Some Improvement Needed
Q.5	Professional Services	Effective

**Overall
Rating**

**Some Improvement
Needed**

* Key to rating assessment – refer appendix C

Before being finalised this report was referred to Kaipara District Council for comment. Its responses are included in the body of the report.

RECOMMENDATIONS SUMMARY

That Kaipara District Council:

	Recommendations	Implementation Target Date
Q.2	Investigates retentions relating to Contracts 693 and 710 to ensure the amounts being held are still valid.	23 November 2018
Q.3	<ul style="list-style-type: none"> a) Implements quality assurance procedures to improve its tender evaluation processes. b) Ensures there is a Qualified Proposal Evaluator on the tender evaluation team for all NZ Transport Agency financially assisted contracts with an estimated value exceeding \$200,000. 	18 September 2018
Q.4	<ul style="list-style-type: none"> a) Ensures that all procurement records are held on Council's contract files b) Completes exemption declarations when it considers that a road safety audit is not required for a construction project or renewal 	18 September 2018

FINDINGS

Question 1:	What issues, if any, remain unresolved from the previous audit in February 2016?
Findings	There were two recommendations resulting from the February 2016 investment audit. They related to outdated retentions and the miscoding of physical works expenditure. Both recommendations have been addressed but this audit has identified further retentions that need investigating.
KDC response	Files for the two old projects requiring internal retention transfers have been requested for investigation and action. A Roothing Capex retentions and Final Completion certificate register was set up for 2017/2018 and onwards which will ensure all retentions are addressed going forward.

* * *

Question 2:	Does Kaipara District Council have good financial systems in place to effectively manage the NZ Transport Agency's investment in the delivery of its land transport programme?	Effective												
Findings	<p>A clear audit trail was evident between Council's general ledger and claims for financial assistance. Claims were successfully reconciled for the three years ending 30 June 2018.</p> <p>Correct coding of a sample of 2017/18 invoices and journals confirmed their eligibility for financial assistance.</p> <p>The retentions held in the contract retentions account against physical works contracts reconciled to the general ledger but we noted two old retentions being withheld that need addressing. Details are:</p> <table border="1"> <thead> <tr> <th>Contract No</th> <th>Last Activity</th> <th>Contractor</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>693</td> <td>December 2014</td> <td>Blacktop Construction</td> <td>\$15,389.91</td> </tr> <tr> <td>710</td> <td>January 2014</td> <td>Wharehine Contractors</td> <td>\$19,098.77</td> </tr> </tbody> </table> <p>If these retentions are no longer valid, they will need to be credited to the relevant roading expense account.</p>		Contract No	Last Activity	Contractor	Amount	693	December 2014	Blacktop Construction	\$15,389.91	710	January 2014	Wharehine Contractors	\$19,098.77
Contract No	Last Activity	Contractor	Amount											
693	December 2014	Blacktop Construction	\$15,389.91											
710	January 2014	Wharehine Contractors	\$19,098.77											
Recommendation	That Kaipara District Council investigates retentions relating to Contracts 693 and 710 to ensure the amounts being held are still valid.													
KDC response	Files for the two old projects requiring internal retention transfers have been requested for investigation and action.	Implementation Target Date 23/11/2018												

Question 3:	Has Kaipara District Council acted in accordance with its endorsed procurement strategy and the NZ Transport Agency's procurement requirements?	Significant Improvement Needed
Findings	<p>We found significant inconsistencies in Council's contract procurement practices across a sample of physical works contracts, which do not meet Transport Agency requirements.</p> <p><u>Issues Identified</u></p> <p>Contract 816 – Tangowahine Valley Road and Hoanga Road Rehabilitation One tenderer was disqualified during the non-price evaluation but there was evidence on file that the tender price was known. The price envelope for this tenderer should have been returned unopened.</p> <p>Whilst the non-price attributes were scored according to the weightings in the request for tender document, we noted different attribute weightings had been proposed in the Procurement Plan. There was no evidence supporting the decision for the changes.</p> <p>Contract 834 – Seal Widening and Seal Extension Settlement Road. Council's Procurement Plan recommended that the supplier selection method would be price quality method but lowest price conforming was specified in the RFT. After the recommendation to award was presented to Council, the consultant was instructed to re-evaluate the tender using the PQM method. Whilst this did not affect the outcome, it may have.</p> <p>Contract 835 - Kaikohe Rd Bridge Replacement All three tenders were rejected as the contractors could not meet the timelines specified in the tender. We question why this was not addressed with tenderers before the tender closed. This would have saved time having to re-evaluate tenders based on achievable timeframes.</p> <p>Contracts 870 – Waihue Rehabilitation and 876 – Mangawhai Rd Slips External consultants, Hutchinson Consulting and Hawthorne Consulting were engaged by Council to manage these tender evaluations. There was no evidence confirming the tender evaluation teams included a qualified proposal evaluator. For contracts with an estimated total value exceeding \$200,000, approved organisations must ensure that at least one member of the tender evaluation team is a qualified proposal evaluator.</p> <p>The combination of procurement issues indicates Council's quality assurance processes are not effectively managed.</p>	

	<p>Council needs to better manage potential risks by improving its oversight of consultants' performance in procuring suppliers on its behalf.</p> <p>Council needs to urgently implement quality assurance processes to ensure risks are being effectively managed.</p>	
Recommendations	<p>That Kaipara District Council:</p> <ul style="list-style-type: none"> a) Implements quality assurance procedures to improve its tender evaluation processes. b) Ensures there is a Qualified Proposal Evaluator on the tender evaluation team for all NZ Transport Agency financially assisted contracts with an estimated value exceeding \$200,000. 	
KDC response	<ul style="list-style-type: none"> a) All tender documents will be scrutinised more thoroughly before sending out to the open market. A quality assurance template is being developed to ensure tender evaluations comply with NZTA/KDC requirements b) Consultants evaluating tenders for KDC have been advised to have a Qualified Evaluator in the team. Also where contracts are evaluated internally NTA has qualified evaluators. 	<p>Implementation Target Date 18/09/18</p>

* * *

Question 4: Has Kaipara District Council contract management practices in place to ensure contracts are managed effectively?		Some Improvement Needed
Findings	<p>Contract files were not always complete and the final versions of tender documents and evaluations were often missing. We accept that these may have been held with the consultant in many cases but copies should be held on Council files.</p> <p>Not all non-maintenance activities and projects are being considered for road safety audits. Council is reminded that when it considers there is justification for not conducting a road safety audit of a construction project or renewal, an 'Exemption Declaration' must be completed and filed. This is a condition of funding.</p>	
Recommendations	<p>That Kaipara District Council:</p> <ul style="list-style-type: none"> a) Ensures that all procurement records are held on Council's contract files. b) Completes exemption declarations when it considers that a road safety audit is not required for a construction project or renewal. 	
KDC response	<ul style="list-style-type: none"> a) All documentations/records when managed by consultants is required to be handed over to council at the completion of projects/contracts. 	<p>Implementation Target Date 18/09/18</p>

	b) The recommendation is acknowledged and will be implemented immediately.	
--	--	--

* * *

Question 5: Are Kaipara District Council's professional services providing value for money?		Effective
Findings	<p>The Northern Transport Alliance (NTA) is the principal supplier of professional services with smaller specialised activities procured externally. A current agreement is in place to formally record this arrangement.</p> <p>A sample of charges was traced through to general ledger codes and these were consistent with the hourly rate charge out bands agreed to by the NTA parties.</p>	
KDC response	<p>Acknowledged. KDC/NTA scrutinise each professional service procured and ensures an effective financial management system is in place.</p>	

* * *

APPENDIX A

Hi Tony

Thank you for the audit report, please find attached our responses marked in yellow.

Let us know if there is any further comments.

Regards



Henri van Zyl | (NTA – Kaipara) Roading Manager
PMP, CMEngNZ CPEng, IntPE(NZ), B.Eng (Civil), MBL
Kaipara District Council, Private Bag 1001, Dargaville 0340
Freephone: 0800 727 059 | 09 439 3123
hvanzyl@kaipara.govt.nz | council@kaipara.govt.nz | www.kaipara.govt.nz



)

Audit Programme

1. Previous audit February 2016
2. Land Transport Disbursement Account
3. Final Claims for 2015/16, 2016/17, 2017/18
4. Transactions (accounts payable)
5. Retentions Account
6. Procurement Procedures
7. Contract Variations
8. Contract Management & Administration
9. Professional Services
10. Transport Investment On-line (TIO) Reporting
11. Other issues that may be raised during the audit
12. Close out meeting

AUDIT RATING TABLE

Rating	Definition
Effective	<p>Investment management – effective systems, processes and management practices used.</p> <p>Compliance – Transport Agency and legislative requirements met.</p> <p>Findings/deficiencies – opportunities for improvement may be identified for consideration.</p>
Some Improvement Needed	<p>Investment management – acceptable systems, processes and management practices but opportunities for improvement.</p> <p>Compliance – some omissions with Transport Agency requirements. No known breaches of legislative requirements.</p> <p>Findings/deficiencies – error and omission issues identified which need to be addressed</p>
Significant Improvement Needed	<p>Investment management – systems, processes and management practices require improvement.</p> <p>Compliance – significant breaches of Transport Agency and/or legislative requirements.</p> <p>Findings/deficiencies – issues and/or breaches must be addressed or on-going Transport Agency funding may be at risk.</p>
Unsatisfactory	<p>Investment management – inadequate systems, processes and management practices.</p> <p>Compliance – multiple and/or serious breaches of Transport Agency or legislative requirements.</p> <p>Findings/deficiencies – systemic and/or serious issues must be urgently addressed or on-going Transport Agency funding will be at risk.</p>

APPENDIX D

(From Question 3)

CONTRACTS AUDITED

Contract Number	Tenders Received	Date Let	Description	Contractor		
			Physical Works			
805	3	Mar 16	Murray Road Improvements	Huband Ltd	Estimate Let Price Final Cost	\$95,560 \$91,643 Ongoing
816	5	Sept 16	Tangowahine Valley Road and Hoanga Road Rehabilitation	Broad Spectrum	Estimate Let Price Final Cost	\$935,812 \$814,213 Ongoing
834	4	Sept 17	Seal Widening and Seal Extension Settlement Road.	Huband	Estimate Let Price Final Cost	\$727,200 \$749,995 Ongoing
835	3	Dec 17	Kaikohe Rd Bridge Replacement	Broad Spectrum	Estimate Let Price Final Cost	\$391,525 \$506,135 Ongoing
870	3	Oct 17	Waihue Rehabilitation	Huband Ltd	Estimate Let Price Final Cost	\$935,580 \$933,031 Ongoing
876	2	Oct 17	Mangawhai Rd Slips	Steve Bowling Ltd	Estimate Let Price Final Cost	\$986,282 \$1,058,735 Ongoing
894	5	Feb 18	Minor Improvements & Emergency Works 2017.18 (2 suppliers selected)	Fulton Hogan Downer	Estimate Let Price Let Price Final Cost	\$196,900 \$184,300 \$218,232 Ongoing

Investment Audit of Kaipara District Council

Report Number: RATPI-1834

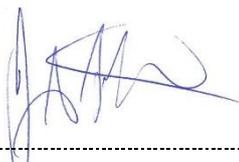
September 2018

Prepared by: 

Tony Pinn, Senior Investment Auditor

Reviewed by: 

Ron Wheeler, Senior Investment Auditor

Approved by: 

Jenny Fildes, Practice Manager Audit and Assurance

4 Public Excluded Committee Items 12 December 2018

Recommended

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

- Public Excluded Audit, Risk and Finance Committee minutes 12 September 2018;
- Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory;
- Insurance Renewals;
- Contract 839: Pukehuia Slip RP9650 Repair 2017/2018; and
- Risk Register.

The general subject matter of each matter to be considered while the public is excluded and the reasons 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	Ground(s) under Section 48 (1) for the passing this resolution:
<i>Public Excluded Audit, Risk and Finance Committee minutes 12 September 2018</i>	<i>Section 7(2)(i) enable any authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) 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.</i>
<i>Contract Monitoring and Reporting: Infrastructure, Planning and Regulatory</i>	<i>Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) 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.</i>
<i>Insurance Renewals</i>	<i>Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i>	<i>Section 48(1)(a) 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.</i>

<p><i>Contract 839: Pukehuia Slip RP9650 Repair 2017/2018</i></p>	<p><i>Section 7(2)(g) maintain legal professional privilege.</i></p> <p><i>Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i></p>	<p><i>Section 48(1)(a) 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.</i></p>
<p><i>Risk Register</i></p>	<p><i>Section 7(2)(g) maintain legal professional privilege.</i></p> <p><i>Section 7(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations).</i></p>	<p><i>Section 48(1)(a) 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.</i></p>

5 Open Committee Meeting 12 December 2018

Closure

Kaipara District Council
Dargaville