

**Notice of the Ordinary meeting of**

## **Audit, Risk and Finance Subcommittee**

### ***Te Kōmiti Āpiti, Kaute / Tūraru / Pūtea***

Date:	Thursday 25 November 2021
Time:	9.00a.m.
Location:	Council Chamber Civic House 110 Trafalgar Street, Nelson

## **Agenda**

### ***Rārangi take***

**Acting Chairperson  
Members**

Mr John Murray  
Mr John Peters (via audio tbc)  
Her Worship the Mayor Rachel Reese  
Cr Judene Edgar  
Cr Matt Lawrey  
Cr Rachel Sanson

**Quorum: 3**

**Pat Dougherty  
Chief Executive**

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision. For enquiries call (03) 5460436.

## ***Excerpt from Nelson City Council Delegations Register (A11833061)***

### **Audit, Risk and Finance Subcommittee**

This is a subcommittee of Council

#### **Areas of Responsibility**

- Any matters raised by Audit New Zealand or the Office of the Auditor-General
- Audit processes and management of financial risk
- Chairperson's input into financial aspects of draft Statements of Expectation and draft Statements of Intent for Nelson City Council Controlled Organisations, Council Controlled Trading Organisations and Council Organisations
- Council's Annual Report
- Council's financial performance
- Council's Treasury policies
- Health and Safety
- Internal audit
- Monitoring organisational risks, including debtors and legal proceedings
- Procurement Policy

#### **Powers to Decide**

- Appointment of a deputy Chair

#### **Powers to Recommend to Council**

- Adoption of Council's Annual Report
- To write off outstanding accounts receivable or remit fees and charges of amounts over the Chief Executive's delegated authority.
- All other matters within the areas of responsibility or any other matters referred to it by the Council

For the Terms of Reference for the Audit, Risk and Finance Subcommittee please refer to document A1437349.

**1. Apologies**

Nil

**2. Confirmation of Order of Business**

**3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

**4. Public Forum**

**5. Confirmation of Minutes**

5.1 14 September 2021

**7 - 13**

Document number M18926

Recommendation

***That the Audit, Risk and Finance Subcommittee***

- 1. Confirms the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 14 September 2021, as a true and correct record.***

**6. Health, Safety and Wellbeing Report, July - September 2021**

**14 - 28**

Document number R26171

Recommendation

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Health, Safety and Wellbeing Report, July - September 2021 (R26171) and its attachment (A2782852).***

**7. Quarterly Finance Report for the three months ending 30 September 2021** **29 - 50**

Document number R26191

Recommendation

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Quarterly Finance Report for the three months ending 30 September 2021 (R26191) and its attachments (A2776828, A2766313, A2777804 and A2771754).***

**8. Quarterly Internal Audit Report - 30 September 2021** **51 - 56**

Document number R26312

Recommendation

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Quarterly Internal Audit Report - 30 September 2021 (R26312) and its attachment (A2763671).***

**9. Quarterly Risk Report - 30 September 2021** **57 - 85**

Document number R26313

Recommendation

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Quarterly Risk Report – 30 September 2021 (R26313) and its attachment (A2587873).***



## CONFIDENTIAL BUSINESS

### 10. Exclusion of the Public

Recommendation

***That the Audit, Risk and Finance Subcommittee***

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

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	<b>Audit, Risk and Finance Subcommittee Meeting - Confidential Minutes - 14 September 2021</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage</li></ul>
2	<b>Quarterly Update On Debts - 30 September 2021</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li><li>• Section 7(2)(g) To maintain legal professional privilege</li></ul>
3	<b>Quarterly Report on Legal Proceedings</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(c)(ii) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide</li></ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			<p>under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <ul style="list-style-type: none"> <li>• Section 7(2)(g) To maintain legal professional privilege</li> </ul>
<b>4</b>	<b>Cyber Security Matters</b>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>• Section 7(2)(j) To prevent the disclosure or use of official information for improper gain or improper advantage</li> </ul>



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**Minutes of a meeting of the**  
**Audit, Risk and Finance Subcommittee**  
***Te Kōmiti Āpiti, Kaute / Tūraru / Pūtea***

**Held via Zoom on Tuesday 14 September 2021, commencing at 9.03a.m.**

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Present: Mr J Peters (Chairperson), Her Worship the Mayor R Reese, Councillors J Edgar, M Lawrey, R Sanson and Mr J Murray

In Attendance: Councillor T Brand, Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald) and Governance Advisers (J Brandt and K McLean)

Apologies : Nil

**1. Apologies**

There were no apologies.

**2. Confirmation of Order of Business**

There were no changes to the order of business.

**3. Interests**

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

The meeting was adjourned from 9.04a.m. to 9.05a.m. during which time Councillor Lawrey joined the meeting.

**4. Public Forum**

There was no public forum.

**5. Confirmation of Minutes**

5.1 25 May 2021

Document number M17659, agenda pages 6 - 14 refer.

Resolved ARF/2021/032

***That the Audit, Risk and Finance Subcommittee***

- 1. Confirms the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 25 May 2021, as a true and correct record.***

Murray/Her Worship the Mayor

Carried

## **6. Chairperson's Report**

Document number R26218, agenda pages 15 - 17 refer.

The Chairperson spoke to his report, noting that some of the matters that were to be addressed at the Risk Management workshop were being progressed offline to meet reporting deadlines.

Members noted concerns around the possibility of Audit NZ not meeting their commitments and the potential issues this could pose for Council to meet its statutory deadlines.

Group Manager Corporate Services, Nikki Harrison, answered questions about the approval process for amendments to the audit plan.

Resolved ARF/2021/033

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the Chairperson's Report (R26218).***

Sanson/Murray

Carried

## **7. Annual Report 2020/21**

Document number R25905, agenda pages 18 - 241 refer.

Group Manager Corporate Services, Nikki Harrison, presented the first part of the report. She noted that Audit NZ intended to be on site from 27 September until the end of October 2021 and that the expectation was that the 31 December 2021 statutory deadline for adoption of the Annual Report would be met.

Group Manager Strategy and Communication, Nicky McDonald, presented the non-financial part of the report.

Members of the Audit, Risk and Finance Subcommittee provided detailed feedback regarding the draft annual report.

Attendance: Councillor Brand joined the meeting at 9.21a.m.

The meeting was adjourned from 10.11a.m. until 10.21a.m.

Ms Harrison answered questions about the sign off process for the draft annual report.

It was noted that for future draft Annual Reports Group Managers would engage with Committee Chairs to review wording of sections that related to their committee's respective areas of responsibility, prior to the draft annual report being presented to the Audit Risk and Finance Subcommittee.

Resolved ARF/2021/034

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Annual Report 2020/21 (R25905) and its attachment (A2739259); and***
- 2. Notes the draft Annual Report 2020/21 has been prepared and will be audited before being presented to Council for adoption following audit, prior to the 31 December 2021 statutory deadline; and***
- 3. Agrees that the Audit Risk and Finance Subcommittee Chair, the Group Manager Corporate Services and Group Manager Strategy and Communication be delegated to approve amendments to the draft Annual Report 2020/21 to reflect feedback provided by the Subcommittee, prior to audit.***

Edgar/Lawrey

Carried

**8. Audit Reports on the Consultation Document and Long Term Plan 2021-31**

Document number R26112, agenda pages 242 - 265 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report. She noted that both audit reports were received in August, despite the May date on Audit NZ's cover letter for the audit on the long term plan consultation document.

The Subcommittee discussed Council's proposed response to Audit NZ's recommendation to evaluate whether additional resources should be deployed in planning and management of the Council's transport infrastructure, and to have future infrastructure strategies and activity management plans peer reviewed, as per section 3.10 of the Audit NZ Report to the Council on the audit of Nelson City Council's long term plan

consultation document (A2720857). It was noted that resourcing was a matter for the Chief Executive to address. An additional clause was added to the resolution.

The meeting was adjourned from 11.17a.m. until 11.21a.m.

Resolved ARF/2021/035

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Audit Reports on the Consultation Document and Long Term Plan 2021-31 (R26112) and its attachments (A2720857 and A2718269).***
- 2. Notes Council's response to two recommendations from Audit New Zealand on asset planning ('Management Comment'), highlighted in section 3.10, pages 10 and 11 of Attachment 1 (A2720857); and***
- 3. Refers the matters raised in section 3.10 (of attachment 1 of Report R26112) to the Chief Executive for further review and analysis, and requests a report back to the Subcommittee.***

Edgar/Sanson

Carried

**9. Bad Debts Writeoff - Year Ending 30 June 2021**

Document number R25901, agenda pages 266 - 269 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report, supported by Manager Accounting Services, Victoria Harper. It was noted that this report was originally scheduled to come to the August meeting, which was cancelled due to COVID-19.

The Subcommittee noted its disappointment that the debt of the Brook Valley Community Group Inc had to be paid by the ratepayers of Nelson.

Resolved ARF/2021/036

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Bad Debts Writeoff - Year Ending 30 June 2021 (R25901).***

Murray/Her Worship the Mayor

Carried

Recommendation to Council ARF/2021/037

***That the Council***

- 1. Approves the balance of \$41,990.31 owed by the Brook Valley Community Group Inc be written off as at 30 June 2021.***

Murray/Her Worship the Mayor

Carried

**10. Carry Forwards 2020/21**

Document number R26143, agenda pages 270 - 277 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report, supported by Manager Finance, Prabath Jayawardana, and Management Accountant, Alistair Roper.

Resolved ARF/2021/038

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Carry Forwards 2020/21 (R26143) and its attachment (A2724698).***

Her Worship the Mayor/Edgar

Carried

Recommendation to Council

***That the Council***

- 1. Approves the carry forward of \$2.6 million unspent capital budget for use in 2021/22: and***
- 2. Notes that this is in addition to the carry forward of \$4.8 million approved during the Long Term Plan 2021-31, taking the total carry forward to \$7.4 million of which \$827,000 is for the 2022/23 year, \$349,000 is for the 2023/24 year and the balance of \$6.2 million is for the 2021/22 year; and***
- 3. Notes that the total savings and reallocations in 2020/21 capital expenditure of \$1.7 million including staff time which is in addition to the \$2.3 million savings and reallocations already recognised in the May 2021 deliberations; and***

4. ***Notes that the total 2021/22 capital budget (including staff costs and excluding consolidations and vested assets) will be adjusted by these resolutions from a total of \$67.1 million to a total of \$69.7 million; and***
5. ***Approves the carry forward of \$567,000 unspent operating budget for use in 2021/22.***

Her Worship the Mayor/Edgar

## 11. Exclusion of the Public

Resolved ARF/2021/039

***That the Audit, Risk and Finance Subcommittee***

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

Edgar/Sanson

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	<b>Audit, Risk and Finance Subcommittee Meeting - Confidential Minutes - 25 May 2021</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(g) To maintain legal professional privilege</li> </ul>
2	<b>IT Funding Request</b>	Section 48(1)(a)  The public conduct of this matter would be	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(j)</li> </ul>



<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
		likely to result in disclosure of information for which good reason exists under section 7	To prevent the disclosure or use of official information for improper gain or improper advantage

The meeting went into confidential session at 11.48a.m. and resumed in public session at 12.20p.m.

There being no further business the meeting ended at 12.20p.m.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved

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## **Health, Safety and Wellbeing Report, July - September 2021**

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### **1. Purpose of Report**

- 1.1 To provide the Subcommittee with a report on health, safety and wellbeing data collected over the period July to September 2021.
- 1.2 To update the Subcommittee on key health and safety risks, including controls and treatments.

### **2. Summary**

- 2.1 Significant incidents reported for this period are an explosive substance being identified in a Founders Heritage Park display and a large group of protesters causing disruption in the customer service centre and not complying with COVID-19 controls.
- 2.2 Council's key health and safety risks have been assessed as unchanged for this period.

### **3. Recommendation**

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Health, Safety and Wellbeing Report, July - September 2021 (R26171) and its attachment (A2782852).***

### **4. Background**

- 4.1 Elected members, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are required to undertake due diligence on health and safety matters. Council's Health and Safety Governance Charter states that Council will receive quarterly reports regarding the implementation of health and safety. Council has delegated the responsibility for health and safety to the Audit, Risk and Finance Subcommittee.

## Item 6: Health, Safety and Wellbeing Report, July - September 2021

- 4.2 Health, safety and wellbeing performance data reports provide an overview based on key lead and lag indicators. Where a concerning trend is identified more detail is provided in order to better understand issues and implement appropriate controls.

### **5. Discussion**

#### **5.1 Incidents of note**

- 5.1.1 In July the explosive substance picric acid was identified in a collection on display at Founders Heritage Park. Picric acid was historically used in surgical dressings and high explosives, and it can become particularly volatile when solutions of picric acid age and crystalize.
- 5.1.2 A defence force specialist team removed the picric acid and other potentially dangerous items identified in the collection. Further specialist support has been engaged to manage the risk of hazardous materials in the remainder of the Founders collections.
- 5.1.3 In September a large group of protesters overcame security measures and entered the Customer Service Centre while a Council meeting was in progress. This occurred during alert level two restrictions and COVID-19 control requirements were largely ignored by the protesters.
- 5.1.4 CSC staff followed procedures for such situations and evacuated to secure back-office areas. Council's Chief Executive addressed the protesters prior to the police moving them out of the CSC.
- 5.1.5 The investigation into this incident has concluded that appropriate risk assessment and response procedures were followed. Some improvements to controls have been identified.

#### **5.2 COVID-19 Response**

- 5.2.1 The sudden change to alert level 4 in August and ongoing requirements to operate under alert level 2 restrictions has disrupted Council operations including the health and safety work plan.
- 5.2.2 The ongoing work carried out by Council's Covid Response Readiness Group had anticipated such an alert level change allowing a fast response that somewhat minimised disruption during the initial stages. Improvements in the Incident Management Team processes since the March 2020 lockdown also allowed a more agile response.

## Item 6: Health, Safety and Wellbeing Report, July - September 2021

### 5.3 Lead Indicators

- 5.3.1 Many lead indicators were impacted by the COVID-19 response including an extended period with many staff working at least partly from home.

### 5.4 Safe Driving

- 5.4.1 ERoad in vehicle monitoring data continues to show a very low rate of overspeed events.
- 5.4.2 When the ERoad system was first implemented in 2016 the rate of over speed events was close to 2 per 100km travelled, for this quarter it remains around 0.3 events per 100km.
- 5.4.3 Where individual drivers are identified with concerning overspeed reports this is followed up with their Business Unit manager. One driver had a concerning overspeed report in this period.

### 5.5 Staff Wellbeing

- 5.5.1 Sick leave data shows a pattern somewhat consistent with National flu-tracking data in that the rate of sick leave taken has dipped below previous years following a peak during winter.
- 5.5.2 The high peak rate of sick leave taken in July is likely to be due to the very low tolerance for anyone who is unwell to be in the workplace.

### 5.6 Contractor Health and Safety

- 5.6.1 Contractor safe work observations (SWOs) or contractor monitoring reported for this period were impacted by the time spent at alert levels 3 and 4 when less monitoring on worksites could occur.

### 5.7 Due Diligence Activities

- 5.7.1 Seven elected or appointed members attended four separate site safety visits during this period.
- 5.7.2 Four SLT members attended seven separate site safety visits.
- 5.7.3 These due diligence activities are detailed in the attachment and continue to occur at a frequency that indicates targets will be met for the year.

## 6. Key Health and Safety Risk Update

- 6.1 All of Council's key health and safety risks previously reported are assessed to remain as medium risks.

## Item 6: Health, Safety and Wellbeing Report, July - September 2021

- 6.2 An emerging risk has been identified in regard to staff safety due to a likely increase in customer irritation over enforcement of further mandatory COVID-19 controls in Council workplaces. This will be carefully monitored and treatments identified where required.
- 6.3 Progress on treatments has in some cases been delayed due to the COVID-19 response and other temporary unexpected capacity limitations for health and safety staff.
- 6.4 A planned comprehensive review of the key health and safety risks has been rescheduled to be included in the next quarterly report.
- 6.5 Where new treatments have been planned or have been implemented as controls since the last report this is indicated by red text in the attachment.
- 6.6 Where possible timeframes are indicated for treatments.

**Author: Malcolm Hughes, Health Safety and Wellness Adviser**

### **Attachments**

Attachment 1: A2782852 - Health, Safety and Wellbeing Report - July - September 2021 [↓](#)

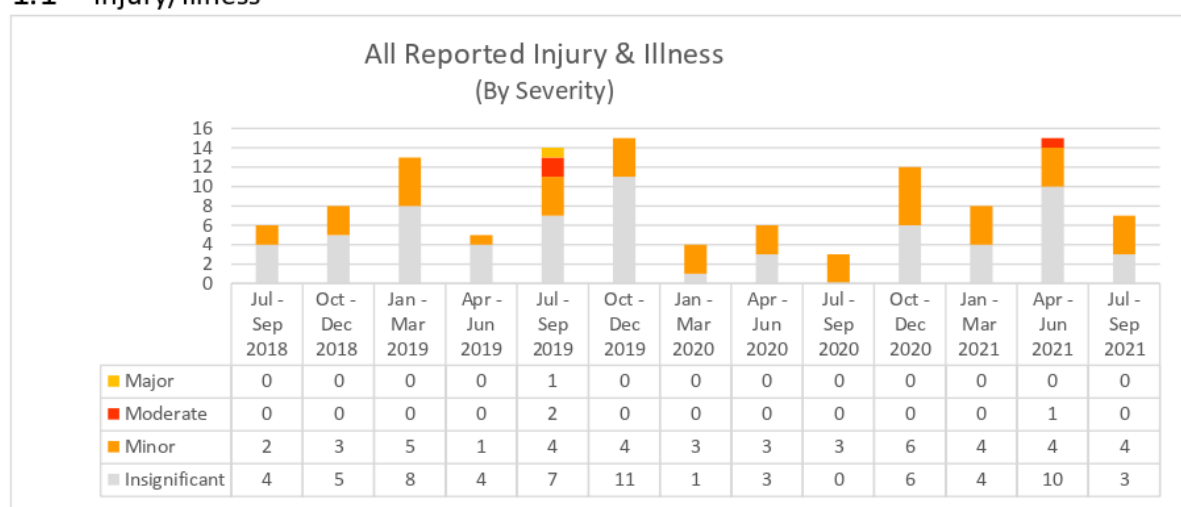


## Health, Safety and Wellbeing Report

### July – September 2021

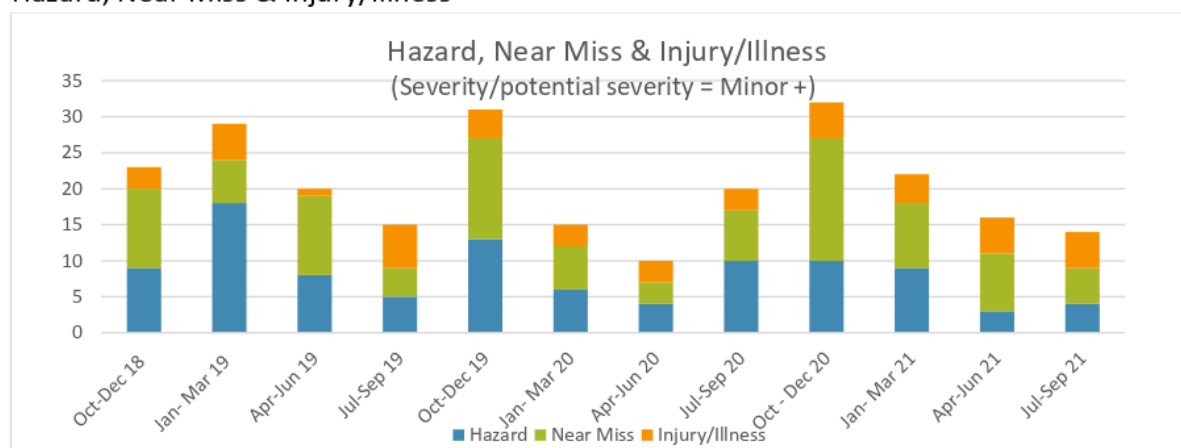
#### Section 1 - Health, Safety and Wellbeing Performance Data

##### 1.1 Injury/Illness



Minor severity incidents for this period included: A staff member slamming their thumb in a door, a staff member report of workplace stress, a staff member twisting their knee when getting up from a chair and a contractor catching their finger while unhitching a trailer.

##### Hazard, Near Miss & Injury/Illness

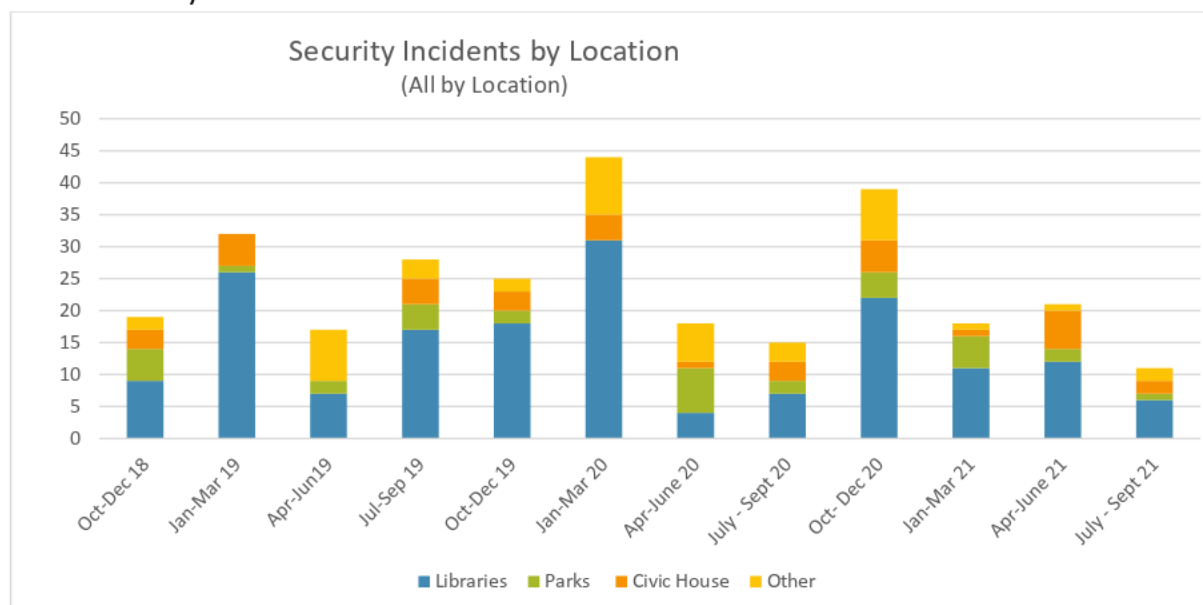


Near misses reported this period included:

- A Council van pushed across the centre line by a wind gust on SH6
- An explosive substance (Picric acid) identified in a Founders Heritage Park display collection
- Asbestos dust identified in a Council owned building during a routine asbestos management survey

A2782852

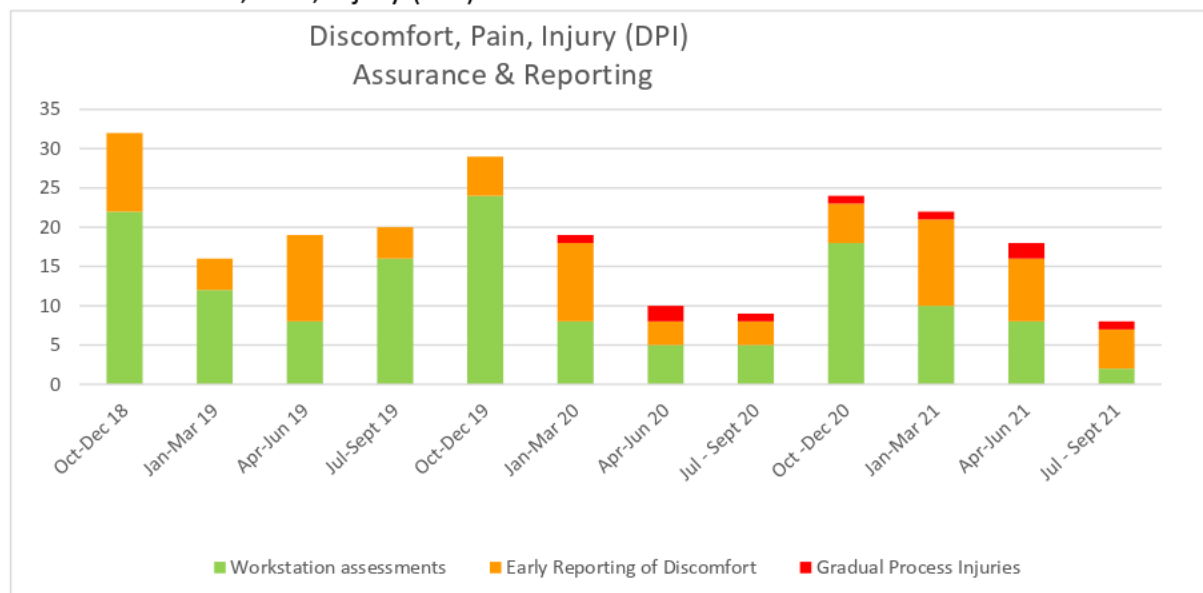
## 1.2 Security



The most significant security incident in this period was a group of protesters making their way into the customer service centre showing considerable disregard for COVID-19 controls and putting staff at risk.

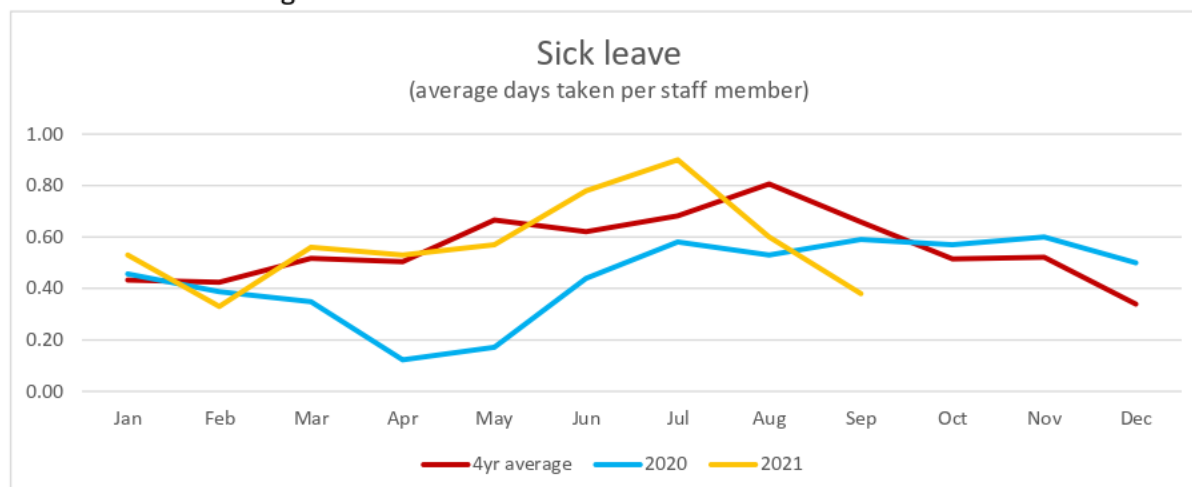
Other security incidents included vandalism at Founder Heritage Park, disruption in libraries and a parking officer being pushed by a member of the public.

## 1.3 Discomfort, Pain, Injury (DPI)

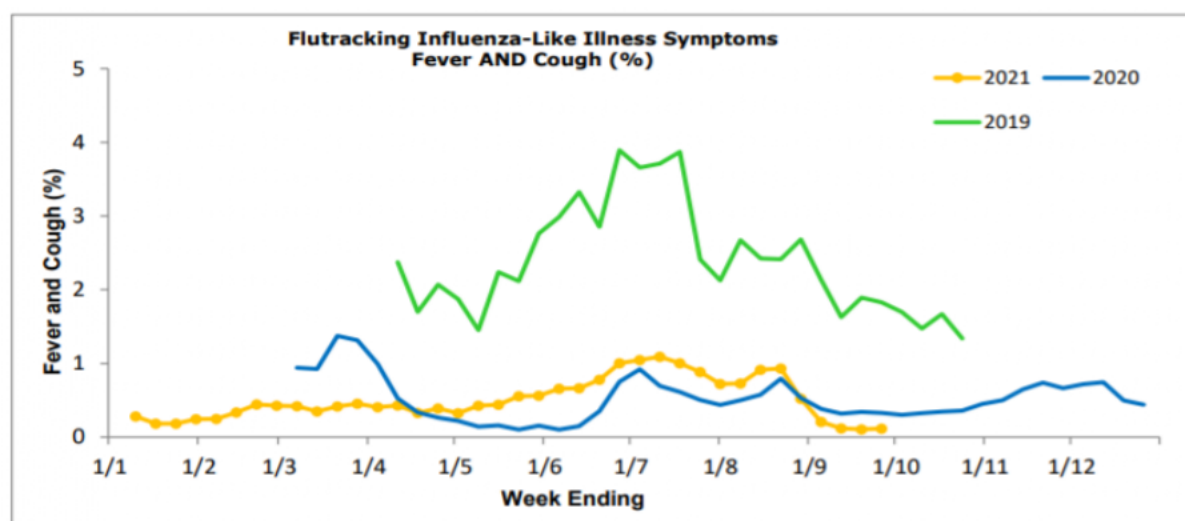


Workstation assessments are an important tool in preventing discomfort, early reporting of discomfort is key to preventing pain and Injury (DPI).

## 1.4 Staff Wellbeing



The average number of sick days taken by staff each month gives some indication of staff wellbeing when compared with a four year average (2016-2019) and last year. The increased focus on staff staying away from work when unwell is likely to have an impact during winter when there is increased seasonal illness in the community.



This chart shows related data from the Ministry of Health weekly flutracking survey for people that report experiencing symptoms of fever and cough.

## 1.5 COVID-19 Response

The COVID-19 response readiness group continues to meet fortnightly with a remit to:

- Identify and assign actions that will increase Council's readiness to respond to an escalation in COVID-19 alert levels
- Identify key decisions that may be needed in the following two-week period
- Recommend IMT composition for the following two-week period

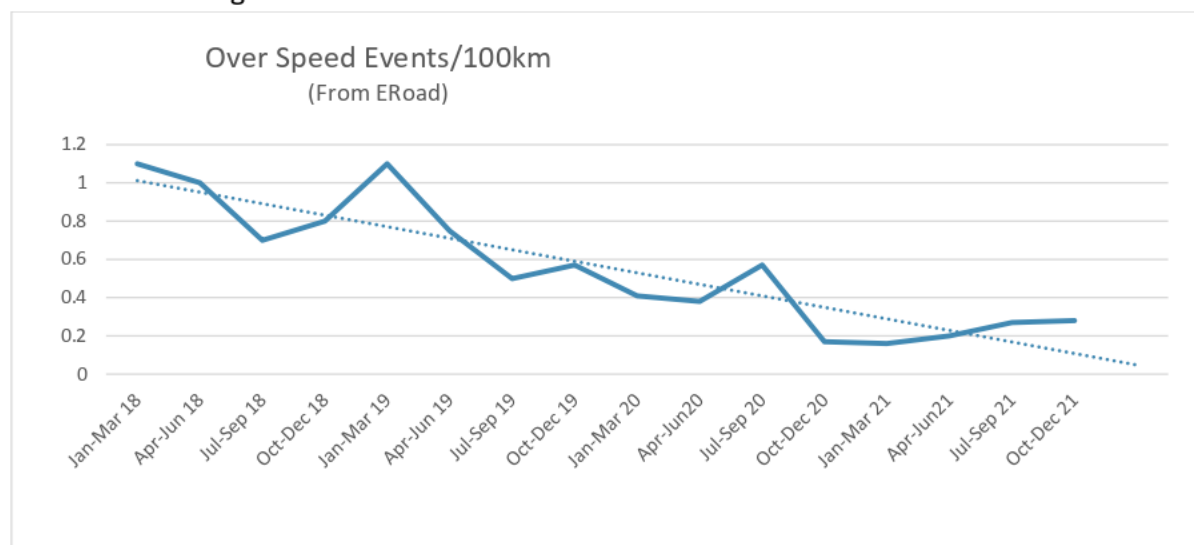
Recent and upcoming staff communications and engagement planned by the COVID-19 response readiness group includes review of Council's vaccination plan and development of a vaccination policy to reflect changes in requirements.

Health, Safety and Wellbeing Report - July - September 2021 (A2782852)

A2782852

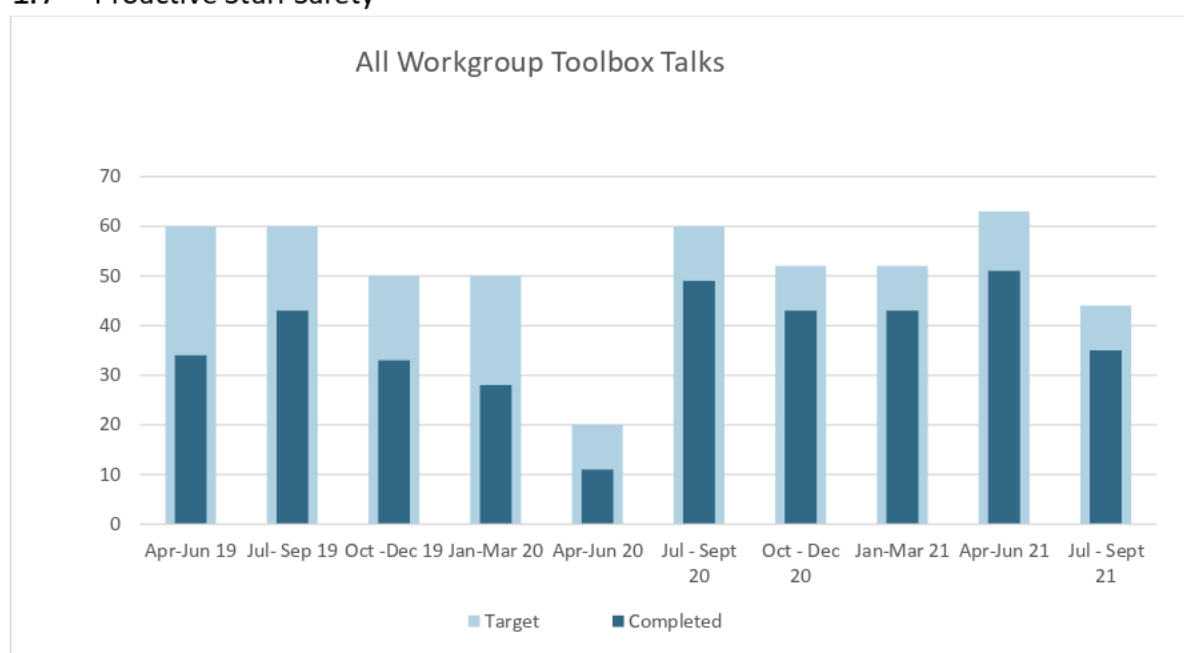


## 1.6 Safe Driving



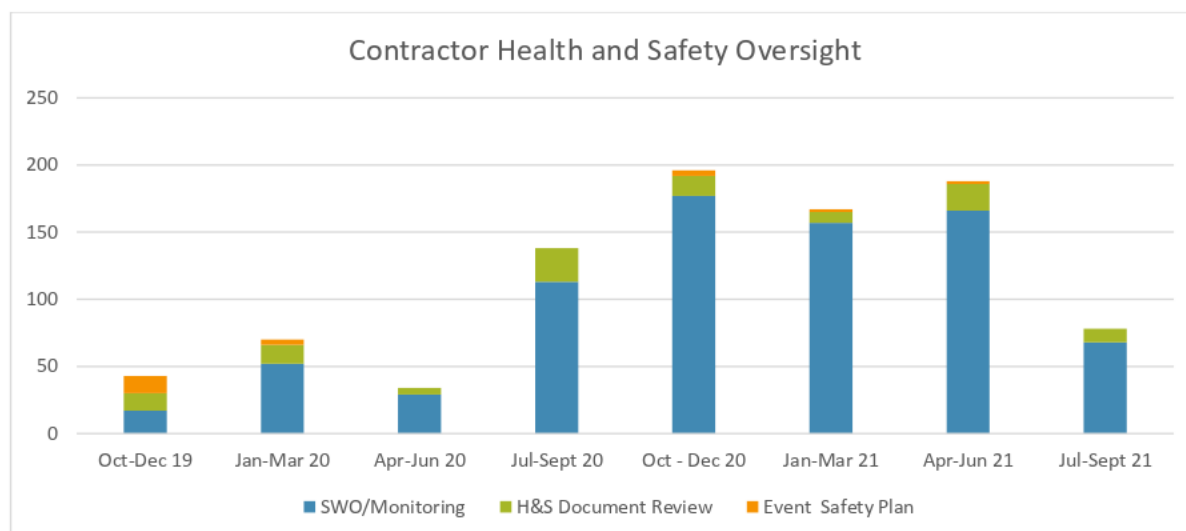
The ERoad in vehicle monitoring system provides data on when and where drivers exceed the speed limit by 10kmph or more. The ongoing decrease in over-speed events over time is an indicator of improved driver safety. One driver required follow up from their Business Unit Manager for overspeed events recorded during this period.

## 1.7 Proactive Staff Safety



Toolbox talks (TBTs) are required to be completed monthly by all workgroups. The agenda for this monthly health and safety meeting includes standing items and a monthly feature topic that often includes important health and safety updates or reminders. No agenda was provided to workgroups for a September toolbox talk due to COVID-19 response demands.

## 1.8 Contractor Health and Safety Oversight



**SWO/Monitoring** – Contractor workplace visits or inspections that have a specific focus on H&S.

**H&S Document Review** – A safety plan or contractor pre-qualification is received and reviewed.

**Event H&S Plan** – A safety plan for a Council run event or venue hire.

## 1.9 Senior Leader Due Diligence

The following safe work observations or safety tours have been reported for this period:

- Nikki Harrison, Cr Brand and Cr O'Neill-Stevens – Founder Heritage Park with a focus on event safety.
- John Murray and Alec Louverdis – Forestry harvesting Tantragee block
- Nicky McDonald – Control of security risks for a Council meeting
- Andrew White, Mayor Reese, Cr Brand, Cr Bowater and Cr Skinner - Trafalgar Park Pavillion
- Cr Noonan – Marina Hardstand
- Alec Louverdis – Saxton Creek culvert failure (3 site visits)

Due Diligence targets for elected members are:

1. Two visits with a focus on health and safety to Council workplaces by elected members per quarter
2. One visit with a focus on health and safety to a Council workplace by each elected member per calendar year
3. Attendance at two health and safety committee meetings per year by a member of the audit and risk subcommittee.

The due Diligence target for SLT members is one safe work observation per quarter by each SLT member.

## Section 2 - Key Health and Safety Risks

### 2.1 Insufficient oversight of contractors to meet Council's duties as a PCBU that has influence and control over the work

**Why do we see this as a risk?** Under the Health and Safety at Work Act 2015 Council has responsibilities for ensuring the health and safety of workers and others in situations where it contracts work to be done. If these responsibilities are not adequately met any injury or illness as a result of contracted work may lead to Council being prosecuted along with the contractor. Most of Council's particularly hazardous work or work that may put the public at risk is completed by contractors.

#### Managing the risk

Council manages this risk by having a comprehensive contractor health and safety management plan and process's in place.

##### Controls – What we have in place

- Contractors are required to demonstrate a level of health and safety competence through a pre-qualification process
- Standardised contract templates with clear health and safety requirements are in use for all new contracts
- There is a process for review of contract specific health and safety plans
- Contractor work is monitored with a specific focus on health and safety
- There is a process for reviewing contractor health and safety performance
- Procurement training that includes Contractor health and safety is delivered to key staff
- Asbestos management plans for Council assets are provided to contractors
- Contracts data base that will assist monitoring contractor health and safety requirements is operational

##### Treatments - What we are planning

**Risk Owner** Chief Executive

**Residual Risk Rating** Medium (6)

#### Risk Map

Likelihood	Almost Certain	Medium	Medium	High	Very High	Very High
	Likely	Medium	Medium	High	High	Very High
	Possible	Low	Medium	Medium	High	High
	Unlikely	Very Low	Low	Medium	Medium	High
	Rare	Very Low	Very Low	Low	Medium	Medium
		Insignificant	Minor	Moderate	Major	Extreme
		Impact				

**Risk Movement** None

**Last updated:** November 2021

Health, Safety and Wellbeing Report - July - September 2021 (A2782852)

A2782852

## 2.2 Customer aggression threatening the health & safety of those who work for and with Council

**Why do we see this as a risk?** Council's objective is to have all those who work for us safe at work. Council staff, elected representatives, contractors and volunteers can be threatened and abused while carrying out duties at Council facilities or in the field, leading to work stress and fatigue. Those who have a public interface (e.g. Customer Service centre, contracted staff, public events, libraries) experience aggression on a regular basis.

### Managing the risk

Council is working on reviewing and managing the risk through best practice H&S management systems and continuous improvement.

#### Controls - What we have in place

- Crime prevention through environmental design (CPTED) is considered in design of all new Council facilities
- CCTV surveillance in key Council workplaces including CCTV system upgrade at all libraries
- Improved physical security in many workplaces as a result of security reviews
- Difficult customer training provided for staff in high exposure roles
- Minimum cash holdings
- Risk assessments are completed for Council meetings and large events
- Proactive use of security guards when indicated by increased risk
- Police advised of all large gatherings such as citizenship ceremonies (March 2019)
- Terrorism threat and vulnerability assessment tools used in major event and venue risk assessments
- 2020 External security review for libraries and Founders Heritage Park, ongoing implementation of actions

#### Treatments - What we are planning

- CCTV upgrade Civic House (install underway, training scheduled)
- Improved organisational procedures regarding aggressive customers (Dec 2021)

**Risk Owner** Chief Executive

**Residual Risk Rating** Medium (9)

#### Risk Map

Likelihood	Almost Certain	Medium	Medium	High	Very High	Very High
	Likely	Medium	Medium	High	High	Very High
	Possible	Low	Medium	Medium	High	High
	Unlikely	Very Low	Low	Medium	Medium	High
	Rare	Very Low	Very Low	Low	Medium	Medium
		Insignificant	Minor	Moderate	Major	Extreme
		Impact				

**Risk Movement** None

**Last Updated:** November 2021

## 2.3 Staff becoming unwell as a result of either or both the stresses of the role or the sedentary nature of their work

**Why do we see this as a risk?** Staff are exposed to workstation associated risks of discomfort, pain and injury through much of their work. Work related stress has been identified as higher than acceptable in staff surveys. These surveys have shown year on year improvement since 2017.

### Managing the risk

Risks associated with workplace stress are managed by a range of wellbeing initiatives that go above and beyond mandatory requirements. Council manages Discomfort, Pain and injury (DPI) risks through best practice systems focused on prevention.

#### Controls - What we have in place

- Workstation assessments are provided for all new employees
- Early reporting of discomfort procedure is in place and further workstation assessments or other actions completed as required
- Training and systems for the prevention of book-handling injuries for library staff
- Wellbeing at Work Oranga Mahi training for staff and accreditation achieved
- Working well together' policy in place with training provided
- Wellness team ensures there remains a focus on worker wellbeing over and above mandatory health and safety requirements in a workplace
- Regular communications and involvement in initiatives to improve mental health awareness
- Workplace Support – wellbeing services available to all staff
- Additional staffing resource allocated to key areas
- Wellbeing framework 'Oranga Tonutanga' rolled to all staff (Sept 2020)

#### Treatments - What we are planning

- Ongoing additional staffing resources provided where greatest need identified

**Risk Owner** Chief Executive

**Residual Risk Rating** Medium (6)

#### Risk Map

Likelihood	Almost Certain	Medium	Medium	High	Very High	Very High
	Likely	Medium	Medium	High	High	Very High
	Possible	Low	Medium	Medium	High	High
	Unlikely	Very Low	Low	Medium	Medium	High
	Rare	Very Low	Very Low	Low	Medium	Medium
		Insignificant	Minor	Moderate	Major	Extreme
		Impact				

**Risk Movement** None

**Last Update:** November 2021

## 2.4 The nature of field work when alone and/or in remote and isolated locations exposes workers to a higher likelihood of injury

**Why do we see this as a risk?** The nature of some field operations exposes workers (including contractors, Council staff and volunteers) to the increased likelihood of accidents impacting on the objective to keep our people safe. Lone workers (such as building inspectors parking staff etc.), and workers undertaking hazardous tasks, (river work, forestry activities, working at heights, confined spaces, or with asbestos or hazardous substances) are particularly exposed.

### Managing the risk

Council manages this risk by having general procedures and specific guidance to support task specific risk assessments for lone work and work in remote and isolated locations.

#### Controls - What we have in place

- Lone Worker Policy and procedures
- On the job and formal risk assessment procedures
- Lone work is avoided where risk is significantly increased by working alone e.g. there is no longer single staffing at Nellie Nightingale Library
- Communication devices such as cell-phones, two-way radios and personal locator beacons are provided as required
- Vehicle tracking technology in all Council vehicles

#### Treatments - What we are planning

**Risk Owner** Chief Executive

**Residual Risk Rating** Medium (6)

#### Risk Map

Likelihood	Almost Certain	Medium	Medium	High	Very High	Very High
	Likely	Medium	Medium	High	High	Very High
	Possible	Low	Medium	Medium	High	High
	Unlikely	Very Low	Low	Medium	Medium	High
	Rare	Very Low	Very Low	Low	Medium	Medium
		Insignificant	Minor	Moderate	Major	Extreme
		Impact				

**Risk Movement** None

**Last Update:** November 2021

## 2.5 That staff or others are injured as a result of driving or travelling in a vehicle while at work

**Why do we see this as a risk?** Driving or travelling in a motor vehicle is the one workplace situation many staff are exposed to where a single error by a staff member or an unknown person could result in a serious injury or fatality.

### Managing the risk

Council manages this risk through improved awareness, focused competent drivers and safe well maintained vehicles

#### Controls - What we have in place

- A vehicle use policy that addresses safe vehicle use
- Vehicle purchasing policy with a focus on higher safety ratings
- In vehicle monitoring that includes real time location and records over-speed events (ERoad)
- Comprehensive vehicle inspection and maintenance schedule
- Ongoing communications regarding safe driving
- Driver training provided as required
- Upgraded in vehicle monitoring hardware installed in all fleet vehicles

#### Treatments - What we are planning

- Review of procedures for use of 4wd vehicle when off paved roads (underway).

**Risk Owner** Chief Executive

**Residual Risk Rating** Medium (8)

#### Risk Map

Likelihood	Almost Certain	Medium	Medium	High	Very High	Very High
	Likely	Medium	Medium	High	High	Very High
	Possible	Low	Medium	Medium	High	High
	Unlikely	Very Low	Low	Medium	Medium	High
	Rare	Very Low	Very Low	Low	Medium	Medium
		Insignificant	Minor	Moderate	Major	Critical
		Impact				

**Risk Movement** None

**Last Update:** November 2021



## 2.6 Marina Risk – That staff or others are seriously injured due to inadequate control of critical risks in Marina and Hardstand operations

### Why do we see this as a risk?

Marina operations include areas of critical (high consequence low likelihood) health and safety risk. There is some uncertainty about how well these risks will be controlled. These risks include; work at heights, work under suspended loads, work over water, moving plant operation in pedestrian areas and hazardous work carried out by contractors of vessel owners on the hardstand.

### Managing the risk

Council will adapt its health and safety management system to ensure these risks are effectively managed.

#### Controls - What we have in place

- Marina manager with high level of health and safety competence employed
- Marina staff have experience in the safe operation of this facility
- Project team includes Health and Safety Adviser
- Inclusion of critical risks in Council risk register
- Comprehensive PPE purchased for Marina staff
- Ongoing engagement with Marina staff on health and safety matters
- Marina included in H&S data base and activity schedules
- Fit for purpose lone worker communication solution in use
- H&S induction training day completed by most staff
- Improved contractor induction process for work on the hardstand
- Safety Improvements to hardstand pedestrian access

#### Treatments - What we are planning

- Complete health and safety system documentation for marina operations (Dec 2021 – Mar 2022)
- Elect Marina health and safety representative (December 2021)
- H&S training of Marina Staff (ongoing)

**Risk Owner** Chief Executive

**Residual Risk Rating** Medium (6)

#### Risk Map

Likelihood	Almost Certain	Medium	Medium	High	Very High	Very High
	Likely	Medium	Medium	High	High	Very High
	Possible	Low	Medium	Medium	High	High
	Unlikely	Very Low	Low	Medium	Medium	High
	Rare	Very Low	Very Low	Low	Medium	Medium
		Insignificant	Minor	Moderate	Major	Extreme
		Impact				

**Risk Movement** None

**Last updated:** November 2021



## **Quarterly Finance Report for the three months ending 30 September 2021**

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### **1. Purpose of Report**

- 1.1 To inform the Subcommittee of the financial results for Council for the first three months of 2021/22, and to highlight any material variations.

### **2. Recommendation**

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Quarterly Finance Report for the three months ending 30 September 2021 (R26191) and its attachments (A2776828, A2766313, A2777804 and A2771754).***

### **3. Background**

- 3.1 Quarterly reports on performance are being provided to each Committee on the performance and delivery of projects and areas within their responsibility.
- 3.2 The whole of Council financial reporting provided to this subcommittee focuses on the three-month performance (1 July 2021 to 30 September 2021) compared with the year-to-date (YTD) approved capital and operating budgets.
- 3.3 Unless otherwise indicated, all information is against approved operating budgets, which is year one of the Long Term Plan 2021-31 (2021/22), plus any carry forwards, plus or minus any other additions or changes as approved by the Council.
- 3.4 Commentary is provided below for significant variances of +/- \$50,000.

## Item 7: Quarterly Finance Report for the three months ending 30 September 2021

### 4. Financial Performance

4.1 For the three months ending 30 September 2021, the Council's draft deficit is \$305,000 unfavourable to budget.

### 4.2 Profit and Loss

PROFIT & LOSS - ALL OF COUNCIL						
	YTD Actuals	YTD Operating Budget	YTD Variance	Operating Budget	Annual Plan Budget	Forecast
<b>Income</b>						
Rates Income	18,510,245	18,474,092	36,153	73,896,330	73,896,331	73,744,211
Other Income	10,561,816	10,627,920	(66,104)	54,834,083	54,587,357	54,651,177
<b>Total</b>	<b>29,072,061</b>	<b>29,102,012</b>	<b>(29,951)</b>	<b>128,730,413</b>	<b>128,483,688</b>	<b>128,395,388</b>
<b>Expenses</b>						
Staff Operating Expenditure	7,971,965	7,833,030	(138,935)	31,332,121	31,101,009	31,106,009
Base Expenditure	13,091,334	13,095,900	4,566	50,476,926	50,341,398	50,949,297
Unprogrammed Expenses	1,712,100	1,339,623	(372,477)	5,163,420	5,113,300	5,931,947
Programmed Expenses	2,926,488	3,287,862	361,374	18,757,505	18,414,630	18,703,924
Finance Expenses	2,339,278	2,280,027	(59,251)	13,130,010	13,130,003	13,130,010
Depreciation	7,470,816	7,400,928	(69,888)	29,603,686	29,603,689	29,603,686
<b>Total</b>	<b>35,511,981</b>	<b>35,237,370</b>	<b>(274,611)</b>	<b>148,463,668</b>	<b>147,704,029</b>	<b>149,424,873</b>
<b>Surplus/(Deficit)</b>	<b>(6,439,920)</b>	<b>(6,135,358)</b>	<b>(304,562)</b>	<b>(19,733,255)</b>	<b>(19,220,341)</b>	<b>(21,029,485)</b>

### 4.3 Income

4.4 Rates income is on budget.

4.5 Other income is less than budget by \$66,000 with significant variances as follows:

4.5.1 Investment Management income is greater than budget by \$360,000. An unbudgeted special dividend was received from Port Nelson of \$280,000 which has been used to repay debt in accordance with Council policy. This dividend was paid in September 2021 for the 2020/2021 financial year in addition to the \$2 million dividend already recognized in that financial year. Rental relief is also under budget by \$124,000 due to lower-than-expected rental relief granted. During the year, Council granted rental relief of \$97,000 across various cost centres but mainly in Esplanade & Foreshore Reserves, Greenmeadows Centre, Millers Acre Centre and Rental properties.

4.5.2 Forestry income is less than budget by \$411,000. Maitai Forestry income is behind budget by \$389,000 with no income year-to-date. Harvesting commenced in October with income now expected to occur later this calendar year.

4.5.3 Building Services income is greater than budget by \$170,000. Building consent income and Quality Assurance levies are ahead of budget by \$147,000 and \$18,000 respectively with stronger market demand than anticipated.

4.5.4 Parking and CBD Enhancement income is less than budget by \$58,000. Off Street Meter Fees are under budget by \$19,000 and income

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from rent is under budget by \$37,000 both due to the impacts from Covid shutdown periods.

4.5.5 **Environmental Advocacy/Advice income is less than budget by \$53,000.** Maitai ERP grant income is \$74,000 behind budget with funding to be received on submitting the quarterly report in the second quarter. Unbudgeted grant income of \$19,000 has been received from Forest and Bird for Rush Pool pest plant control.

4.5.6 **Recycling income is less than budget by \$70,000.** Local Disposal Levies recoverable from Landfill is \$69,000 behind budget due to lower than expected expenditure with the Curbside contract September invoice not being received in time.

4.5.7 **Wastewater income is less than budget by \$189,000.** Commercial Trade Waste income is under budget by \$119,000 mainly due to the impacts of Covid lockdown.

4.6 **Expenses**

4.7 **Staff Operating expenditure is greater than budget by \$139,000.**

4.8 **Base Expenditure is less than budget by \$5,000.**

4.8.1 **Forestry expenditure is less than budget by \$171,000.** Maitai Harvest cost is \$237,000 behind budget with harvesting commencing in October which is partially offset by higher than planned Brook Harvesting costs of \$44,000.

4.8.2 **Recycling expenditure is less than budget by \$132,000.** Provide: Curbside contract is \$137,000 behind budget with the September invoice not having been received on time.

4.8.3 **Resource Consents expenditure is greater than budget by \$52,000.** Job purchases are ahead of budget by \$47,000 and External Expert Services are ahead of budget by \$6,000, with consultants required to be used due to lack of staffing to deal with the increased volume of consents being sought.

4.9 **Unprogrammed expenditure is greater than budget by \$372,000** with significant variances as follows:

4.9.1 **Subsidised Roding expenditure is greater than budget by \$122,000** due to an unexpected weather event and expected to rise to \$150,000 by the end of October 2021. This is for clearing slip material off the roads including Walters Bluff and Iwa Road.

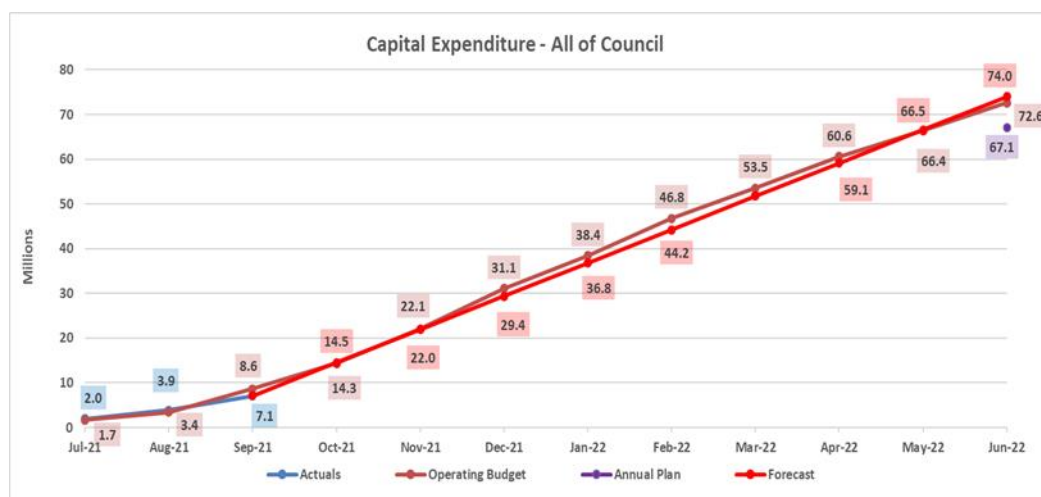
4.9.2 **Unsubsidised Roding expenditure is greater than budget by \$44,000.** Unbudgeted expenditure of \$35,000 was incurred in September when a sinkhole appeared on Main Road Stoke while work was being undertaken on Stage 4 of the Saxton Creek Upgrade.

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- 4.9.3 **Landscape Reserves expenditure is greater than budget by \$44,000.** Heavy Rain events are \$53,000 over a nil budget due to slips from rain events happened in Grampians, Botanical Hill and Sir Stanley Whitehead. Total remedial work is forecasted to be about \$370,000.
- 4.9.4 **Brook Camp expenditure is greater than budget by \$59,000.** This is mainly due to Campground Compliance works being \$49,000 over a nil budget. This was due to spending being necessary on a relocatable home park at Brook Camp to comply with legislative requirements.
- 4.10 **Programmed expenditure is less than budget by \$361,000** with significant variances as follows:
- 4.10.1 **Saxton Field expenditure is less than budget by \$235,000.** The Grant to TDC for Champion Drive is under budget by \$235,000 which is a saving as the project did not cost as much as anticipated.
- 4.10.2 **Monitoring The Environment expenditure is less than budget by \$59,000.** Hill Country Erosion expenditure is behind budget by \$33,000 and Healthy Streams is behind budget by \$24,000. These are expected to be spent by the end of the year and the budgets will be phased to reflect this in the next quarter.
- 4.11 **Finance expenditure is greater than budget by \$59,000.**
- 4.12 **Depreciation expenditure is greater than budget by \$70,000.**

## 5. Capital Expenditure

### 5.1 Capital Expenditure (including staff time, excluding vested assets)



- 5.2 As at 30 September 2021, Capital Expenditure is \$1.5 million behind the Operating Budget of \$8.6 million of which \$702,000 relates to Infrastructure, \$184,000 relates to Environment, \$346,000 relates to Corporate Services, and \$257,000 relates to Community and Recreation. Out of the \$1.5 million variance above, \$831,000 relates to Level of

## Item 7: Quarterly Finance Report for the three months ending 30 September 2021

Service, \$515,000 relates to Renewals and \$200,000 relates to Growth projects.

### 6. **Fundraising Adviser**

6.1 In September 2020 a fundraising adviser position (20 hours per week) was established to identify funding opportunities for priority Council projects/activities and develop and submit applications. It was modelled on a previous role which had operated successfully from 2010 to 2014 but was not replaced when the incumbent left.

6.2 Over the last 12 months the role has worked with business units to submit the following successful funding proposals:

Stoke Youth Park - Grant of \$150,000 (Rata Foundation)

Arts Strategy development - Grant of \$30,000 (CreativeNZ)

Builders waste processing – Grant of \$430,000 (Ministry for the Environment)

Montgomery Sq. toilets – Grant of \$460,000 (Tourism Infrastructure Fund)

6.3 It is intended to provide an annual update to the Audit Risk and Finance Subcommittee on fundraising undertaken by this role.

### 7. **Audit on Annual Report 2020/21**

7.1 Audit New Zealand commenced auditing of the draft Annual Report 2020/21 in September 2021 and the audit work is still ongoing. Although the Nelson City Council audit is almost complete, audit on Nelson City Council Group has not been finalised due to delays in finalising the Nelson Airport Limited financial statements. No significant issues were found during the audit and Audit New Zealand is expecting to issue an unmodified audit report once the audit work is completed. Audit has indicated that the audit will be completed in time to adopt the Annual Report at the Council meeting on 9th December 2021.

### 8. **Project Health**

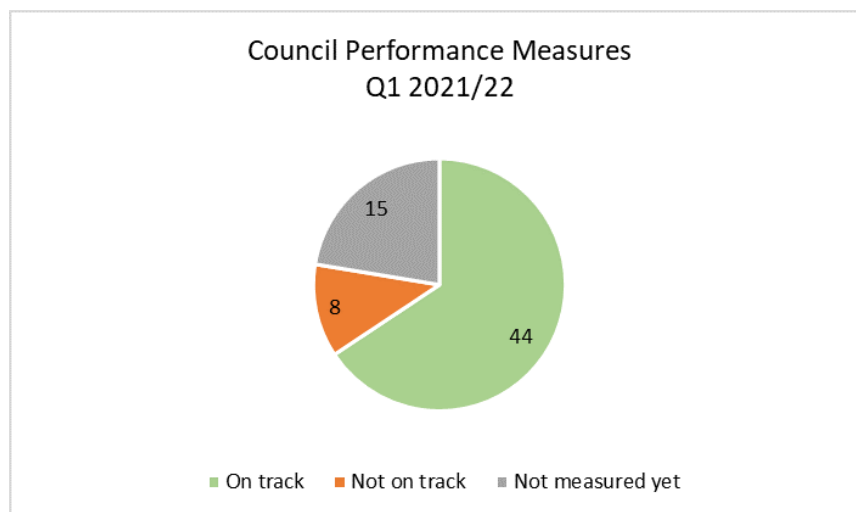
8.1 A table summarising the health of projects across Council for which project sheets have been generated is included as Attachment 2. It gives a red, amber, or green rating for quality, time, and budget factors.

8.2 The full project sheets are included as attachments to the Infrastructure, Community and Recreation, and Environment and Climate Committees' quarter one reports. Attachment four of this report contains the Whakamahere Whakatū Nelson Plan project sheet.

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9. **Performance Measures**

- 9.1 Council reports on 67 non-financial performance measures across its activity areas, as set out in the Long Term Plan 2021-31. These are evaluated as 'on track/not on track/not measured yet' for the first three quarters of the year. As this is the first quarterly report of the new Long Term Plan period, the performance measures have been updated to reflect those set for the period 2021-31.
- 9.2 Of the 67 measures, 44 are on track to achieve, 8 are not on track, and 15 have not been able to be measured yet as at quarter one.



- 9.3 Attachment 3 details Council's performance measure results so far across all its activities. They will also be discussed in the Infrastructure, Environment and Climate, and Community and Recreation Committees' respective quarterly reports.

**Author:** **Nikki Harrison, Group Manager Corporate Services**

**Attachments**

- Attachment 1: A2776828 - Finance Dashboard and Graphs - Quarter One 2021/22 [↓](#)
- Attachment 2: A2766313 - All of Council Project Health Summary Quarter One 2021/22 [↓](#)
- Attachment 3: A2777804 - All activities' performance measure results - Quarter One 2021/22 [↓](#)
- Attachment 4: A2771754 - The Nelson Plan Project Sheet [↓](#)

Item 7: Quarterly Finance Report for the three months ending 30 September 2021:  
Attachment 1

FINANCIAL MEASURES - KEY INDICATORS						
Category	YTD Actuals	YTD Operating Budget	YTD Variance	Total Operating Budget	Percent Variance	
<b>Rates Revenue</b>						
Received from Ratepayers	18,510,245	18,474,092	36,153	73,896,330	0.20%	●
<b>Operating Revenue</b>						
What we earn - fees, charges, subsidies etc	10,561,816	10,627,920	(66,104)	54,834,083	-0.62%	●
<b>Operating Expenditure</b>						
The costs to operate Council's activities	35,511,980	35,237,370	(274,610)	148,463,668	-0.78%	●
<b>Capital Revenue</b>						
Grants, subsidies, development contributions to fund capital projects	1,540,035	2,645,537	(1,105,502)	13,918,630	-41.79%	●
<b>Capital Expenditure</b>						
Costs for capital projects (excl. vested assets and NRSBU/NTRLBU)	7,094,006	8,620,125	1,526,119	72,586,890	17.70%	●

Key



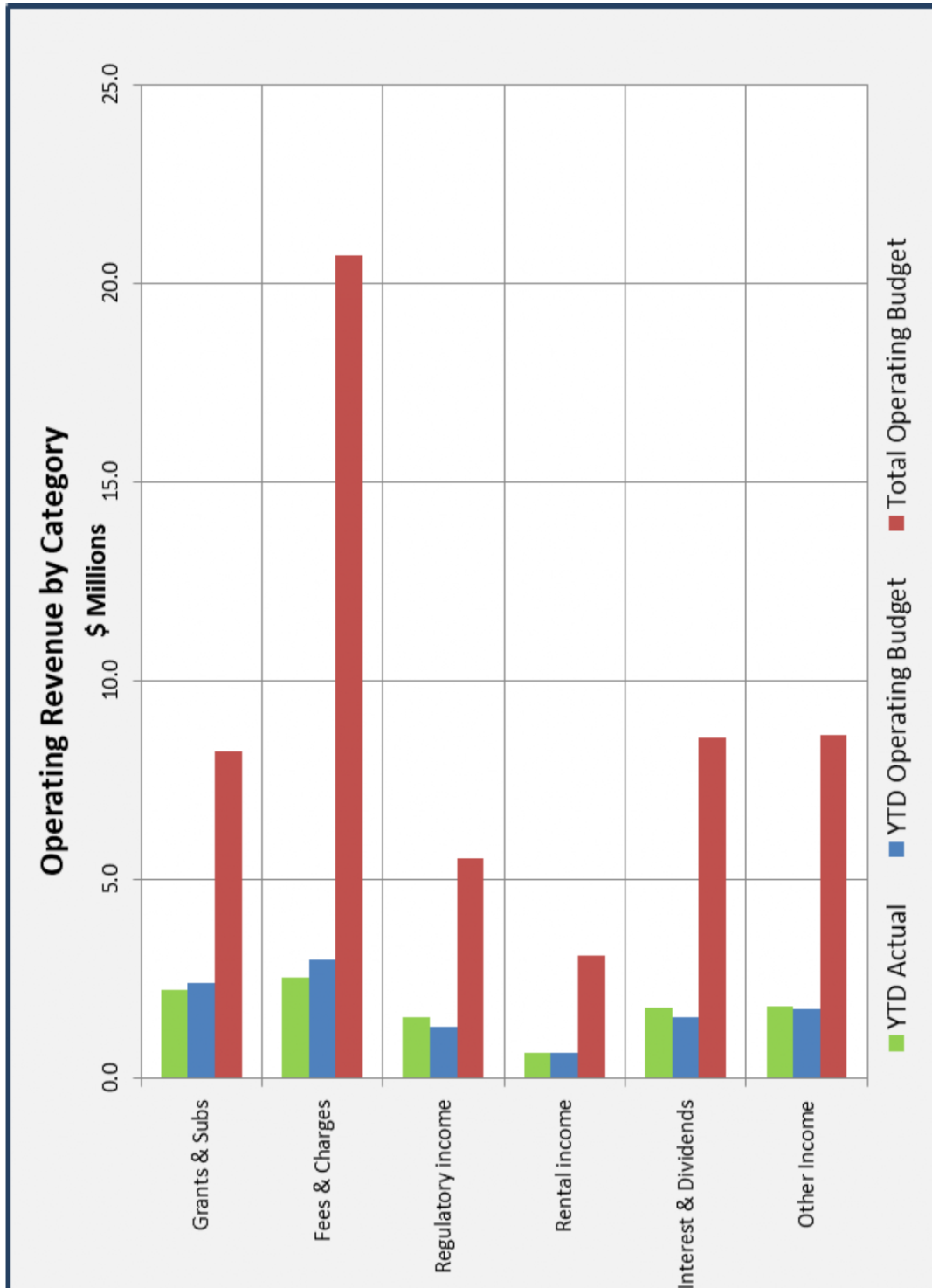
• All measures are year to date (YTD), and against the 2021/22 Operating Budget unless otherwise stated.

• Operating budget = AP + any carry forward +/- any resolutions of Council for the year to date.

• The financial threshold key interprets the quick-glance year to date indicators. The relative size (%) of the variance governs the colour of the indicator. Expenditure which is under budget by more than 5% is red because it is an indication of possible over-rating (if opex), or possible delivery issues (if capex).

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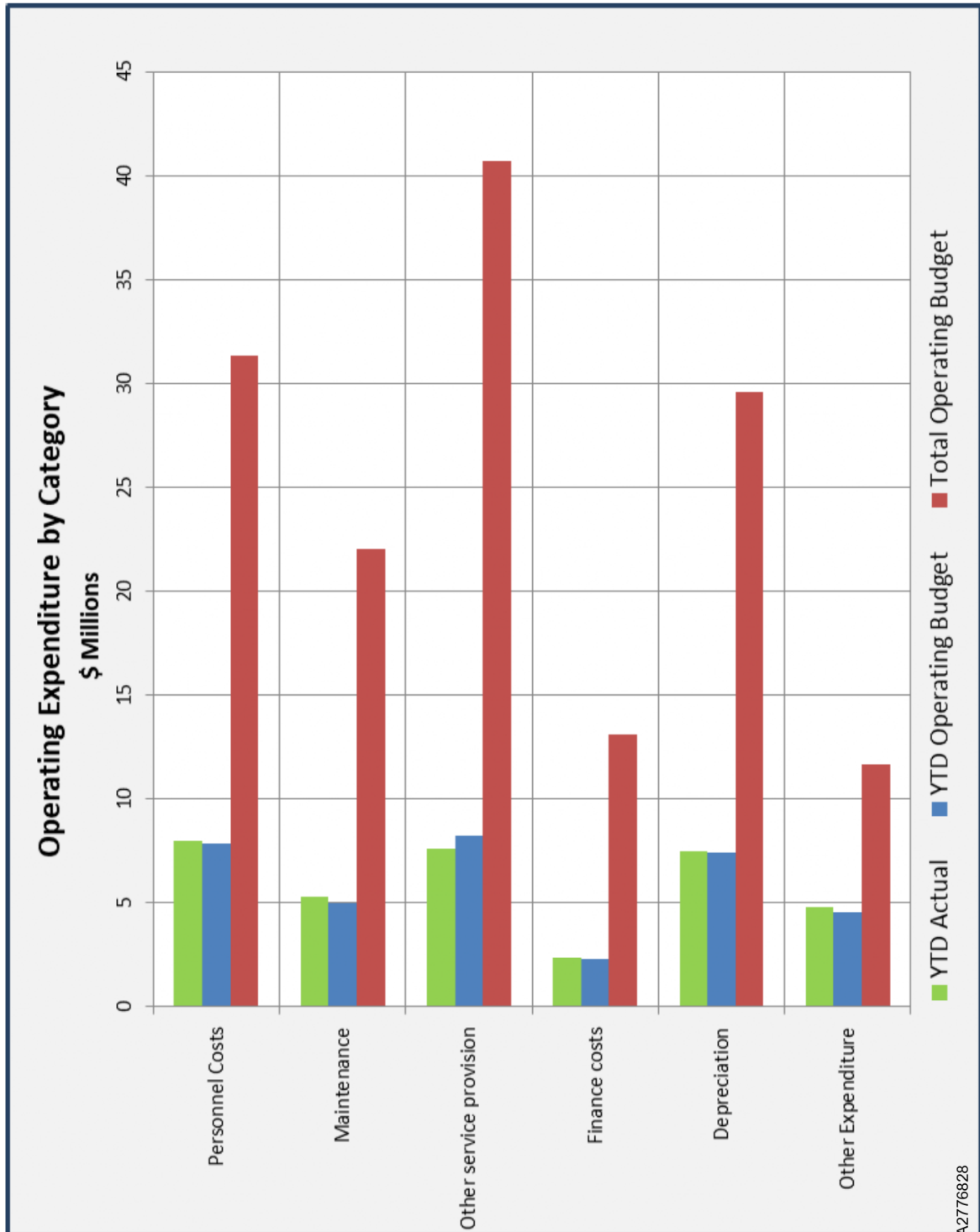
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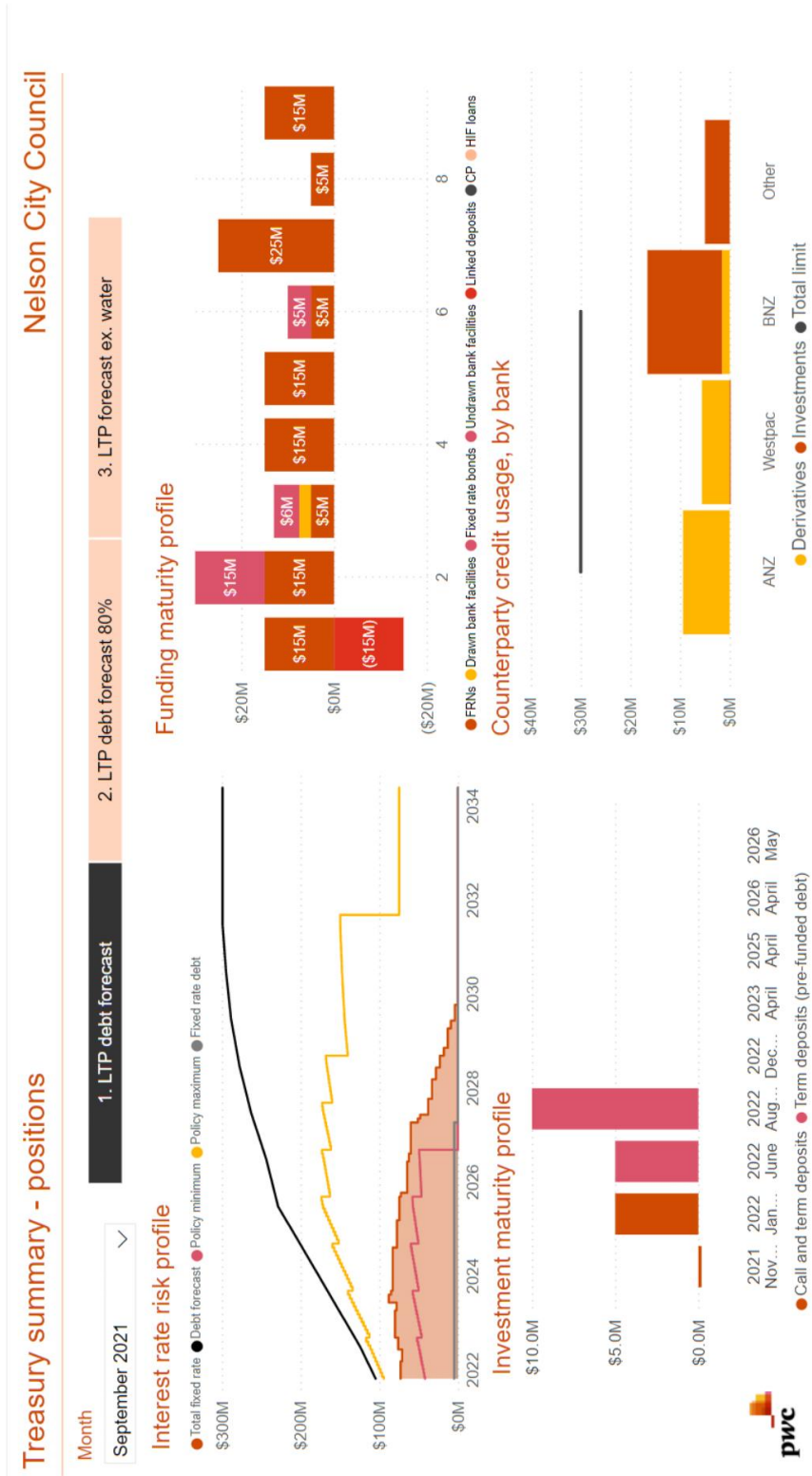


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Attachment 1



Treasury summary - compliance		Nelson City Council	
Month	September 2021	2. LTP debt forecast 80%	3. LTP forecast ex. water
Currency	NZD		
1. LTP debt forecast			
Interest rate risk		Funding	
✓	✓	✓	✓
✓	✓	✓	✓
\$75,000,000 Total fixed rate instruments		\$107,500,000 Gross debt less prefunding	
3.36% Average cost of funds		\$102,691,241 Net debt	
		\$20,500,000 Undrawn and unlinked bank facilities	
Investments		Liquidity	
✓	✓	✓	✓
✓	✓	✓	✓
(\$191,241) Liquid deposits		119% Liquidity ratio (liquid deposits)	
\$19,808,759 Total deposits		110% Liquidity ratio policy	
\$15,000,000 Term deposits (pre-funded debt)		124% Liquidity ratio (LGFA)	
Counterparty credit limits		Counterparty Compliance	
		ANZ	
		BNZ	
		Other	
		Westpac	





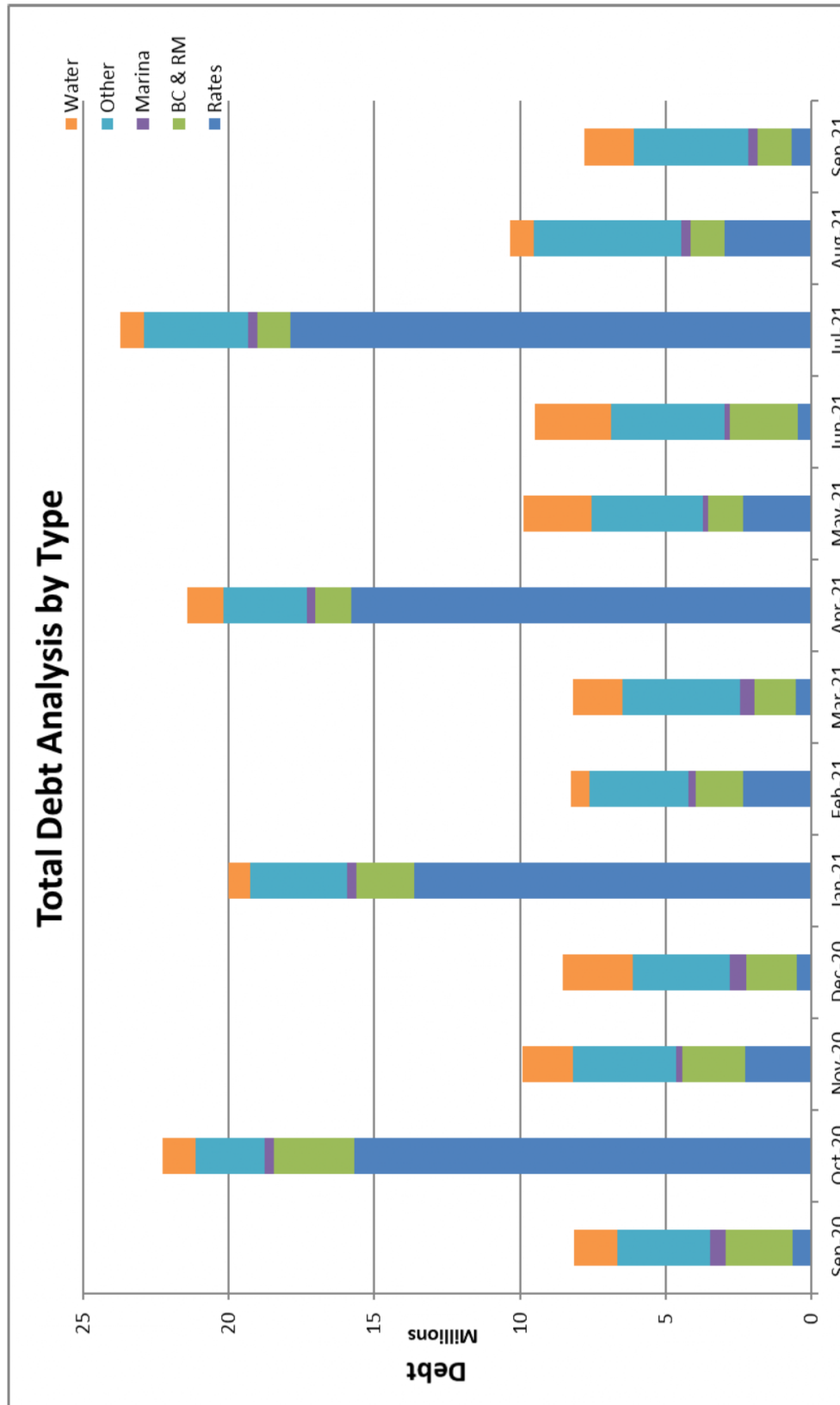


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Attachment 1

BALANCE SHEET			
Assets	September 2021	June 2021	Notes
<b>Current Assets</b>			
Cash	33,665,958	17,858,430	Includes \$5m short term deposits, \$5m in Community Housing fund, \$15m of prefunded debt and \$8m in the everyday account
Receivables	13,047,361	13,465,671	This balance mainly relates to Trade Debtors and Accrued Revenue
Other Current Assets	1,450,780	1,137,476	Includes prepayments and current portion of loans to community organisations and related parties.
Investments: Current	-	-	Current portion of LGFA Borrower Notes, adjusted annually to split current and non-current
<b>Total Current Assets</b>	<b>48,164,100</b>	<b>32,461,577</b>	
<b>Non Current Assets</b>			
Fixed Assets	1,735,163,755	1,626,234,063	
Investments	58,807,510	58,211,510	Shares in Subsidiaries and associates
Other Non Current Assets	12,643,970	13,118,165	Non-current portion of loans to community organisations and related parties.
<b>Total Non Current Assets</b>	<b>1,806,615,234</b>	<b>1,697,563,737</b>	
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	(25,423,599)	(23,968,504)	Includes trade creditors and taxes payable (GST)
Borrowings: Current	(7,474,009)	(750,000)	Term Loans due within 12 months
Other Current Liabilities	(3,337,535)	(2,953,935)	Current portion of employee benefit liabilities
<b>Total Current Liabilities</b>	<b>(36,235,143)</b>	<b>(27,672,440)</b>	
<b>Non Current Liabilities</b>			
Payables: Non Current	(1,096,645)	(1,092,848)	This relates to depreciation grant for the Suter
Provisions	-	(1,720,053)	This relates to Landfills
Borrowings: Non Current	(115,000,000)	(105,000,000)	Term Loans due after 12 months
Other Non Current Liabilities	(7,783,019)	(12,976,869)	Non-current portion of employee benefits & derivative revaluation
<b>Total Non Current Liabilities</b>	<b>(123,879,664)</b>	<b>(120,789,770)</b>	
<b>Equity</b>			
Accumulated Funds	(455,325,195)	(422,777,722)	
Reserves	(1,239,339,332)	(1,158,785,381)	
<b>Total Equity</b>	<b>(1,694,664,527)</b>	<b>(1,581,563,104)</b>	

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Attachment 1



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Attachment 1

PROJECT HEALTH SUMMARY					
Quarter One 2021/22: 1 July - 30 September 2021					
Activity	Project Title	Project ID	Quality	Time	Budget
Social, Parks and Active Recreation	Stoke Youth Park	1074			
	Modellers Reserve	1379			
	Isel Park Bridge Upgrade	1629			
	Central Library Development	2226			
	Refinery Earthquake Strengthening	2602			
	Poormans Stream Shared Path	2894			
	Tahuna Beach to Great Taste Trail	2899			
	Maitai Recreation Hub	3152			
	Riverside Pool water heating system renewal	3185			
	Stoke Memorial Hall Strengthening and Upgrades	3207			
	Champion Drive Connection - Velodrome to Saxton Drive	3243			
	Campground Compliance Improvements - Brook Camp Utilities	3318			
Infrastructure	Tosswill to Tahuna Stormwater Upgrade	1069			
	Maitai Flood Mitigation	1178			
	Sealed Road Resurfacing Programme (Renewal)	1540			
	Wastewater Model Calibration	1648			
	Awatea Place Pump Station	1716			
	Washington Valley Infrastructure Upgrade	2054			
	SW Capital Main Road Stoke	2061			
	Konini Street Upgrade	2079			
	Airlie Street Stormwater Upgrade	2095			
	Residential Meters Renewals	2128			
	Inflow and Infiltration Reduction Programme	2311			
	Wastney Terrace Stormwater Upgrade	2473			
	Tahunanui Hills Stormwater Catchment 9	2777			
	Maitai Dam Upgrades	2810			
	Rutherford Street Stormwater Upgrade Little Go Stream V2	2850			
	Tahunanui Hills Stormwater - Catchment 3	2855			
	Whakatu Drive (Storage World) Stormwater Improvements	2866			
	Nelson north waste water treatment plant consent renewal	2877			
	Saxton Creek Upgrade (Main Rd Culvert to Sea) - Stage 4	2964			
	CBD Interchange - Public Transport	2997			
	Toi Toi St Upgrade	3010			
	Waimea Road - Hampden Street Intersection Upgrade	3226			
	Rocks Road to Magazine Point Watermain	3436			
	Haven Rd SW Realignment	3461			
Environment	The Nelson Plan				
Corporate	Millers Acre Cladding	2736			



## Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1

## Quarter One 2021/22 - All activities' performance measure results

	Activity	What Council will provide	Performance Measures	Target Year 1 (2021/22)	Staff comment Q1 2021/22	Achievement Q1 2021/22
1	Transport	A safe road network	Reduction in the number of death and serious injury crashes, per financial year on the local road network to achieve the Vision Zero target of 40% reduction in DSI by 2031	One fewer fatality and serious injury crashes on the local road network compared to previous year  Target to reduce risk from high to low in Waka Kotahi produced Communities at Risk Register by 2031	There was one DSI crash reported on the local road network between 1 July and 30 September 2021 (quarter one). There were four DSI crashes reported on the local road network in the same period in 2020.	On track
2	Transport	Smooth sealed road network	when attending a call-out in response to a fault or unplanned interruption to the system, the following median response times will be measured*:  a)attendance for urgent call-outs: from the time notification is received to the time service personnel reac	More than 80% of all journeys are on smooth roads as measured by Smooth Travel Exposure in RAMM	This report is updated annually after 30 June.	Not measured yet
3	Transport	Maintenance of sealed local road network	Percentage of the sealed local road network resurfaced	Not less than 3% and not more than 8.5% of the network is resurfaced every year	A programme of 3.3% of the sealed road network is planned.	On track
4	Transport	Good quality smooth footpath surface	Percentage of footpaths that fall within the level of service standard for condition of footpath, as in Asset Management Plan (i.e. has a condition rating of no greater than 3)	80% of the footpath network by length has a condition rating of no greater than 4	This report is updated annually after 30 June.	Not measured yet
5	Transport	<b>Accessibility</b> Providing transport choices via public transport and efficiency - maximise movement of people via public transport	Annual number of bus patrons	Target to be informed by the public transport review	Bus patronage has been challenging in the first quarter of 2021/22 because of the COVID delta variant restrictions. Patronage for the quarter was approx 64% of the same time period in 2020/21	Not on track
6	Transport	<b>Efficiency</b> Maximise movement of people via walk and cycle modes	Percentage of walking and cycling to school and work  Count of pedestrians and cyclists between 7am-9am on a fine weather Tuesday in February and July at The Railway Reserve in Stoke and Bishopdale, Atawhai Cycleway, Rocks Road and Whakatu Cycleway.	2021/22 – 23%	It has not been possible to compare winter 2021 results with 2020 results because 2020 was not counted due to COVID-19.	Not measured yet
7	Transport	Responsiveness to service requests	Percentage of customer service requests relating to roads and footpaths to which Council responds within five working days	80% of service requests responded to within five working days	74% of service requests were responded to within 5 working days.	Not on track
8	Water Supply	<b>Quality</b> ^Good quality water	The extent to which drinking water supply complies with: a)part 4 of the drinking water standards # (bacterial compliance criteria)*, and b)part 5 of the drinking water standards# (protozoal compliance criteria)* c)part 8 of the drinking water standards# (chemical compliance criteria) (1)	100% compliance with parts 4,5 and 8 of the drinking water standards	No issues reported.	On track



## Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1

## Quarter One 2021/22 - All activities' performance measure results

	Activity	What Council will provide	Performance Measures	Target Year 1 (2021/22)	Staff comment Q1 2021/22	Achievement Q1 2021/22
9	Water Supply		Total number of complaints per 1000 connections about any of the following*:  ·drinking water clarity ·drinking water taste ·drinking water odour ·drinking water pressure or flow ·continuity of supply ·Council's response to the above issues expressed per 1,000 connections (2)	No more than 50 valid complaints per 1000 connections	There have been a total of five valid complaints per 1,000 connections in 2021/22 YTD.  There were a total of 16 valid complaints per 1,000 connections for the 2020/21 period.	On track
10	Water Supply	<b>Reliability</b> ^A reliable supply of water	Average drinking water standard consumption per day per resident*(3)	Normal demand less than 500L per person per day. This includes both domestic and commercial-industrial	Measured at the end of the financial year.	Not measured yet
11	Water Supply		% real water loss from the system*(4)	Real water loss less than 25%.	Measured at the end of the financial year.	Not measured yet
12	Water Supply	<b>Customer Service</b> ^Prompt response	When attending a call-out in response to a fault or unplanned interruption to the system, the following median response times will be measured*:  a)attendance for urgent call-outs: from the time notification is received to the time service personnel reach the site*	a) Contractor to attend urgent call-outs in a median time of 30 minutes or less.	Median attendance time for urgent water call outs is 23 minutes YTD in 2021/22.  This was 23 minutes in 2020/21.	On track
13	Water Supply		b)resolution of urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption*	b) Contractor to resolve urgent call- outs in a median time of 480 minutes or less.	Median resolution time for urgent water call outs is 128 minutes YTD in 2021/22.  This was 127 minutes in 2020/21.	On track
14	Water Supply		c)attendance for non- urgent call-outs: from the time notification is received to the time that service personnel reach the site*	c) Contractor to attend non-urgent callouts in a median time of 120 minutes or less.	Median attendance time for non-urgent water call outs is 62 minutes YTD in 2021/22.  This was 103 minutes in 2020/21.	On track
15	Water Supply		d)resolution of non- urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption*2	d) Contractor to resolve non-urgent call outs in a median time of 24 hours (1440mins) or less.	Median resolution time for non-urgent water call outs is 1177 minutes YTD in 2021/22.  This was 1268 minutes in 2020/21.	On track
16	Wastewater	<b>Reliability</b> A fully operational wastewater treatment system	Level of compliance of treatment plant with resource consent conditions	100% compliance	Fully compliant YTD.	On track
17	Wastewater		Number of dry weather overflows from sewerage system, per 1000 connections	Fewer than 15 dry weather overflows per 1000 connections	There has been one dry weather overflow per 1,000 connections in 2021/22 YTD.  There were four dry weather overflows per 1,000 connections in 2020/21.	On track

## Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1

## Quarter One 2021/22 - All activities' performance measure results

	Activity	What Council will provide	Performance Measures	Target Year 1 (2021/22)	Staff comment Q1 2021/22	Achievement Q1 2021/22
18	Wastewater	<b>Response</b> Appropriate response to reported network issues	Median response times are measured for overflows resulting from a blockage or other fault in the sewerage system: a) attendance time: from when notification is received to the time service staff reach the site	Contractor to attend in median time of 60 minutes or less.	Median attendance time for wastewater call outs is 22 minutes YTD in 2021/22.  2020/21 - 25 minutes.	On track
19	Wastewater		b) resolution time: from the time notification is received to the time service staff confirm resolution of the blockage or fault	Contractor to resolve issues in a median time of 480 minutes or less	Median resolution time for wastewater call outs is 200 minutes YTD in 2021/22.  2020/21 - 195 minutes.	On track
20	Wastewater	<b>Quality</b> Environmental protection	Compliance with territorial authority's resource consents for discharge from the sewerage system measured by number of: a)abatement notices b)infringement notices c)enforcement orders d)convictions in relation to those resource consents	100% compliance	Fully compliant YTD.	On track
21	Wastewater		The total number of complaints received about any of the following: a)sewage odour b)sewerage system faults c)sewerage system blockages, and d)Council's response to issues with the sewerage system, expressed per 1000 connections to the sewerage system	No more than 20 valid complaints a year per 1000 connections	Total number of valid complaints is four per 1,000 connections for 2021/22 YTD.  2020/21 - 16 valid complaints per 1,000 connections.	On track
22	Stormwater	<b>Environmental protection</b>	Compliance with resource consents for discharge from the stormwater system, measured by number of: a)abatement notices b)infringement notices c)enforcement orders, and d)successful prosecutions received in relation to those resource consents	100% compliance with resource consents for discharge	Fully compliant YTD.	On track
23	Stormwater	<b>Customer Response</b> Minimise justifiable complaints	Number of complaints received about the performance of the stormwater system, per 1,000 properties connected to the stormwater network	No more than 20 complaints per 1000 connections per year	Total number of complaints is five per 1,000 connections for 2021/22 YTD.  2020/21 - 12 complaints per 1,000 connections.	On track
24	Stormwater	<b>Customer service</b> Protection from damage to property	a) The number of flooding events that occur b) For each flooding event the number of habitable floors affected per 1000 properties connected to the stormwater network	No more than 10 per 1000 properties with habitable floor damage in any one year	One localised flood event on 5 August 2021.  There has been less than one habitable floor flooded per 1,000 properties for 2021/22 YTD.	On track
25	Stormwater	<b>Customer service</b> Response to stormwater system issues	Median response time to attend a flooding event, measured from the time that notification is received to the time service personnel reach the site	Median response time less than 60 minutes	Median response time to Stormwater issues is 29 minutes for 2021/22  2020/21 - 14 minutes.	On track
26	Flood Protection	Environmental protection, damage to people and property minimised, and a reliable flood protection network	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Stormwater and Flood Protection Activity Management Plan	Network maintained to current service potential	Channel Capacity Assessment for the Maitai River planned in Q3/Q4.	On track
27	Flood Protection			Flood event damage identified, prioritised and repair programme agreed between Council and the community	No flood events have occurred YTD.	On track

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## Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1

## Quarter One 2021/22 - All activities' performance measure results

	Activity	What Council will provide	Performance Measures	Target Year 1 (2021/22)	Staff comment Q1 2021/22	Achievement Q1 2021/22	
28	Flood Protection			High priority work completed as soon as practicable	No flood events have occurred YTD.	On track	
29	Flood Protection			Network components renewed to continue provision of original design service potential	Inventory of stream bank protection structures underway.	On track	
30	Flood Protection			Develop risk based Maitai flood response options	Year 1: Consult with the Community and refine options and initiate business case	Public consultation is planned to commence in March/April 2022.	On track
31	Flood Protection			Develop city wide flood protection strategies	Year 1: Identify flood management options in priority catchments	On track, priority catchments being assessed include Jenkins Creek, Poorman Valley Stream and Arapiki Stream	On track
32	Flood Protection	<b>Customer service</b> Protection from damage to property	a) The number of flooding events that occur b) For each flooding event, the number of habitable floors affected per 1000 properties	No more than 10 per 1000 urban properties with habitable floor damage in any one year	One localised flood event on 5 August 2021.  There has been less than one habitable floor flooded per 1000 properties for 2021/22 YTD.	On track	
33	Solid Waste	Measures to encourage the community to reduce waste to landfill	Reduction of waste per capita by 10% by 2030	Year 1: Total waste less than 565kg/ capita	2020/21 waste to landfill per capita was 631kg. The first quarter annual projection is 603kg, a reduction of 4.5% on the 2020/21 year	On track	
34	Solid Waste	Measures to encourage the community to increase composting of food and garden waste	Quantifiable diversion of general organic material from landfill	Year 1: Reduction of 2% from previous year	SWAP analysis will inform.	Not measured yet	
35	Solid Waste	Support for the collection and recycling of e-waste	Increase in diverted tonnes through e-waste, reuse shops, etc.	Year 1: Create 2021 baseline	Underway.	On track	
36	Environment	Compliance with National Environmental Standards for Air Quality for PM10	Number of exceedances in any of the airsheds do not exceed one in a calendar year	No more than one exceedance in any calendar year in any airshed. Reported to Council each year	There were no exceedances in the July-September quarter.	On track	
37	Environment	Information on safe recreational bathing sites, marine and freshwater	% of key bathing sites monitored and public advised if water quality standards are breached	100% of key bathing sites are monitored	The summer recreational bathing programme begins 25 October through till 1 April.	Not measured yet	
38	Environment	Compliance with the Biosecurity Act 1993 (amended 2015)	Compliance with the Tasman Nelson Regional Pest Management Plan reporting requirements for operational plans	100% delivery of operational plan reported to Council each year	The operational plan for 2021/22 will be presented to the Environment and Climate Committee at the 4 November meeting.	Not measured yet	
39	Environment	Provision of easily accessible, accurate, up to date and fit for purpose state of the environment monitoring data for all environmental domains	Five yearly comprehensive State of the Environment report is published to achieve compliance with section 35 of the Resource Management Act 1991	Five yearly report due by December 2023	The report is due in December 2023. In the meantime annual online reporting is being developed. See body of report	Not measured yet	
40	Environment	Ensure Resource consent decision-making is robust and legally defensible	No decisions are over turned by the High Court upon judicial reviews	No decisions are overturned by the High Court upon judicial reviews	No judicial reviews.	On track	
41	Environment	Food safety and public health comply with legislative requirements	Respond to food safety complaints within one working day	100%	Three food safety complaints were received this quarter. All were responded to on the same day.	On track	
42	Environment	Resource consent processes that comply with statutory timeframes	All resource consents are processed within statutory timeframes. All resource consents requiring monitoring are monitored at least annually	100%	Staff shortages, the COVID-19 lockdown and high application numbers have resulted in non-compliance with statutory timeframes.	Not on track	
43	Environment	Provision of dog and animal control services	Respond to reports of dog attacks that have just occurred within 60 minutes	90%	100% of attacks that have just occurred were responded to within 60 minutes.	On track	
44	Environment	Navigation safety is delivered to meet all legislative requirements	Safety checks are conducted for recreational vessels (boats, kayaks, stand-up paddle boards etc)	At least 1,000 annually	265 checks were conducted this quarter.	On track	

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## Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1

## Quarter One 2021/22 - All activities' performance measure results

	Activity	What Council will provide	Performance Measures	Target Year 1 (2021/22)	Staff comment Q1 2021/22	Achievement Q1 2021/22
45	Environment		Inspect navigation safety aids and maintain, replace or provide additional aids as required	At least annual inspection	Swimming buoy reattached and lines for all swimming buoys checked and maintained.	On track
46	Environment	Sale of alcohol complies with legislative requirements	Inspect high risk premises at least two times each year	100%	Four out of 18 high risk premises have been inspected.	On track
47	Environment	Provide building control services in a professional and timely manner, to ensure building work is safe and in accordance with the Building Code	% building consents and code compliance certificated issues within 20 working days	100%	Due to staff shortages, the effects of the COVID lockdown, constant building consent application requests, non-compliances with statutory timeframes has occurred. 98% compliant for Building Consents, 96% for Code Compliance Certificates.	Not on track
48	Environment	Maintain current and enforceable environmental bylaws for dogs, urban environments, city amenity and navigation safety	Bylaw reviews are completed within timeframes set out in the Local Government Act	Year 1: 100%. Urban Environment Bylaw (expires 02/06/22)	Preparation of Urban Environment Bylaw for SCP in November 2021.	On track
49	Environment	Create and implement a city centre programme	Monitor performance every three years with a public life survey	Years 1-2: Monitoring due in years 2023/24 and 2028/29	Monitoring is not yet due.	Not measured yet
50	Environment	Urban Development Capacity is sufficient to meet future demand	Report annually on Urban Development capacity and how the requirements of the NPS Urban Development are met	100%. Reported to Council each year	The latest Housing and Business Capacity Assessment has been completed.	On track
51	Environment	The Compliance Strategy is reviewed for effectiveness	The effectiveness of the Compliance Strategy is reported to Council annually	Reported to Council each year	Yet to be undertaken.	Not measured yet
52	Social	Community partnerships address community needs and issues	Community Investment Fund agreements and grants are allocated as per advertised timeframes	One new project funded per year that achieves the outcomes of the funding agreement	27 strategic grants for up to three years were allocated in September. Grants ranged from \$4,000 to \$15,000 p.a. The total allocated is \$240,000 p.a., comprising 70% of the total Community Investment Fund.  Applications for the small grants fund opened in September, with grants due to be decided in November. The allocation was two months behind the timeframes initially advertised. Applicants were informed of the delays.	On track
53	Social	Council provides support for the arts sector to provide arts advice, advocacy and promotion, to strengthen the sector	Creative Community Scheme funding is allocated successfully to community art projects	Creative Communities scheme funding fully allocated each year	Funding request for \$56,528 were received for the August CCS funding round. Of these, funding of \$23,921 was allocated to 23 projects.	On track
54	Social	Council's heritage facilities provide heritage activities to experience, celebrate and learn about Nelson's history and stories	Number of visitors/users of the facility	Visitor numbers >100,000	Measured as part of annual reporting.	Not measured yet
55	Social	High quality, popular and accessible arts events	To deliver a diverse and accessible variety of events that are well attended and enjoyed by audiences	At least 12 events per annum are delivered celebrating our community's performing skills and creativity and support at least 10 free or low cost events.	4 Lanes Festival had to be cancelled due to COVID Alert Level 2 preventing mass gatherings. Youth Lane Festival is being postponed to the second half of 2021/22. Both events were due on 28 August. Laugh Nelson due the 24 September has been cancelled for the same reasons.	Not on track
56	Social			Event audience surveys indicate satisfaction of 70%.	No audience survey has happened due to no events being held.	Not measured yet
57	Parks and Active Recreation	Parks and recreation service that meets or exceeds residents' expectations	Residents (%) that are satisfied with Council provided parks and recreation	80%	Residents' Survey not yet completed.	Not measured yet
58	Parks and Active Recreation	Sufficient open space provided	Area in hectares of Neighbourhood Parks per 1,000 residents ( <i>Calculation excludes the five largest neighbourhood parks</i> )	1.0 – 1.2 ha	0.95 ha.	Not on track
59	Parks and Active Recreation	Conveniently located open space i.e. neighbourhood park, public garden or sportsground	Urban residential properties (%) within 800m walking distance of publicly accessible open space	99%	99.06%.	On track
60	Parks and Active Recreation	Play facilities that are conveniently located	Urban residential properties (%) within 1000m walking distance of a playground	95%	96.25%.	On track

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## Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1

## Quarter One 2021/22 - All activities' performance measure results

	Activity	What Council will provide	Performance Measures	Target Year 1 (2021/22)	Staff comment Q1 2021/22	Achievement Q1 2021/22
61	Parks and Active Recreation	Marina managed to meet demand	Occupation for marina berths (both permanent and visitors)	Greater than 95%	Achievement for quarter one is 93%. It is under the target as there was a berth reshuffle in this quarter. Several small (9 and 10 metre) berths are now available. All permanent berths over 10 metres are fully occupied.	Not on track
62	Economic	Events funding that provides a sound return on investment for Nelson	Economic event attendees through events programme activities and percentage of out of town attendees	The closing of New Zealand's international borders and the risk COVID-19 alert levels being increased requires that 2021/22 be treated as the base year for this measure.	A baseline will be created at the end of the financial year.  YTD the Events Development Committee has approved five Economic Events which are estimated to attract a total of 3,600 attendees, 1,555 of which are predicted to be from out of town.	On track
63	Economic		Return of NCC economic events fund	>20:1	YTD the approved Economic Events are at an average ROI of 16:1. The COVID-19 environment is challenging for event organisers and requires additional investment into planning, marketing/comms and venues to meet changing alert level requirements. Three of the approved events are new for Nelson and the Economic Impact Assessments for these events are based on conservative projections.	Not on track
64	Corporate	Effective engagement and consultation	% of participants in Council engagements and consultations processes are satisfied with the information provided and opportunity to provide feedback as measured by survey of stakeholders/recent participants.	Year 1: Create baseline	A baseline will be created at the end of the financial year with the results of the Residents' Survey.	On track
65	Corporate	Council Controlled Organisations (CCOs) that deliver net benefit to the community	Council satisfied with CCO operations and reporting	Council receives six monthly reports from all CCOs and is satisfied with attainment of targets.	The six-monthly reports from CCOs are due in early 2022.	Not measured yet
66	Corporate	Promotion of Te Tau Ihu Māori/iwi participation in decision-making processes.	Collaboration between iwi and council is promoted and resourced.	Expert staff to provide advice and engage with iwi.	The Iwi-Council Partnership Group met on 29 September 2021 and reports were given on a variety of topics, including an update on Māori representation, and Taonga Tuku Iho Strategy.  Following Council's May 2021 decision (in partnership with iwi) to establish a Māori Ward for future local elections, Council's proposed structure for governance from the 2022 elections includes one member elected from a Māori Ward. Public consultation on Council's Representation Review opened in August and the final proposal was considered by Council in October 2021.  In quarter one Council also agreed to the appointment of new Māori Representatives (endorsed by iwi) to Council committees, subcommittees, and business units.	On track
67	Corporate	Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre and meet Ministry CDEM requirements	EOC meets Ministry of CDEM monitoring and evaluation requirements.	The EOC met Ministry of CDEM requirements at its last review.	On track



SEPTMBER 2021  
QUARTERLY REPORT

PROJECT ID

The Nelson Plan

PROJECT UPDATE

QUALITY

TIME

BUDGET

OVERALL HEALTH

RED

The team has been focused on updating the Nelson Plan, following engagement and feedback. Technical work to inform the Plan continues to be undertaken, particularly for topics such as Freshwater, Sites and Areas of Significance to Māori, and natural hazards management, including coastal and freshwater inundations.

Over the past 3 months, the Environmental Planning team have been preparing for engagement with the community on freshwater flood hazards, Port noise, and Airport zone and airport noise issues. Staff have also continued to work with a Technical Advisory Group on slope instability planning frameworks.

PROJECT RISKS

PROJECT ISSUES

Staff vacancies and the large programme of national directions and reforms continue to represent the largest risks to the completion of the Nelson plan programme, as planned. The uncertainty of transition timeframes, legislative requirements and potential joint plans with Marlborough and Tasman District Councils means that it is difficult to determine how the changes will impact the Nelson Plan programme. The Environmental Planning team has prepared a separate report to the Environment and Climate Committee on an amended Nelson Plan programme. The programme and budget will need to be revised following decisions of Council.

Uncertainty with the programme and the large scale of central government driven changes are affecting the momentum of the project. Additional work streams are required to respond to national directions, consultation, and new processes. Retention and recruitment of policy staff continues to be difficult as there is high demand across all planning levels during the reform process. From a team of seven planners, there are 3 current vacancies.

PROJECT FINANCIALS

	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Years 5-10 2023/28	Total 2018/28
Long Term Plan Budget	526,529	712,845	378,624	2,180,000	8,786,671	12,584,669
Carry-forwards / Amendments	90,282	213,000	823,884	-		1,127,166
Total Budget	661,113	948,447	1,202,508	2,180,000	8,786,671	13,778,739
Actual Spend to Date	493,164	809,777	1,076,104	236,305		2,615,350
Full Year Forecast	661,113	948,447	1,202,508	2,180,000	8,786,671	13,778,739

BUDGET COMMENTS

FORECAST COMMENTS

PROJECT COMMENTS

Actual costs were below the estimated costs for the first quarter of 21/22 financial year. Costs are unlikely to match the budget in the LTP as the phasing of work is likely to change following the decision of Council on 4 November regarding the Nelson Plan programme.

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## **Quarterly Internal Audit Report - 30 September 2021**

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### **1. Purpose of Report**

- 1.1 To update the Audit, Risk and Finance Subcommittee on the internal audit activity for the quarter to 30 September 2021.

### **2. Recommendation**

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Quarterly Internal Audit Report - 30 September 2021 (R26312) and its attachment (A2763671).***

### **3. Background**

- 3.1 Under Council's Internal Audit Charter approved by Council on 15 November 2018 the Audit, Risk and Finance Subcommittee requires a periodic update on the progress of internal audit activities. The 2021-22 Internal Audit Plan (the Plan) was approved by the Audit, Risk and Finance Subcommittee on 25 May 2021. The Plan provides for three planned audits, with an allowance for a further two unplanned audits.
- 3.2 A new section on upcoming or completed significant external audits that are not reported separately to the Audit, Risk and Finance Subcommittee is included. This section includes:
- 3.2.1 The Port and Harbour Safety Management System (PHSMS) review;
- 3.2.2 International Accreditation New Zealand's (IANZ) Building Consent Authority (BCA) audit;
- 3.2.3 Waka Kotahi NZ Transport Agency's (NZTA) investment audit;  
and

3.2.4 the Office of the Valuer General's (OVG) rating revaluation audit.

#### **4. Overview of Progress on the 2020-22 Internal Audit Plan**

- 4.1 One of the five audit items have been completed as at 30 September 2021. Further details of plan progress is provided in attachment Annual Audit Plan Progress to 30 September 2021 (A2601420), and an overview provided below.
- 4.2 The Internal Audit of the Streamlined Procurement process was completed in August. Very broadly, streamlined procurement involves substituting (open) tenders with greater discretion in allocating physical works contracts and pseudo market testing through buildability/price reviews. The audit's focus was on probity & value for money audit. The audit resulted in six recommendations (two medium, five low and one very low). It is noted that to avoid duplication with the NZTA investment audit, the internal audit did not consider compliance with NZTA's funding requirements.
- 4.3 In July, the internal audit analyst met with the two external appointees of the Audit, Risk and Finance Subcommittee to discuss potential topics for the two 'unplanned internal audits'. No further progress has been made in determining these topics.

#### **5. New and Outstanding Significant Risk Exposures and Control Issues Identified from Internal Audits**

- 5.1 There are no new significant risk exposures identified from internal audits and one outstanding items at end of quarter four 2020-21.
- 5.2 The outstanding item, which related to updating Council's NZS 3910 contract templates, has now been closed. The update resulted in two contract templates - one for direct engagements and one for tenders. The new templates were approved in August and training on their use was provided to the Capital Projects team during September.

#### **6. Significant external audits that are not reported separately to the Audit, Risk and Finance Subcommittee**

- 6.1 The PHSMS review panel report was tabled at the Environment and Climate Committee in November. Five areas of improvement for the Port and three overlapping areas of improvement for the Council were identified. These are in the process of being addressed.
- 6.2 IANZ's BCA audit commenced in June resulting in zero serious non-compliances and eleven general non-compliances. All the non-compliances have been cleared and Council has returned to two-yearly audit rotation (prior non-compliance had resulted in Council being on an annual audit rotation).
- 6.3 Council received NZTA's draft report following the investment audit in August 2021. One error relating to SuperGold public transport



Item 7: Quarterly Finance Report for the three months ending 30 September  
2021: Attachment 1

transactions was noted and has since been corrected. Council's streamlined procurement approach, while reported positively, is not supported for continuation in the current format. To continue this type of approach Council would need to establish a formal panel to the approval of Waka Kotahi. Officers are working with Waka Kotahi to determine the best way forward. Waka Kotahi procurement procedures are being strictly adhered to for the current financial year for all Waka Kotahi subsidised works.

- 6.4 The audit of the 2021 rating revaluation will be performed by the OVG over December/January. Council is expecting a smooth audit – in May 2021, the OVG concluded that "Overall adequate management systems and office procedures were in place for the provision of the revaluation" with respect to Council in 2018 revaluation.

**Author:** Chris Logan, Audit and Risk Analyst

**Attachments**

Attachment 1: A2763671 - Annual Audit Plan Progress to 30 Sept 2021 [↓](#)

Item 7: Quarterly Finance Report for the three months ending 30 September 2021:  
Attachment 1

2020-21 Annual Audit Plan Progress Report to 30 September 2022 (A2763671) – Changes in red			
#	Audit Topic -	Audit Objective	Progress / Findings
1	Organisational internal controls during and post-lockdown	Review and map key internal controls for business-critical functions following changes to working practices and other new organisational arrangements in response to COVID-19	Completed first quarter of 2020-21 Risks identified: High - 1 (digitised signatures); Medium - 6
2	Effectiveness of crisis management response and business disruption planning & management	Identify and report on the root causes for any areas where the Covid-19 response was not prompt, or comprehensive, in preparation for and during the lockdown period from 23 March 2020. This will relate to areas such as: effectiveness of the IMT; the continuous provision of essential services; communications - internal & external; customer service; access to and security of IT systems; staff wellbeing; supply chain assessment; liquidity/cashflow management; relevance, completeness and management of resultant high risks identified; planning for moving to Level 3	–Internal audit indefinitely postponed– Fourth quarter of 2020-21 involved monitoring emerging learnings from other councils including identifying possible performance benchmarks to narrow the scope, should the performance audit proceed. Thirty councils were scanned, of which only nine made public reference to a formal COVID-19 Debrief, most of which referred to Civil Defence Emergency Management (CDEM) post-incident reviews. Council completed a similar CDEM review in July 2021. Of those nine, only three councils publicly disclosed their internal audit COVID-19 debrief reports providing a total of twenty-six recommendations. Of the 26, Council has already identified and actioned 9, with a further 2 currently in progress. The remaining 15 recommendations were either already in place or are not relevant to NCC. In addition to organisational level COVID risk management being reported to Audit, Risk and Finance subcommittee, and the COVID internal controls audit, other items completed/in place are: Completed the Audit NZ COVID-19 questionnaire July 2020; established a COVID-19 response readiness group August 2020; feedback/debrief with Managers and Team Leaders – August 2020; informal debrief with Chief Executive and key SLT members who were on the IMT – September 2020; creation of draft incident management action plan for the initial period of business continuity at alert levels three and four – December 2020; and completed sets of procedures relating to working at alert levels one, two, three, and four which are regularly reviewed and updated.
3	Controls audit of the Nelson Waste Recovery Centre kiosk	Assess the operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.	Completed third quarter of 2020-21 The transition from Nelmac to NCC management was smooth due to: the uncomplicated nature of operations; and effective NCC project management. Controls have been strengthened with minimal impacts to net operating income relative to that in place under NelMac. There are no material recommendations i.e. only Very Low recommendations (need to be implemented if incidental to another action.)
4	Land Information Memo Compliance	Assess compliance with laws considering recent case law and improvements in data quality.	Completed first quarter of 2021-22 Final report received in quarter one of 2021-22 resulting in two Low recommendations: 1. Update processes for changes made to the LGOIMA Act in August 2020.

A2763671, Page 1

#	Audit Topic -	Audit Objective	Progress / Findings
	-- External Consultant --		2. Create guidelines or a policy for the exercise of the discretion.  The two recommendations were included in the scope of the broader Land Information Memo improvement project which is now in planning phase.
5	Annual control testing of High Inherent Fraud Risks	Annual review of controls relating to risks tagged as 'fraud risk' in the risk register i.e. with an inherent fraud risk rate High or Very High.	Completed second quarter of 2020-21 Resulted in 6 Medium recommendations.

2021-22 Draft Annual Audit Plan Progress Report to 30 September 2022

#	Audit Topic	Audit Objective	Progress / Findings																													
1	“Streamline procurement” probity & value for money audit	The review work through the nine procurement areas/questions as per the Audit New Zealand BAR risk assessment template.	<p>Key findings:</p> <ol style="list-style-type: none"><li>1. Probity - The internal audit did not uncover any examples of unethical or unfair selection of contractors. That said, the allocation process is not well documented and is a potential source of bias. Additional controls have been recommended.</li><li>2. Value for money - contract total cost, defined as contractor fees plus NCC’s retained cost of risk, is being managed effectively. Proportional buildability / price reviews are in place and are effective. Although difficult to quantify, the magnitude of avoided cost savings from the more open relationship and early involvement of contractors is in the order of 5% of the counter-factual contract cost.</li><li>3. The internal audit did not uncover any examples of non-compliance with normal documentation, financial controls etc.</li><li>4. The Capital Projects team and Contractors have a strong preference for the streamlined procurement process over non-streamlined procurement. The internal audit did not uncover any examples of complaints or unresolved ‘questions’.</li><li>5. Sustainability of streamlined procurement benefits over the construction business cycle remains unproven. The Procurement Steering Committee should continue to monitor likely effectiveness.</li></ol> <p>Recommendations:</p> <table><tr><th rowspan="2">Elements Audited</th><th colspan="4">Recommendations Made</th></tr><tr><th>VERY HIGH</th><th>HIGH</th><th>MEDIUM</th><th>LOW</th></tr><tr><td>1. Probity</td><td></td><td></td><td>1</td><td>2</td></tr><tr><td>2. Value for money</td><td></td><td></td><td></td><td>2</td></tr><tr><td>3. Other</td><td></td><td></td><td></td><td>1</td></tr><tr><td>Total:</td><td></td><td></td><td>1</td><td>5</td></tr></table> <p>Scheduled for April 2022.</p>	Elements Audited	Recommendations Made				VERY HIGH	HIGH	MEDIUM	LOW	1. Probity			1	2	2. Value for money				2	3. Other				1	Total:			1	5
Elements Audited	Recommendations Made																															
	VERY HIGH	HIGH	MEDIUM	LOW																												
1. Probity			1	2																												
2. Value for money				2																												
3. Other				1																												
Total:			1	5																												
2	Marina controls assessment	Review the operational effectiveness and efficiency, reliability of financial reporting, and compliance with laws, regulations and policies under the new management structure.																														

Item 7: Quarterly Finance Report for the three months ending 30 September 2021:  
Attachment 1

<b>3</b>	Annual Fraud & Conflict of Interest Control Effectiveness Assessment	Annual review of controls relating to risks tagged as 'fraud risk' in the risk register – primarily conflict of interest, sensitive expenditure, and procurement testing.	<p><b>Commenced in first quarter of 2021-22.</b></p> <p>In the fourth quarter of 2020-21, an employee conflict of interest check and contract existence check were automated. The automation has enabled checks to be performed across all employees and all relevant purchase orders – an improvement on the previous approach of sample testing.</p>
<b>4</b>	To be confirmed		Placeholder for 1 of 2 ad hoc audit topics
<b>5</b>	To be confirmed		Placeholder for 2 of 2 ad hoc audit topics

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## **Quarterly Risk Report - 30 September 2021**

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### **1. Purpose of Report**

- 1.1 To provide information to the Audit, Risk and Finance Subcommittee on the organisational risks through to end of quarter one 2021-22.

### **2. Recommendation**

***That the Audit, Risk and Finance Subcommittee***

- 1. Receives the report Quarterly Risk Report – 30 September 2021 (R26313) and its attachment (A2587873).***

### **3. Background**

- 3.1 This report includes information on risk management practice, a summary of council risks and a deeper dive into key risk areas, sliced by risk theme (organisational risks) and reporting group.
- 3.2 It is noted that updates on significant external audits were previously included in this report under the section Special-Request Reporting. Going forward, these updates appear in the quarterly internal audit report.

### **4. Risk Management Practice**

- 4.1 The 2021-22 risk management work plan is on track:
- 4.1.1 risk training for two business units was completed over quarter one of 2021-22
- 4.1.2 partly automated risk reporting is now available to Group Managers to further embed management oversight of risk

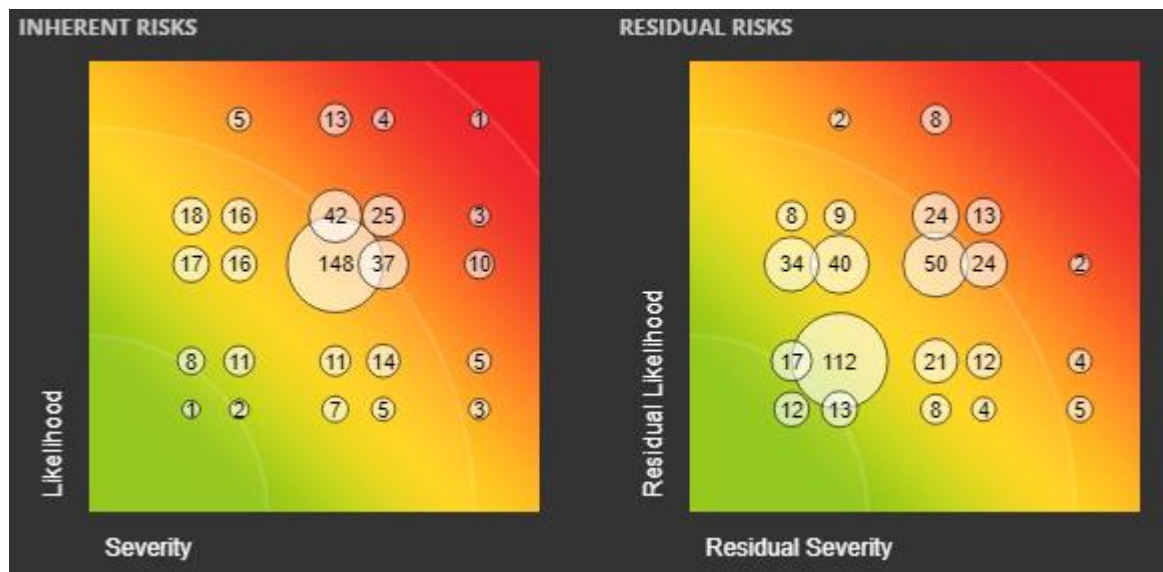
Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1

- 4.1.3 no progress has been made on reporting enterprise level risk metrics in this report to inform and test against an organisation wide risk appetite however this is only due in the second half of the financial year
- 4.1.4 The risk management maturity self-assessment was completed in quarter one of 2021-22 using the [All of Government template](#). Overall, the self-assessment was unchanged from last year. Council's maturity assessed as level 2 (1 being weak, 5 being very strong), and Council's target maturity, using the Minimum Maturity Level Calculator, assessed as level 2.

## 5. Putting Organisational Risks in Context

- 5.1 This section summarises risks relating to Council and joint operations. Risks relating to subsidiaries and joint ventures are limited to ownership risks. Risks relating to contracted-out activities is limited to residual/non-contracted-out risks. Specific asset, activity, or project risks, are rolled up into more general asset, activity or project risks however any significant items are summarised in the last section.
- 5.2 There were 435 risk entries in the centralised register at 30 Sept 2021 compared to 443 in the prior quarter, with 61 risks deleted and 47 risks added. Driving the change was:
  - 5.2.1 a risk review by the Science and Environment Business Unit Manager resulted in rationalisation of risks (20 risks removed)
  - 5.2.2 a series of risk workshops with the Transport and Solid Waste team resulting in a net reduction of 6 risks (22 risks removed and 16 added but noting there was some overlap between these numbers)
  - 5.2.3 addition of Nelson Regional Sewage Business Unit risks (6 added) finalising the migration of risks to the enterprise risk register module
- 5.3 15 of the risk entries have status overdue as treatments have not been signed off compared to 47 in the prior quarter. This order of magnitude is considered reasonable given the treatment renewal process is new and the sign-off delays associated with newly identified risks.
- 5.4 The following chart is the heatmap for all the risk entries, noting that inherent risks are notionally before controls (including risk transfers), whilst residual risks are notionally after controls.

Item 7: Quarterly Finance Report for the three months ending 30 September 2021: Attachment 1



5.5 Risk entries are categorised in two ways:

- 5.5.1 risks with no apparent common theme or cause and hence are unlikely to pose a threat at an organisational level (316 risk entries), and
- 5.5.2 risks with identified common themes or causes which create risk concentrations that pose a threat at an organisational level (119 risk entries)

The latter is the focus of this report of which further detail is provided the next section.

## 6. Key Risk Areas By Theme (Organisational Risks)

6.1 Following the cancellation of the members' risk workshop, feedback was received in September from the two external appointees of the Audit, Risk and Finance Subcommittee on refreshing the risk themes. The outcome being:

- 6.1.1 the four priority areas, which referred to the Long Term Plan 2018-28, have been removed.
- 6.1.2 'Compromised decision making and public information from incomplete and difficult to access records' (rated Medium last quarter) has been removed on the basis that controls now are adequate.
- 6.1.3 'Central-government-led-reforms' has been added with a rating of High.
- 6.1.4 The definition of 'Lifeline services failure' has been expanded to include non-natural-hazard causes such as water supply contamination and isolated critical asset failures.

Item 7: Quarterly Finance Report for the three months ending 30 September  
2021: Attachment 1

- 6.2 Of the organisational risks that were retained from last quarter, there has been no risk movements to report during quarter one of 2021-22.
- 6.3 A summary of key risk themes is provided below. The attachment to this report describes each risk theme in more detail, its existing controls and planned risk treatments. For ease of comparison to the prior quarter, new text (with the exception of 'Central-government-led-reforms') in the attachment has been coloured red.
- 6.4 **R1 - Central-government-led-reforms** (Owner: Chief Executive). This risk theme captures risks related to three waters reform, RMA reform and the Review into the Future for Local Government. The High risk rating is currently driven by increased uncertainty, as opposed to risks contingent on the relevant bill(s') royal assent.
- 6.5 **R2 - Lifeline services failure** (Owner: Group Manager Infrastructure). No new emerging risks to report at this time. The risk rating remains at Medium.
- 6.6 **R3 - Illness, injury or stress from higher hazard work situations** (Owner: Group Manager Corporate Services). Staff vacancies continue, impacting workloads and staff stress. Of note during the quarter was the customer services centre incursion by three waters protesters. The event rattled a number of customer-facing-staff with one staff member pointing to it as one of the reasons for their resignation. Security arrangements have been changed for anticipated protests.
- 6.7 **R4 - Loss of service performance from ineffective contracts and contract management** (Owner: Chief Executive). Completion of planned treatments are delayed due to staff vacancies.
- 6.8 **R5 - Compromise of Council service delivery from information technology failures** (Owner: Group Manager Corporate Services). Council continues to monitor the cyber risk landscape and respond accordingly as demonstrated by participation in the local government cyber security continuous improvement programme.
- 6.9 **R6 - Council work compromised by loss of and difficulties in replacing skilled staff** (Manager People and Capabilities). Previously, Council's location in Nelson had provided a comparative advantage in terms of recruitment and retention. More recently, this advantage has been eroded by non-local employers offering full-time work-from-home and unavailability of affordable housing. Hence this organisational risk rating remains elevated at Medium.
- 6.10 **R7 – Legal Risk** (Group Manager Strategy and Communications). No new emerging organisational risks to report at this time. The risk rating remains at Medium.
- 6.11 **R8 - Reputation damage and loss of public trust in the organisation** (Group Manager Strategy and Communications). No new emerging risks to report at this time. The risk rating remains at Medium.



- 6.12 **R9 - Disruption to Council service delivery due to significant increase in COVID-19 cases** (Owner: Chief Executive). Council's response readiness measures enabled a smooth transition to alert level 4 in August for staff. Council services continued as far as possible within the constraints of the alert level restrictions.

## **7. Key Risk Areas By Reporting Group**

- 7.1 **Infrastructure Group:** COVID-19 related supply chain risks are now being realised, with price increases and delays on material delivery (local and overseas). More generally, there have been no reported exceptions to the risk controls. All treatments relating to increased flood protection, water supply resilience, pump station capacity, and reduction of wastewater overflows are progressing as planned.
- 7.2 **Community Services Group:** Non-compliance of Council owned campgrounds (one operated and two leased) represent some ongoing risks whilst remediation actions are implemented. This risk is magnified by the unavailability of affordable housing alternatives for current long-term-campers.
- 7.3 **Environmental Management Group:** All but one Business Unit in this group has at least one staff vacancy. Non-priority work is being deferred and risk of non-compliance with statutory timeframes (resource and building consents) is now elevated.
- 7.4 **Strategy and Communications Group:** No new emerging risks to report at this time.
- 7.5 **Corporate Services Group:** No new emerging risks to report at this time.

**Author:** Chris Logan, Audit and Risk Analyst

### **Attachments**

Attachment 1: A2587873 - Council risk profile - key organisational risks [↓](#)

## Council Risk Profile - Key Organisational Risks: Quarter One 2021-22

### Overview

#### The purpose of this document

This document provides a profile of the key risk themes (organisational risks) which the Council faces at the overall organisation level. Being a subset of the risk register, organisational risks cover relevant risks relating to council and joint operations. Relevant risks relating to subsidiaries and joint ventures are limited to ownership risks.

#### Risks not in this report:

Some risks, that are in the risk register but do not fit the list of risk themes, are not captured in this report. Further, this report does not provide an update on risks to the organisation's overall expenditure programme, as these are adequately reported on in other more detailed reports regularly provided to the Audit, Risk and Finance Sub-committee.

#### Risk Profile

The following pages (one for each key risk area) set out:

- A summary of the nature of each organisational risk including the relevant part of the Council's objectives, the underlying risks measured using the Council's risk criteria – the green box on each page. The risk rating is based on the highest underlying risk rating.
- The assigned risk owner and the last update to the information for the risk theme
- A diagrammatic representation of the current estimated level of residual risk (i.e. after considering controls), an indication of any risk movement over the reported quarter, and the intended effect of treatments or further actions to manage (usually reduce) risk levels – the pale blue box on the top right of each page
- A description of actions in place (controls – grey box) or proposed (treatments – yellow box) to manage the risk including the intended effects of, likely timeframe and accountabilities for each action.

A2587873 - Key organisational risks - quarterly report attachment for Audit, Risk and Finance Subcommittee  
Overview, Page 1

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5. Compromise of Council service delivery from information technology failures .....	13
6. Council work compromised by loss of and difficulties in replacing skilled staff.....	15
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## 1. Central-government-led-reform

Assigned risk owner: Chief Executive

Last review: September 2021 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map				
Council objectives:	Provide and maintain water supply, wastewater and stormwater management systems. Deliver effective, efficient and compliant regulatory services to manage environmental and built effects.					
Uncertain events considered:	<ul style="list-style-type: none"><li>- Three waters reform impacts such as: employees, capital programme, CCOs, change in risk profile</li><li>- Proposed repeal of the Resource Management Act (RMA) and replacement with three acts including the requirement for consolidation of resource management planning functions through Combined Plans and Joint Committees, increasing the pressure for local authority amalgamation</li><li>- Review into the Future for Local Government including roles, functions and partnerships; representation and governance; and funding and financing.</li></ul>					
Treatments are intended: To reduce both likelihood and consequences						
Consequences	Financial impact from policy and plan development changes due to Central Government legislative changes	Likelihood	Risk level			
Increased workplace stress and likelihood of errors due to increased difficulty to retain and/or attract skilled staff		Almost certain	High			
Risks to the remaining organisation including dis-synergies, stranded costs, one-time separation costs net of one-time additional funding, capital structure impacts and transformation risks		Almost certain	High			
		Possible	High			

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Three waters communication – public zoom webinars, shape nelson page, council meetings, staff meeting and emails.	Chief Executive	Reduce likelihood of negative public reaction & staff departures.
Independent review of the central government three waters estimates of average householder cost per annum provided by Morrison Low, legal advice from Simpson Grierson	Chief Executive	Reduce likelihood of negative public reaction
Participation in three waters initial stage / Tranche 1	Chief Executive	\$5.7m funding, improved veracity of modelling input data

## MANAGING THE RISK - Treatments – what we are planning

Description	Expected effect	Timetable	Next review
Ongoing consultation with the Department of Internal Affairs and working closely with neighbouring councils on the three waters proposal.	Reduce uncertainty and improved planning	Ongoing	December 2021
Respond to Central Government legislative requirements and legislation changes	Implementation and response to legislative requirements across the Environmental Management Group. Respond by determining the process required for the Whakamahere Whakatu Nelson Plan and then deliver that Plan	Legislation that exists will be given effect to. - Government changes are still being developed e.g. RMA Reform	December 2021

## 2. Lifeline services failure

Assigned risk owner: Group Manager Infrastructure

Last review: September 2021 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map	
Council objectives:	Provide and maintain water supply, wastewater and stormwater management systems, and roading infrastructure.		
Uncertain events considered:	<ul style="list-style-type: none"><li>- Prolonged lifeline services outage due to natural catastrophe or utility supplier failures</li><li>- Contamination of water supply and distribution network</li><li>- Critical asset failure from the failure to carry out and prioritise planned maintenance and renewals of critical asset due to any of the following reasons: inadequate funding/budgeting, poor or incomplete asset data, scheduling and procurement delays</li><li>- Critical asset failure from the failure to safeguard critical assets from sabotage / cyber attacks</li></ul>		
Treatments are intended: To reduce consequences			
Consequences			
Major loss of services to the nelson community			
Moderate level health impact			
Moderate level impact on council reputation			
		No change from prior quarter	

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Civil defence planning and management	Manager Emergency Management	Improves response systems reducing consequence
Retrofitting to improve earthquake resilience of buildings and structures (e.g. bridge strengthening, seismic valves on all major reservoirs)	GMs Community Services, and Infrastructure	Improves resilience of structures reducing consequences
Standby generators and temporary chlorination plant.	GM Infrastructure	Reduce consequence of a power failure event / failure of the Water Treatment Plant
Raw water source catchments each have permanent caretakers, source protection zones established in latest bylaw, water treated via ultra-filtration WTP and distribution network is chlorinated. Backflow prevention devices installed on	Business Unit Managers	Ensures the water supply is protected from contamination.

A2587873 - Key organisational risks - quarterly report attachment for Audit, Risk and Finance Subcommittee  
Risk Area 2, Page 5



Description	Accountability	Effect of control
commercial properties/high risk sites, and tested annually. Water quality at both the WTP and the network regularly tested for compliance purposes.		
Business unit disruption response objectives and plans (reviewed 6 monthly)	Business Unit Managers	Increased speed of response to event reducing consequences
Lifeline improvements in AMPs	GM Infrastructure	Improved resilience in networks (e.g. stormwater system, backflow prevention program, duplicate raw water delivery lines from the Maitai intakes etc)
Two "table top" business continuity exercises per year for the immediate IMT	Manager Business Improvement	Improves organisational responsiveness and continuous improvement of related systems and processes
Infrastructure planning including 30 year infrastructure strategy	Group Manager (GM) Infrastructure	Improves resilience of infrastructure components reducing consequences.
Asset renewal plans for each network	GM Infrastructure	Planned asset upgrading or replacement, reduces likelihood of component failure. Includes early procurement of materials to mitigate Covid-19 supply chain delays.
Asset management information systems to track infrastructure item status	GM Infrastructure	Provides data for decisions about infrastructure asset renewal, replacement etc.
Condition assessment programme	GM Infrastructure	Identifies areas of service for upgrade, repair etc., to be executed; reduces likelihood of component failure.
Insurance/risk sharing	GM Corporate Services	Provides resources by funding recovery

#### MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review
Climate Change considered in the LTP/ draft AMPs Climate Change Vulnerability Assessments and implementation on the water supply and wastewater Activity.	Greater understanding on the impacts Climate change (sea level rise, drought, temperate increase,	LTP/ draft AMPs allows for these assessments in the first 3 years. Implementation of solutions allowed for in the thirty year plan.	December 2022

A2587873 - Key organisational risks - quarterly report attachment for Audit, Risk and Finance Subcommittee  
Risk Area 2, Page 6

	flooding etc) will have on the water supply and wastewater activity.		
Renewing the Atawhai Wastewater Rising Main	Improves resilience to natural hazards	Early planning starts July 2021, with construction plan for in 6 years' time.	December 2022
Natural Hazards Risk Assessments for the three waters	Developing strategies and implementing a programme to make three water assets more resilient to natural hazards such as earthquakes, landslides, flooding, Tsunamis etc.	Currently underway. Placeholder funding for implementation allowed for in the draft AMPs	December 2021
Actions from regional lifeline review – ongoing programme of stream flood protection work, wastewater pump station upgrades and water supply network enhancements/replacements	<ul style="list-style-type: none"> <li>- Increased flood protection (modelling, design and construction)</li> <li>- Increased resilience of supply for water</li> <li>- Ongoing reduction of wastewater system overflows</li> <li>- Increased pump station capacity/resilience</li> </ul>	<ul style="list-style-type: none"> <li>- Flood protection modelling work completed and taken into account most recent climate change data around rainfall and sea level rise. Peer reviews have been completed. Projects for adaptation have been included within the LTP</li> <li>- Water supply pipeline replacements continued throughout 2021-22. The LTP has increased the rate of renewals to \$20m over 10 years.</li> <li>- Natural Hazards Assessments continued throughout 2021-22 and the LTP for all three waters.</li> <li>- Investigations regarding I&amp;I continue throughout 2021-22 and the LTP. The LTP includes an increased rate of pipeline renewals to \$20m over 10 years.</li> <li>- Pump station upgrades: <ul style="list-style-type: none"> <li>- Construction of Beach Road Storage completed. This provides added resilience to wastewater overflows.</li> <li>- Awatea Pump Station construction is underway and scheduled for completion in 2022-23.</li> <li>- Corder Park PS and Neale Park PS upgraded within the last 4 years.</li> <li>- Further PS upgrades allowed for in the LTP.</li> </ul> </li> </ul>	December 2021 (was July)
Reduced inflow and infiltration to wastewater system			



Identify and provide protection for strategic routes from hazards posed by earthquake prone buildings. Required by Building Act 2004 subpart 6A.		<ul style="list-style-type: none"> <li>- The draft Water Supply, Wastewater, Stormwater &amp; Flood Protection Activity Management Plans have been adopted by Council to inform the LTP. <b>These AMPs are on track for final approval by December 2021.</b></li> <li>- The LTP allows for significant investment within the Infrastructure Group, with the programme increasing to \$460m vs 2018 LTP of \$360m.</li> </ul>	
	Identification and enhanced protection of most significant transport routes from hazards posed by earthquake prone buildings	<ul style="list-style-type: none"> <li>- Identification of strategic routes approved (completed) by Environment Committee on 5 March 2020.</li> <li>- Council is required to complete identification of priority potentially earthquake prone buildings by 30 June 2022 (in progress).</li> <li>- Building owners have up to two years to provide an engineering assessment from date of notification and 12.5 years from the date on earthquake prone building (EPB) notice to complete seismic work.</li> </ul>	June 2022

## 3. Illness, injury or stress from higher hazard work situations

Assigned risk owner: Group Manager Corporate Services Last review: September 2021 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map																																																																																													
Council objectives:	Those at Council workplaces, whether staff, contractors, Council members or visitors to remain safe (including retaining good health) while working on Council duties or on Council premises.	<table><tr><td>Almost Certain</td><td>M</td><td>M</td><td>M</td><td>L</td><td>L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td></tr><tr><td>Likely</td><td>M</td><td>M</td><td>M</td><td>M</td><td>M</td><td>M</td><td>M</td><td>M</td><td>M</td><td>M</td><td>M</td></tr><tr><td>Possible</td><td>L</td><td>L</td><td>L</td><td>L</td><td>L</td><td>L</td><td>L</td><td>L</td><td>L</td><td>L</td><td>L</td></tr><tr><td>Unlikely</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td></tr><tr><td>Rare</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td></tr><tr><td>Insignificant</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td></tr><tr><td>Consequence</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td><td>Very L</td></tr></table>										Almost Certain	M	M	M	L	L	Very L	Very L	Very L	Very L	Very L	Very L	Likely	M	M	M	M	M	M	M	M	M	M	M	Possible	L	L	L	L	L	L	L	L	L	L	L	Unlikely	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Rare	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Insignificant	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Consequence	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L
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Consequence	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L	Very L																																																																																				
Uncertain events considered:	Work related accidents and incidents Work pressures leading to health effects including stress related impacts Violence and offensive behaviour by Council customers and members of the public																																																																																														
Treatments are intended: To reduce both likelihood and consequences																																																																																															
Consequences		Likelihood				Risk level																																																																																									
Moderate level incapacity of staff – stress related (moved from risk area 10)		Likely				High																																																																																									
Loss of life from workplace accident		Unlikely				Medium																																																																																									
Staff, contractor, or other Council personnel loss of short-term-capacity		Likely				Medium																																																																																									
Multiple staff, contractor or other Council personnel fatally injured while working		Rare				Medium																																																																																									

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Comprehensive H&S management system	Manager Business Improvement	Incorporates H&S management into all Council work
Incident reporting and analysis of emerging incident trends	Incident reporting –Manager Business Improvement	Improved H&S procedures based on experience
Visible ownership of H&S at organisational leadership levels	Council and Senior Leadership Team	Increases awareness of H&S good practices
Mandatory training as relevant to role in the organisation	Manager Business Improvement	H&S skills and knowledge relevant to role maintained

Description	Accountability	Effect of control
Emergency plans maintained and tested	Manager Business Improvement and Manager Technology and Customer Experience	Readiness to respond correctly to emergencies
Use of communications technology for keeping contact with remote workers	Business Unit Managers	Improved information about whereabouts and individual safety
Physical security improvements for vulnerable areas	Business Unit Managers	Reduces likelihood and consequence of violent or offensive public behaviour
Safety in design implemented in design for Council assets	Manager Transport and Solid Waste, Manager Utilities, Manager Parks and Facilities	Inherent safety in asset design
Implement specific terrorism related risk assessment process for large gatherings	Business Unit Managers	Improved security where required for large gatherings.
Libraries Safety Officer permanent role for Elma Turner Library (0.5 FTE)	Manager Libraries	Reduce likelihoods
Staff workplace support	Manager People and Capability	Empowers employees to better manage stress, anxiety etc

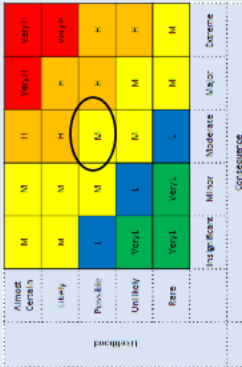
#### MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review
MC00816 - Conduct terrorism vulnerability assessments for key Council venues (the Trafalgar Centre, Trafalgar Park, and Saxton Field)	Improved understanding of venue specific terrorism related risks, and identify potential physical security improvements	2021-22 (was third quarter 2020-21)	June 2022
Customer Service Centre security improvements as part of Civic House Refurbishment.	Reduce severity	To be confirmed	December 2021

## 4. Loss of service performance from ineffective contracts and contract management

Assigned risk owner: Chief Executive

Last review: September 2021 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map									
Council objectives:	Provide the expected service to the Nelson community through effective and efficient contracting (including contract supervision) for services, works, consultancy advice and other specialist services										
Uncertain events considered:	Incomplete or inadequate specification of services required Contracting which does not assign liability to the party which manages the risk Insufficient supervision of contractors to reasonably assure services are delivered to the specified standard Lack of information about contract requirements										
Treatments are intended: To reduce both likelihood and consequences											
Consequences		Likelihood	Risk level								
Moderate loss of Council services		Unlikely	Medium								
Minor level overspend on contract		Possible	Medium								
Local level loss of trust and confidence (negative reaction and comment)		Possible	Medium								
Civil action against Council taken but not successful		Possible	Medium								

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Use of standardised templates for procurement and service provision agreements	All contract writers	Contract risks allocated to the party able to manage them
Procurement training for all contract writers plus support & coaching	Manager Business Improvement	Clear specification of contract requirements, legally defensible process for procurement
Reviews of contractor performance	Business Unit Managers	Improved surety that contractor delivers what is required
Obligation to follow Council procedures built in to contracts where required	All contract writers	Contractors meet Council standards including health and safety, interactions with the public etc.
Continuous improvement of contract specification	Manager Business Improvement	Improved contract letting performance

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Risk Area 4, Page 11

Description	Accountability	Effect of control
Ongoing improvement of contract supervision procedures and practice	Business Unit Managers	Reduction of contractor substandard delivery, cost overruns and delays
Single contract information repository	Manager Business Improvement	Enables organisational-level monitoring of contract review dates. Provides the ability to more easily identify where to prioritise contractual effort, and to identify if contractual gaps exist


#### MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review
Plan improvements in contract management and contractor performance management	Ensures that contractual arrangements provides services to the community, efficiently and effectively	<ul style="list-style-type: none"> <li>- Procedure for contract monitoring and performance management drafted</li> <li>- Initiation of project to improve contractor management timing and project resourcing to be reviewed in quarter one 2021-22 on hold due to staff vacancies</li> </ul>	Jan 2022 (was July 2021)
Plan integration of contractual information with financial and asset information	The scope and benefits of this integration are still to be evaluated	<ul style="list-style-type: none"> <li>- No practicable options currently exist for integration of systems. Options for data warehousing and analytics to be investigated once contracts database is fully implemented</li> <li>- Partially automated options for tracking financials against contracts are in development, and will be incorporated into the contract/contractor performance management item listed above</li> </ul>	n/a (was July 2021)



## 5. Compromise of Council service delivery from information technology failures

Assigned risk owner: Group Manager Corporate Services Last review: September 2021 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map									
Council objectives:	Maintain the organisation's information technology systems (including computer services and telecommunications) operating continuously and securely										
Uncertain events considered:	Equipment and software failures Electricity supply interruptions Cyber attacks Human errors										
Treatments are intended: To reduce both likelihood and consequences											
Consequences											
Moderate loss of Council services to the Nelson Community		Likelihood					Risk level				
Moderate Local level negative reaction or comment		Rare					Low				

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Replacement of hardware and operating systems	Manager Technology and Customer Experience	Maintain currency of systems to enable security and computer system performance
Full offsite data backup at secure location	Manager Technology and Customer Experience	Council information copied against local system failure
Redundant components in IT system	Manager Technology and Customer Experience	Allows continued operation in the event of component failure
Annual recovery testing	Manager Technology and Customer Experience	Assurance that offsite back-ups function as intended
Least number of vendors/ systems to meet Council needs	Manager Technology and Customer Experience	Simplicity of systems to decrease maintenance effort
Multiple telephone service providers	Manager Technology and Customer Experience	Redundancy in the event of failures
Multiple back-ups of electricity supply (UPS, and on site generator)	Manager Technology and Customer Experience	Operating security in the event of electricity supply failure

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Risk Area 5, Page 13

Description	Accountability	Effect of control
Ability to work off-site, for most staff	Manager Technology and Customer Experience	IT systems and services largely available in the event Civic House unusable
Annual testing of "switch over" to an alternate site, and defences from cyber-attack	Manager Technology and Customer Experience	Continued provision and operation of IT systems
Two factor authentication login implemented for system administrators	Manager Technology and Customer Experience	Improved security against system access by unauthorised persons
Regular staff level cyber security and phishing testing	Manager Technology and Customer Experience	Eliminate, or minimise, "human" vulnerabilities
Regular cyber security awareness and training for staff (including email notation)	Manager Technology and Customer Experience	Eliminate, or minimise, "human" vulnerabilities

#### MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review
Participation in local government cyber security <b>continuous improvement programme</b>	Identify areas of weakness / strength to inform cyber security improvements	<ul style="list-style-type: none"> <li>- External assessment completed in first quarter of 2021-22.</li> <li>- Implementation of increased controls on-track.</li> </ul>	Dec 2021

## 6. Council work compromised by loss of and difficulties in replacing skilled staff

Assigned risk owner: **Manager People and Capability** Last review: **September 2021 – Changes from prior quarter in red text**

Residual risk identification and assessment		Residual risk rating map									
Council objectives:	Maintain sufficient staff expertise and numbers to enable the organisation to carry out all its functions efficiently and effectively	<p><b>No change from prior quarter</b></p>									
Uncertain events considered:	Loss of experienced staff to other employers or leaving the workforce Market shortage of staff with the required knowledge and skills Training required to make new staff productive in the Council's environment Eroding location advantage from non-local employers offering full-time work-from-home and unavailability of affordable housing										
Treatments are intended: To reduce both likelihood and consequences											
Consequences											
Moderate loss of Council services to the Nelson community		Likelihood		Risk level							
Minor locally focussed criticism of Council actions		Possible		Medium							
		Unlikely		Low							

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Council procedures documented in procedure library	Manager Business Improvement	Enables new staff or staff working in new area to execute work consistent with Council needs quickly
Improved file management structure	Manager Governance and Support Services	Enables staff to access correct up to date information to undertake Council business
Notice periods for staff leaving and handover procedures	Manager People and Capability	Reduces loss of knowledge during staff transitions
Succession planning / <b>workforce development</b>	Business Unit Managers	Provides capability for staff to step up when senior staff leave <b>e.g. graduate roles, summer student and cadet programmes</b>
Staff climate surveying	Manager People and Capability	Up to date information about workplace culture to help inform workplace improvements
Wellbeing framework	Manager People and Capability	Enhanced ability to attract and retain staff – maintain risk likelihood at Unlikely

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Risk Area 6, Page 15



Description	Accountability	Effect of control
Use of contractors with an understanding of Council business	Business Unit Managers	Capacity to fill gaps temporarily when staff leave
Business plans to estimate capacity demands on staff	Business Unit Managers	Matching of staff to workload
Standard templates in place for project definition, planning, tracking	Manager Business Improvement	Project execution less dependent on current staff knowledge
Networking opportunities for staff	Business Unit Managers	Develop skills and knowledge of existing staff
Adequate staff resourcing of Council operations	Manager People and Capability	Minimise stress and employee dissatisfaction; balanced workloads for staff
Implementation of leadership capability framework	Manager People and Capability	Reduce staff turnover by improving the organisation's working environment
Updated policy and targeted training to aid retention of older workers (moved from 'what we are planning')	Manager People and Capability	Improved retention of older (more experienced) workers

## MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review
Additional staff resources allocated to key areas	Reduce stress and employee dissatisfaction; increase ability to balance workloads	Further growth recruitment approved in 2021-31 Long Term Plan. Commencing year one recruitment.	June 2022
Diversity and inclusion program	Improved retention of more diverse staff	- Diversity and Inclusion meetings commenced ✓ - Program of works to be agreed and started	June 2022 (was October 2021)

## 7. Legal risk

Assigned risk owner: Group Manager Strategy and Communications Last review: September 2021

<i>Residual risk identification and assessment</i>		<i>Residual risk rating map</i>	
<b>Council objectives:</b>	Make all decisions and exercise all its functions in compliance with the law, including legislation, regulation and common law		
<b>Uncertain events considered:</b>	Insufficient knowledge of the applicable law when making or advising a decision Legal agreements made without ( <b>adequate</b> ) consideration of the parties' ability to control risks to the objectives sought <b>Inadequate consideration of legal risk relative to Council's other risk criteria when deciding what action is required to treat risks</b>		
<b>Treatments are intended: To reduce both likelihood and consequences</b>		<b>No change from prior quarter</b>	
<b>Consequences</b>		<b>Likelihood</b>	<b>Risk level</b>
Ambiguous or incomplete information base for decision		Unlikely	Medium
<b>Moderate reputational loss including public criticism of Council actions and/or unfavourable findings by the Ombudsman</b>		Possible	Medium
Successful legal action against Council		Rare	Medium
Moderate level of financial loss to Council (e.g. contract failure)		Rare	Low

## 11.2 MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Requirement for legal review of bylaw and Special Consultative Procedure reports and consultation material	Senior Leadership Team	Legally sound decision making processes, including consultation, for these matters of high significance
Induction of all staff includes basics of key legal obligations	Manager People and Capability	General awareness of Council's legal operating environment
Use local government wide good practice guidelines, such as Taituarā (SOLGM) Legal Compliance Modules	Business Unit Managers	Council follows local government standardised good practice
Procedures in place for operational tasks that require specific legal compliance	Business Unit Managers	Improved compliance for these Council activities; mitigation of legal risk
Documented previous legal advice available for all staff	Manager Legal Services	Ability to learn from the Council's past actions

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Risk Area 7, Page 17

Description	Accountability	Effect of control
Required minimum levels of knowledge for inspection/enforcement contractors	Manager Consents and Compliance	Compliance actions, where taken, are legally compliant
In attendance at Senior Leadership Team peer review of decision-making-reports to Committee and Council	Manager Legal Services	Consideration of legal risk for these reports
In-house legal capacity – internal legal team, and weekly drop-in clinic for officers	GM Strategy and Communications	Access to legal advice assists managers with identification, assessment and management of legal risk
Use of “LawVu” system for managing and reporting on provision of legal advice	Manager Legal Services	Effective and efficient response to requests for legal advice and identification of any emerging legal risk trends
Structured training programme for staff on local government specific legal requirements	Manager Legal Services	Improved staff knowledge of legal requirements for the Council’s work
Use of external legal advice and peer reviews on specialist / high risk topics.	Manager Legal Services	Added layer of control for mitigation of legal risk for specialist/high risk topics.

#### MANAGING THE RISK - Controls – what we are planning:

Description	Expected effect	Timetable	Next review
Offer business unit specific legal training programmes	Maintain, possibly reduce, risk likelihood through improved staff knowledge of legal requirements for Council’s work and how use of Council’s policies and procedures support compliance with these requirements	One business unit specific legal training programme developed and implemented in 2020-21. Develop and implement another by December 2021.	December 2021
Develop Legal Operations Framework covering: agreed role of Legal Services; risk based criteria for seeking legal advice; criteria for prioritising and resourcing request for legal advice; and Legal Services and officer expectations	Align Legal Services work with organisational strategic priorities; clearer guidance for officers on when they should and should not be seeking legal advice; enable partnering with managers to build their capability to proactively manage their legal risks	Communications, and procedural changes throughout 2021-22	December 2021

## 8. Reputation damage and loss of public trust in the organisation

Assigned risk owner: Group Manager Strategy and Communications Last review: September 2021 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map																	
Council objectives:	Maintain trust and confidence in the Council by providing accurate information about the state of Council work and service delivery																		
Uncertain events considered:	Promulgation of incorrect information about Council activities through both traditional and social media channels Unbalanced comment by opinion leaders																		
Treatments are intended: To reduce both likelihood and consequences																			
Consequences																			
Local level negative comment and reaction to Council decisions or actions		Likelihood		Possible		Unlikely		Rare		Insignificant		Minor		Moderate		Major		Severe	
National level negative comment and reaction to Council decisions or actions		Likelihood		Possible		Unlikely		Rare		Insignificant		Minor		Moderate		Major		Severe	

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Monitor media and provide information to staff and public including managing relationships with media outlets	Manager Communications	Provides accurate information and enables rapid response to misinformation Ensures staff have correct information about Council actions
Communications and engagement plans for all significant projects	Business Unit Managers, with support from Manager Communications	Provides early accurate information about Council actions
Customer surveys	Business Unit Managers	Monitoring of customer perceptions of Council actions
Staff induction training	Manager People and Capability	Staff understand the importance of clear communication
Social media presence to reduce spread of incorrect information	Manager Communications	Reduces criticism based on incorrect information
Code of Conduct and Council Standing Orders	The Council	Sets clear expectations of Council and Members conduct

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Risk Area 8, Page 19

<b>Description</b>	<b>Accountability</b>	<b>Effect of control</b>
Members Interests Register	The Council (Manager Governance to maintain)	Clarity on non-Council interests of Elected and Appointed Members
Media Policy	Manager Communications	Sets requirements and expectations for staff
Conflict of Interest policy	Manager People and Capability	Sets requirements and expectations for staff
Contracts post-October 2016 require contractors to direct media inquiries to Council	Business Unit Managers	Prevents contractors speaking on behalf of Council without permission
Community Engagement Manager role in Infrastructure Group	GM Infrastructure	Anticipate public information and community engagement needs, plan and deliver community engagement
"Shape Nelson" online community engagement tool	Manager Communications	Increased opportunity for the community to give views to Council Improved public accessibility to information on current and upcoming Council initiatives
Communications and Engagement Strategy	Group Manager Strategy and Communications	Metrics for communications and engagement (test of effectiveness) to identify gaps in communication and enable improved public understanding and perception

#### MANAGING THE RISK - Controls – what we are planning:


<b>Description</b>	<b>Expected effect</b>	<b>Timetable</b>	<b>Next review</b>
Development of rolling averages of residents' perceptions of Council performance (quarterly data points).	Earlier information on residents' perceptions of Council performance. Information can be used to update communication plans.	First rolling average report by end of October (for September quarter)	February 2022 (after two quarters rolling information)



## 9. Disruption to Council service delivery due to significant increase in COVID-19 cases

Assigned risk owner: Chief Executive

Last review: September 2021 – Changes from prior quarter in red text

Residual risk identification and assessment		Residual risk rating map									
Council objectives:	Provide Council services as per the levels of service agreed with ratepayers through the Long Term Plan										
Uncertain events considered:	The New Zealand government escalate to alert level two, three, or four Council staff unable to work due to contracting COVID-19. <b>Note: Infrastructure supply chain risks only partially addressed in (2) Lifeline services failure</b>										
Treatments are intended: To reduce consequences											
Consequences											
Minor loss of Council services and community facilities to the Nelson community											
Information for decision making may have had insufficient analysis to support rapid decision making		Likelihood		Risk level							
Moderate level of community complaints		Likely		Medium							
		Possible		Medium							
		Possible		Medium							

## MANAGING THE RISK - Controls – what we have in place:

Description	Accountability	Effect of control
Established channels of public communication	GM Strategy and Communications	Keep public informed in a timely manner, to reduce likelihood of confusion and complaints about Council services and community facilities
Technology enables staff to work from non-Council workplaces	GM Corporate Services	Continuity of many Council services for ratepayers
Contractual arrangements for continuity of services in place with key contractors	GM Corporate Services	Continuity of Council services for ratepayers
Established roles and protocols for decision making and managing	Chief Executive	Continuity of Council services for ratepayers

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Risk Area 9, Page 21

<b>Description</b>	<b>Accountability</b>	<b>Effect of control</b>
business continuity across the organisation		
Council procedures documented and up to date	GM Corporate Services	Continuity of Council services for ratepayers
COVID-19 related procedures documented and up to date including Business Unit continuity plans	Manager Business Improvement	Managers have set process to follow in the event; smooth transition
COVID-19 response readiness group established and actively managing minor actions list	Manager Business Improvement	Anticipate and deliver "preparedness" processes, tools, and products
Lessons learned debrief from business continuity measures during COVID-19 emergency	Reduce likelihood and consequence	Debriefs - completed Completed improvement items in second quarter of 2020-21

#### MANAGING THE RISK - Controls – what we are planning:

<b>Description</b>	<b>Expected effect</b>	<b>Timetable</b>	<b>Next review</b>
No significant additional controls planned.			

Appendix 1: Risk Matrix – Consequences x Likelihood

CONSEQUENCES					LIKELIHOOD of the given consequence occurring			
Insignificant t (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)	Descriptor	Qualitative guidance statement	Indicative Probability range %	Indicative frequency range (years)
Medium (5)	Medium (10)	High (15)	Very High (20)	Very High (25)	Almost certain (5)	The consequence can be expected in most circumstances OR A very low level of confidence/information	>90%	>1 occurrence per year
Medium (4)	Medium (8)	High (12)	High (16)	Very High (20)	Likely (4)	The consequence will quite commonly occur OR A low level of confidence/information	20% - 90%	Once per 1-5 years
Low (3)	Medium (6)	Medium (9)	High (12)	High (15)	Possible (3)	The consequence may occur occasionally A moderate level of confidence/information	10% - 20%	Once per 5- 10 years
Very Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)	Unlikely (2)	The consequence may occur only infrequently A high level of confidence/information	2% - 10%	Once per 10 - 50 years
Very Low (1)	Very Low (2)	Low (3)	Medium (4)	Medium (5)	Rare (1)	The consequence may occur only in exceptional circumstances A very high level of confidence/information	<2%	Less than once per 50 years

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Appendix 1: Risk Matrix – Consequences x Likelihood, Page 23



Appendix 2: Residual Risk Tolerance

<b>Risk Level</b>	<b>Description and Action</b>	<b>Authority for continued tolerance</b>	<b>Timing for implementing action</b>	<b>Obligation to promptly advise including advising treatments</b>
<b>Very High</b>	Not normally tolerable, immediate intervention to reduce risk	Full Council on advice from CE	Immediate if possible but no more than one month	Full Council using best practicable means
<b>High</b>	Not normally tolerable, initiate action as soon as practicable to reduce risk below High	SLT or Group Manager (Council at CE discretion)	As soon as practicable but no more than 2 months	SLT or accountable Group Manager (Council at CE discretion)
<b>Medium</b>	Normally tolerable, frequently review to look for opportunities to further reduce risk where practicable	Business Unit Manager	At least within one quarter	Accountable Group Manager
<b>Low</b>	Acceptable risk, routine review for low cost actions to reduce risk further	No specific authority required	Routine review period (e.g. 3- 6 monthly)	None
<b>Very Low</b>	Acceptable risk, no specific actions to reduce further	No specific authority required	Only if incidental to another action	None