

**MEETING OF THE
RISK & ASSURANCE COMMITTEE**

THURSDAY 22 JULY 2021

commencing at 10.30 am

at the Tyrone McElrea Room, Cross Recreation Centre

18 Glasgow Street

BALCLUTHA

CLUTHA DISTRICT COUNCIL

Notice is hereby given that a Meeting of the Risk & Assurance Committee will be held in the Tyrone McElrea Room, Cross Recreation Centre, 18 Glasgow Street, Balclutha on Thursday 22 July 2021, commencing at 10.30 am.

Steve Hill
CHIEF EXECUTIVE OFFICER

Stephen Halliwell (Independent Chair)
Mayor Bryan Cadogan
Councillor Stewart Cowie (Deputy Mayor)
Councillor Ken Payne (Corporate & Property Committee Chair)
Councillor Bruce Vollweiler (Regulatory & Policy Committee Chair)
Councillor Bruce Graham (Service Delivery Chair)
Councillor John Herbert
Councillor Alison Ludemann

RISK & ASSURANCE COMMITTEE

22 July 2021

APOLOGIES

None at the time of the agenda going to print.

DECLARATION OF INTEREST

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

URGENT BUSINESS

PUBLIC FORUM

Item	Page #	Title
1.	8	Risk & Assurance Committee Minutes <i>(For the Committee's Confirmation)</i> Minutes of the Risk & Assurance Committee held 9 June 2021.
2.	13	Health & Safety, Risk and Major Projects Report <i>(For the Committees Information)</i> This report contains a commentary as an attachment on the status of Category A Projects and a risk assessment on these projects.
3.	24	Treasury Management Report <i>(For the Committee's Information)</i> This report brings together the Treasury Services Advisory Report and the Investment Portfolio Compliance & Monitoring Report.
4.	42	Management Accounts Report <i>(For the Committee's Information)</i> Management accounts for the period July 2020 to May 2021.
5.	45	Conflict of Interest Register <i>(For the Committee's Information)</i> Register has details per elected member or member of management team.
6.	49	Risk & Assurance Committee Work Programme Update <i>(For the Committee's Information)</i> Update on the Risk & Assurance Committee work programme.
7.	52	Reasons to Move to Public Excluded <i>(For the Committee's Decision)</i> Public Excluded minutes of the meeting held 9 June 2021

Risk & Assurance Committee - Delegations

Constitution	<p>Members of the Committee will be made up of an Independent Chair, Mayor, Deputy Mayor, Chair of the Corporate & Property, Service Delivery and Regulatory and Policy Committees and three other Councillors appointed by Council.</p> <p>Members will be appointed for an initial period not exceeding three years after which they will be eligible for extension or re-appointment, after a formal review of their performance. The Chief Executive and the General Manager Corporate Services will not be members of the Committee but may attend meetings as observers as determined by the Chairperson. The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council. At least one independent member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.</p>
Meeting Frequency	<p>6 times per year, or as required.</p> <p>To oversee aspects relating to audit and risk management.</p>
Objective	<p>The Risk & Assurance Committee is an independent committee of Council.</p> <p>The purpose of the committee is to oversee:</p> <ul style="list-style-type: none">• risk management• internal control• external accountability• internal audit• external audit and• compliance with legislation, policies, and procedures. <p>The Committee has no executive powers and will conduct itself in accordance with the values and ethics of the Council. The Committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must always recognise that primary responsibility for management of the Council rests with the Chief Executive. The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Clutha District Council from time to time.</p> <p>The Council, at its meeting on 31 October 2019, established the Risk and Assurance Committee for the 2019-21 triennial.</p> <p>The Council authorises the Committee, within the scope of its role and responsibilities, to:</p> <ul style="list-style-type: none">• obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);• discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);

- request the attendance of any employee, including the Chief Executive and the General Managers of Corporate Services, Service Delivery and Regulatory and
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Council's expense

Quorum

5 members

Additional Attendees

The Committee may invite various parties to attend its meetings. These parties may include other members of senior management or line managers as appropriate. When the Committee is considering a report, the manager responsible for the area under review will be given the opportunity to discuss the report with the Committee. Other elected members may attend but have no voting rights.

Areas of responsibility

1. Risk Management

- Ensure that Council has in place a current and comprehensive risk management framework and associated procedures and review for effective identification and management of Council's financial and business risks including fraud.
- Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings
- Review the effect of the Council's risk management framework on its control environment and insurance arrangements.
- Review whether a sound and effective approach has been followed in establishing the Council's business planning continuity arrangements, including whether disaster recovery plans have been tested periodically and
- Review the Council's internal controls in relation to preventing fraud and satisfy itself that the Council has appropriate processes and systems in place to capture and effectively investigate fraud-related information and to ensure appropriate action is taken against perpetrators of fraud.

2. Internal Control

Review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective.

Review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated.

Determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with.

Review whether appropriate policies and procedures are in place for the management and exercise of delegations.

Consider how management identifies and required changes to design or implementation of internal controls and

review whether management has taken steps to embed a culture that is committed to ethical and lawful behaviour.

3. External Accountability

The Committee's responsibilities are to:

Review the financial statements and provide advice to the Council, including whether appropriate action has been taken in response to audit recommendations and adjustments.

Satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls.

Review the processes in place designed to ensure that financial information included in the Council's annual report is consistent with the signed financial statements.

Review the processes and risk assessment are in place for the development and adoption of the Council's Long-Term Plan.

Satisfy itself that the Council has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations; and

Satisfy itself that the Council has a performance management framework that is linked to organisational objectives and outcomes.

4. Internal audit

The Committee's responsibilities are to:

Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.

Review the internal audit coverage and annual work plan, ensure that the plan is based on the Council's risk management plan, and recommend approval of the plan on behalf of the Council.

Advise the Mayor and Chief Executive on the adequacy of resources to carry out the internal audit, including completion of the approved internal audit plan.

Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions.

Review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.

Monitor management's implementation of the internal auditor's recommendations.

Review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place.

5. External audit

The Committee's responsibilities are to:

Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.

Provide input and feedback on the financial statements and the audit coverage proposed by the external auditor and provide feedback on the audit services provided.

Review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations.

Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions and

Provide advice to the Council and Chief executive on action taken on significant issues raised in relevant external audit reports and good practice guides.

6. Compliance with legislation, standards and good practice guidelines

The Committee's responsibilities are to:

Determine whether management has appropriately considered legal and compliance risks as part of the Council's risk assessment and management arrangements and

Review the effectiveness of the system for monitoring the Council's compliance with relevant laws regulations, and associated government policies.

Financial Delegations

7. Financial delegations are identified in Appendix C – Financial Delegations.

Power to resolve

8. In exercising the delegated powers, the risk & assurance committee will operate within policies, plans, standards or guidelines that have been established and approved by Council, the overall priorities of Council, the needs of the local communities and the approved budgets for the activity.

Power to recommend to Council

9. Strategic Finance

Financial Strategy.

Revenue and Financing Policy matters (excluding rates reviews).

Treasury Management and Borrowing and Investment Policies.

Adoption of Annual Report.

Investment strategy.

Borrowing.

Management policies (e.g. fraud, sensitive expenditure).

10. Risk

Risk Management Policy (setting Council's appetite for risk).

Risk Management outside of budgets (e.g. insurance).

Risk Management outside of Risk Management Policy.

Delegations Policy to Chief Executive and direct to officers where required.

Insurance (including self-insurance) within policy and budgets.

Power to monitor

11. Strategic Finance

Investment Policy compliance.

Debt Policy compliance.

Financial Strategy compliance

i. risk and opportunities monitoring

ii. capital programme monitoring.

Financial Strategy monitoring.

Investment monitoring (including return on investment for cash and property. ~~and forestry~~)

Debt monitoring.

12. Risk

Risk management framework.

Major project monitoring.

Debt risk management.

External audit.

Internal control framework

i. internal audit

ii. sensitive expenditure

iii. conflicts of interest.

Legal compliance.

Health and Safety culture and compliance.

Risk & Assurance Committee

Item for CONFIRMATION

Report	Confirmation of Minutes
Meeting Date	22 July 2021
Item Number	1
Prepared By	Karen Piercy – Corporate Services Administrator
File Reference	527438

REPORT SUMMARY

Attached are the unconfirmed minutes of the Council's Risk & Assurance Committee meeting held 9 June 2021.

RECOMMENDATION

- 1. That the Risk & Assurance Committee confirms as a true and correct record the minutes of the Risk & Assurance Committee held 9 June 2021.**

Risk & Assurance Committee

Minutes of the meeting of Risk & Assurance Committee held in the Tyrone McElrea Room, Cross Recreation Centre, 18 Glasgow Street, Balclutha on Wednesday 9 June, commencing at 10.33 am.

Present Stephen Halliwell (Chairperson), His Worship the Mayor Bryan Cadogan, Councillors, Stewart Cowie, Bruce Graham, John Herbert, Ken Payne, and Bruce Vollweiler.

In Attendance Steve Hill (Chief Executive), Sharon Jenkinson (Finance Manager), Greg Bowie (Management Accountant), Christina Johnston (Risk Management Support Officer), Councillors Wayne Felts and Lloyd McCall. Karen Piercy (Corporate Services Administrator).

Apologies Councillor Alison Ludemann.

Moved Mayor Cadogan/Councillor Vollweiler and resolved

“That the apology be sustained.”

DECLARATIONS OF INTEREST

There were no declarations of interest.

URGENT BUSINESS

There was no urgent business.

PUBLIC FORUM

There was no public forum.

1. CONFIRMATION OF MINUTES

The minutes of a meeting of the Risk & Assurance Committee held on 29 April 2021 were submitted for confirmation.

Moved Councillors Herbert/Cowie and Resolved:

“That the Risk & Assurance Committee confirms as a true and correct record the minutes of the Risk & Assurance Committee held 29 April 2021.”

2. HEALTH AND SAFETY, RISK MANAGEMENT AND MAJOR PROJECTS REPORT

The Risk Management Support Officer submitted the Health and Safety, Risk and Major Projects report.

2.1 Health and Safety Management Plan Progress:

2.2 Top Ten Health & Safety Risks

GPS locators have been provided to staff when out in the field. These can be used in no cell phone areas. Alerts will go to the Risk Management Support Officer, a health and safety representative and the after-hours security contractor.

A policy is being written up for the body cameras with the view to providing these to the Freedom Camping Officers and Dog Control Officers.

As part of the Rosebank office refurbishment, security cameras will be installed at reception and security doors will be installed between reception and staff only areas.

The Chair took the Committee through the Due Diligence table on page 14 of the agenda. The committee felt comfortable that the duties are currently being met and suggested this list be revisited on a regular basis.

2.2.1 Cyber Risk

The ICT Manager presented a verbal report on the current status of Council's Cyber Security practices and the matters on the ICT immediate workplan. As an example, a list the email related cyber threats blocked or dealt with in the last week, was read out. Attacks are getting more targeted, for example phone calls to staff. As our digital landscape grows, risk will also grow. Targeted attacks cannot be stopped but steps are in place. Staff are continually educated and informed, and industry best practices are adopted.

The recent cyber-attacks on the Waikato District Health Board happened, despite having an experienced IT team. To best implement disaster recovery and incident response plans, the ICT Manager is working with a group of southern councils to create a group to share knowledge and to buy better resources.

The ICT Manager listed the following work happening at CDC in the cyber risk space:

- Ongoing staff awareness, including training sessions in communications and awareness.
- IT Audit Improvement programme, the first IT (Cyber Security) audit is at the end of June and ALGIM has endorsed and subsidised the provider.
- Creating proper procedures and incident response plans.
- Launching two factor or multi factor authentication for all staff and councillors.
- As noted above, access to specialist resources – working with southern group of councils to achieve this.

Insurance has been taken to cover financial loss, but the risk still has to be minimised.

While there are financial risks there is also political and reputational risk of private information being released publicly. There are known examples of infrastructure such as water being targeted. Separating operating systems is one way of minimising risk and staff are already working to improve this.

Councillor Felts left the meeting at 11.18 am.

Staff are working with contractors to ensure the information they have access to in the CDC system have risk mitigated and that any system upgrades include a security layer.

Councillor Felts returned at 11.19 am.

2.2.2 Strategic Risks

2.3 Category A projects

A new Category A list will be included in when Council makes decisions on these, which will happen within the next two months.

Moved Councillors Vollweiler/Herbert and Resolved:

“That the Risk & Assurance Committee receives the Health and Safety, Risk and Major Projects Report.”

The Risk Management Support Officer and ICT Manager left the meeting at 11.22 am.

3. TREASURY MANAGEMENT REPORT

The Finance Manager and Management Accountant presented the Treasury Management report.

The May summary has just come in and shows a \$110,140 loss for the month. However, investments are still above projections.

Moved Mayor Cadogan/Councillor Payne and Resolved:

“That the Risk & Assurance Committee receives the Treasury Management Report.”

4. MANAGEMENT ACCOUNTS REPORT

The Finance Manager presented the Management Accounts Report for the period 1 July 2020 to 30 April 2021 and noted that there will be some carry forwards.

Moved Councillors Cowie/Herbert and Resolved:

“That the Risk & Assurance Committee receives the Management Accounts report.”

5. RISK & ASSURANCE COMMITTEE WORK PROGRAMME

The Group Manager Corporate Services submitted the Risk & Assurance Committee Work Programme.

Councillor McCall left the meeting at 11.42am.

Moved Mayor Cadogan/Councillor Payne and Resolved:

“That the Risk & Assurance Committee receives the Risk & Assurance Committee Work Programme report.”

6. REASONS TO MOVE TO PUBLIC EXCLUDED

The Corporate Services Administrator presented a report requesting that the Risk & Assurance Committee move into Public Excluded session for the following reasons:

1. Voluntary Targeted Rates and CCCFA Compliance Report.

Under Sections A2(b)(ii), A2(c)(i) and A2(g) contained in Appendix 1 of the Clutha District Council’s Standing orders.

Moved Councillors Cowie/Mayor Cadogan and resolved:

“That the Risk & Assurance Committee resolves to exclude the public on the grounds contained in Appendix 1 of the Clutha District Council’s Standing Orders under Sections A2(b)(ii), A2(c)(i), & A2(g).”

The meeting moved into Public Excluded session at 11.44 am.

The meeting moved back into Public session at 11.55 am.

The meeting closed at 11.55 am.

Read and Confirmed

Stephen Halliwell
CHAIRPERSON

Risk & Assurance Committee

Item for INFORMATION

Report	Health and Safety, Risk and Major Projects Report
Meeting Date	22 July 2021
Item Number	2
Prepared By	Christina Johnston – Risk Management Support Officer
File Reference	527439

REPORT SUMMARY

This report provides a summary of the activities of the Clutha District Council to meet the requirements of the Health and Safety at Work Act 2015 and our efforts to ensure everyone goes home safe and well every day.

This report also contains a commentary on our organisational risk profile.

The Major Projects - Category A Risk Register is included in this report.

RECOMMENDATIONS

- 1. That the Risk & Assurance Committee receives the Health and Safety, Risk and Major Projects Report.**

REPORT

- 1. Health and Safety**

PERFORMANCE REPORTING

- 1.1** 25 staff events were reported in this reporting period (5 weeks). This consisted of 16 hazards, 6 First Aid treatments, 2 low-level events reporting damage and 1 near hit. A high number of hazards have been reported largely relating to staff observations at the Rosebank office involving the refurbishment.
- 1.2** All events that result in an injury or potential for injury are investigated with corrective actions implemented as needed. For example, all hazards relating to the refurbishment are escalated to the Construction team, mitigated, and then discussed at our Toolbox meeting for learning and improvements.
- 1.3** Proactive lead indicators form part of CDC's reporting, such as completion of activities such as risk assessments, site safety inspections, contractor safety audits and CDC Health and Safety Convos. Further reporting on lead indicators will occur as the safety system continues to improve. Refer to "Staff Audits – Health and Safety Dashboard". 61 "Take 5" risk assessments have been completed in this reporting period which is a great result to the previous work put into this initiative.

- 1.4 2 serious Contractor Health and Safety events occurred in this reporting period:

Chlorine gas leak at the Milton Water Treatment Plant – Contractors responded to an alarm, triggering an inspection of a chlorine gas canister which then leaked. Prompt awareness and response to the leak meant there was no harm. This event was NOTIFIABLE and has been notified to Worksafe. CDC has defined this event as a high potential, meaning an incident that could, in other circumstances, have realistically resulted in one or more fatalities.

Electrocution hazard at the Waihola Booster shed – Water drainage issues are causing an electrocution risk for any servicing required in the electrical cabinet. Council are investigating solutions. Contractors will still be accessing inside the building but will not be operating cabinet controls or having Electrician's service inside cabinets if water is present on the floor due to the electrocution hazard present.

HEALTH AND SAFETY RISK MANAGEMENT

- 1.5 Clutha District Council's Health and Safety High Risks remain unchanged

1. Driving
2. Threatening and aggressive behaviour
3. Asbestos and Hazardous substances
4. Stress
5. COVID-19
6. Structural integrity of assets
7. Lone work and security
8. Contractor work

- 1.6 Additional safety and security features have been approved to be included in the Rosebank office refurbishment. The features include security camera, duress lighting and panic buttons, which will further strengthen our lone work and security risk controls.

- 1.7 A new 3 Waters site Induction is being introduced. All Contractors who need to work on our 3 Waters sites will be required to review this induction, the associated risk register and complete a Health and Safety Acknowledgement. In addition to our fencing program, this induction is aimed at addressing unpermitted site access and raise safety expectations.

HEALTH AND SAFETY COMMITTEE

- 1.8 The Health and Safety Committee continue to meet on a monthly basis. This month's topic for discussion was related to our High risk, Structural Integrity of assets and strengthening our reporting and escalation processes for Customer Service Requests.

TRAINING AND DEVELOPMENT

- 1.9 Core training modules such as first aid, advanced driver and 4WD training are ongoing

- 1.10 Logistics for Situational Awareness training is underway. Attendees will be trained on soft-skills to de-escalate a situation, having situational awareness of the threat or danger and knowing when and how to disengage. This training will be a requirement for staff and offered to Elected Members.

2. Risk

UPDATE

- 2.1 Clutha District Council currently have a total of 118 risks on our Risk Register.
- 2.2 There have been no new risks added in this reporting period.
- 2.3 The Risk Register is now reviewed on a quarterly basis by ELT and as required for example following an incident.
- 2.4 Council staff are currently reviewing a Risk review /audit proposal. The scope of work will include internal risk management practices and a maturity assessment.
- 2.5 Council's Top 10 Risk Register remains unchanged
1. The risk of Contractor non-performance
 2. The risk of legislation non-compliance resulting in enforceable undertakings, fines and, or penalties
 3. The risk of health and resource consent breaches by contractor managing treatment plants
 4. The risk of operational failures when changing major contractors
 5. The risk of water services assets and/or operations failure
 6. The risk of ineffective project management
 7. The risk of organisation personnel not having the capability to deliver quality council operations and projects.
 8. The risk of Cyber-attack, ransomware, or privacy breach
 9. The risk of illness to members of the public from water borne organisms in council water supplies
 10. The risk of the lack of business continuity following a disruption event

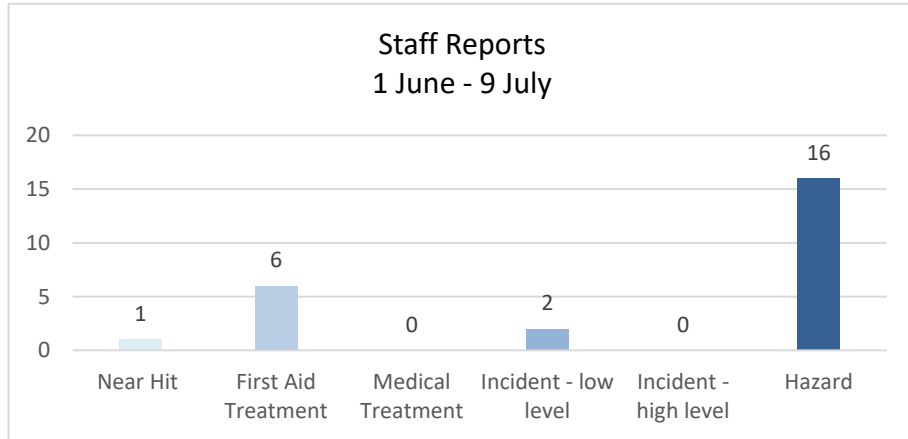
3. Major Projects/Category A Risk Register

UPDATE

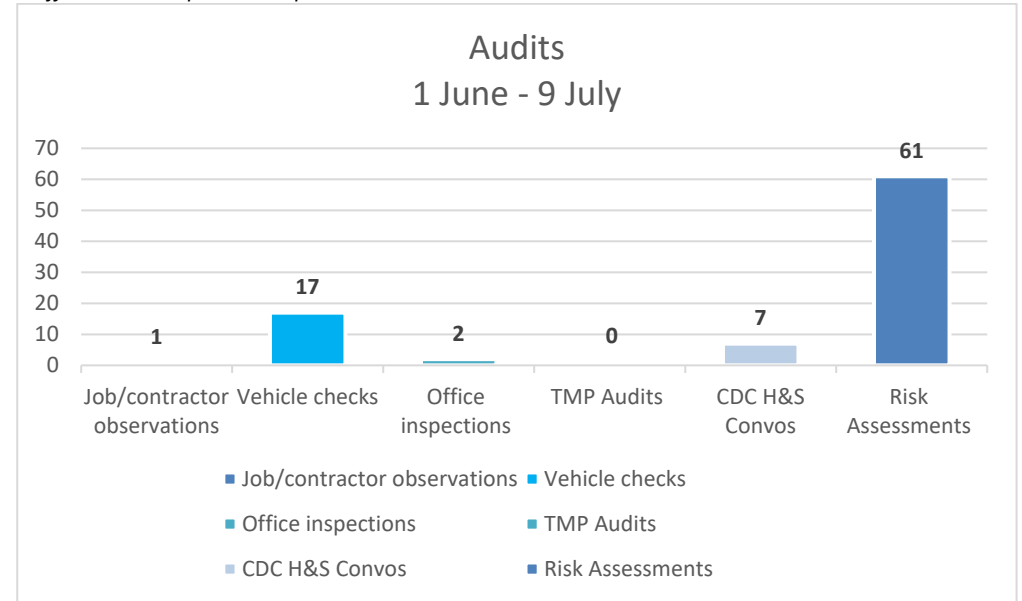
- 3.1 Minimal changes made to Council's Category A Risk Register in this reporting period
- 3.2 Project - 322 Replacement of bridges Hina Hina, has been removed due to a low risk rating
- 3.3 Council Staff have started the categorisation process to determine projects for the new Financial Year.

Health and Safety Dashboard

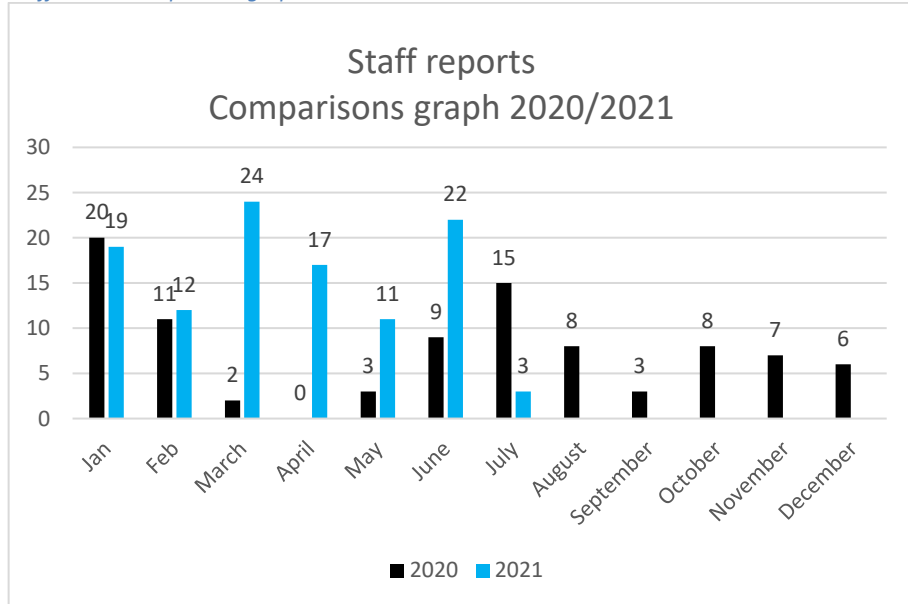
Staff events since previous report – 25 in total



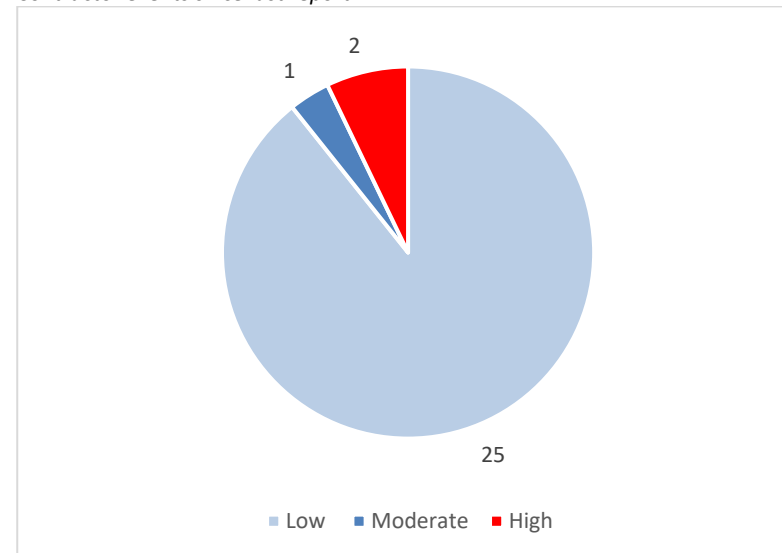
Staff audits since previous report



Staff events comparison graph

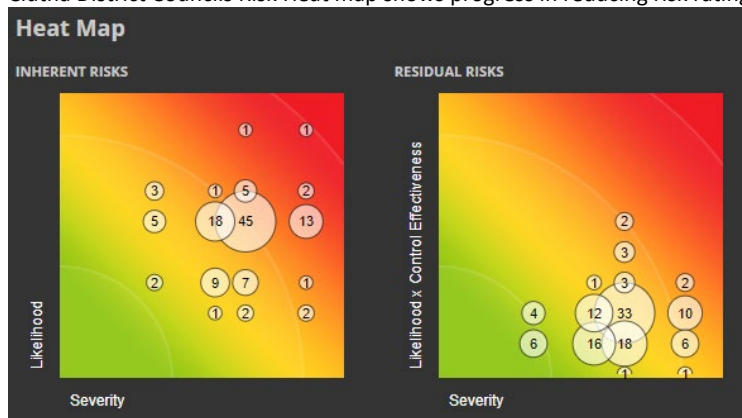


Contractor events since last report



Risk Dashboard

Clutha District Councils Risk Heat map shows progress in reducing risk ratings



CDC Top 10 risks

RESIDUAL 12.8 HIGH	INTERNAL SERVICES - SERVICE DELIVERY The risk of Contractor non-performance. Contractual mistake (major) due to cost blow out or wrong advice. OWNER Jules Witt CREATED 5/31/2017 5:03:32 PM LIKELIHOOD Likely SEVERITY Major CONTROL EFFECTIVENESS Low	TREATMENT MC00050 OPERATIONS Operations contractor management process including assessment, monitoring and reporting to Risk and Assurance. Significant Project Monitoring (ABC category projects identified). Specific report reported to the Risk and Assurance meeting. Fortnightly reporting to Council Direct Monitoring of Contractors - via Reporting and onsite visits Major Contracts have monthly reporting meetings. Independent Review of Operations contract completed - Project Steering Groups put in place. Department re-structure confirmed with new staff recruited and Consultants used where required. Reporting software allows for instant performance reporting allowing Teams to see Contractors Response efforts. Compliance Plans developed for every plant for ORC. Increased staffing - recruitment process underway
INHERENT 16.0	R00034	

RESIDUAL
12.8
HIGH

INHERENT
16.0

R00054

INTERNAL SERVICES - CE DEPARTMENT, GOVERNANCE & COMPLIANCE

The risk of legislation non-compliance resulting in enforceable undertakings, fines and, or penalties.

Ensuring activities and decisions meet the required statutory compliance of the various acts including rates, LGA, RMA, national policy, HSWA and environmental statements and the District Plan. Legislative advice provided to the Council and the community needs to be based on current legislation by trained and knowledgeable persons. The background processes ensure information is correct and verifiable.

OWNER Larissa Brown
 CREATED 5/31/2017 5:03:35 PM
 LIKELIHOOD Likely
 SEVERITY Major
 CONTROL EFFECTIVENESS Low

TREATMENT MC00019

Legislative compliance program is underway - derived from the SOLGM legal compliance modules.

Completed:

-Dogs
 -Rates (underway)

-Training opportunities for staff

- Membership with the employees association and other professional bodies
 - Employment of an independent contractor of the local electoral act 2001.
 - Monitoring high risk areas through the audit and risk committee
 - Use of the delegation manual
 -Rates are legally checked

TREATMENT MC00043

Internal audits and quality assurance processes in place. Where relevant ensuring legislation is referenced and reviewed with the process. Compliance checklists are developed and signed off.

Appropriate review frequency.

TREATMENT MC00111

Carry out legislative compliance checklist and quality assurance processes to check Long Term Plan meets requirements attached with schedule 10 of the Local Government Act 2002.

RESIDUAL
10.0
HIGH

INHERENT
20.0

R00032

SEWERAGE, STORMWATER, WATER SUPPLY, SEWERAGE, STORMWATER

The risk of health and resource consent breaches by contractor managing treatment plants

Public health or resource consent breaches by contractors managing treatment plants due to ineffective internal controls and processes including project and people management.

OWNER Thyagu Gopalan
 CREATED 5/31/2017 5:03:32 PM
 LIKELIHOOD Likely
 SEVERITY Catastrophic
 CONTROL EFFECTIVENESS Adequate

TREATMENT MC00050

OPERATIONS

Operations contractor management process including assessment, monitoring and reporting to Risk and Assurance.

Significant Project Monitoring (ABC category projects identified). Specific report reported to the Risk and Assurance meeting.
 Fortnightly reporting to Council

Direct Monitoring of Contractors - via Reporting and onsite visits

Major Contracts have monthly reporting meetings.

Independent Review of Operations contract completed - Project Steering Groups put in place.

Department re-structure confirmed with new staff recruited and Consultants used where required.

Reporting software allows for instant performance reporting allowing Teams to see Contractors Response efforts.

Compliance Plans developed for every plant for ORC.

Increased staffing - recruitment process underway

RESIDUAL
9.6
MODERATE

INHERENT
12.0

R00005

INTERNAL SERVICES - SERVICE DELIVERY, (P3) PROJECT, PROGRAMME & PORTFOLIO, CIVIC, NEW BUSINESS MODELS

The risk of ineffective project management.

Project does not deliver the value intended to provide, costs more than expected or takes longer than planned.

OWNER Jules Witt
 CREATED 5/31/2017 5:03:30 PM
 LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Low

TREATMENT MC00022

-Monthly reports from Clutha development
 -Project Steering Groups
 -Monthly internal reporting
 -Quarterly reporting

Note: Investigate Project Management training

RESIDUAL
9.6
MODERATE

INHERENT
12.0

R00232

INTERNAL SERVICES - SERVICE DELIVERY, SERVICE DELIVERY OPERATIONS

The risk of operational failures when changing major contractors

Challenges during transitional period changing between old and new Contractors. Includes asset condition, work quality, completion of work, handover knowledge, understanding of contract details and exceptions, resourcing and change in staffing.

OWNER Jules Witt

CREATED 8/20/2020 10:05:02 AM

LIKELIHOOD Possible

SEVERITY Major

CONTROL EFFECTIVENESS Low

RESIDUAL
9.6
MODERATE

INHERENT
12.0

R00063

INTERNAL SERVICES - SERVICE DELIVERY

The risk of water services assets and/or operations failure.

Staff members have inadequate systems knowledge in terms of the water network, facilities, IT systems and related process. Inadequate asset management in terms of condition knowledge and planned preventative maintenance. Insufficient process documentation for knowledge transition.

OWNER Thyagu Gopalan

CREATED 5/31/2017 5:03:36 PM

LIKELIHOOD Possible

SEVERITY Major

CONTROL EFFECTIVENESS Low

RESIDUAL
8.0
MODERATE

INHERENT
16.0

R00040

INTERNAL SERVICES - CE DEPARTMENT, HUMAN RESOURCES, HUMAN RESOURCES

The risk of organisation personnel not having the capability to deliver quality council operations and projects.

Council function and operation is at risk without the appropriately trained and experienced staff including both managers and workers.

OWNER Chris Till

CREATED 5/31/2017 5:03:33 PM

LIKELIHOOD Likely

SEVERITY Major

CONTROL EFFECTIVENESS Adequate

TREATMENT MC00133

Consultants engaged to assist the introduction of contracts OR Contracts are developed in house by a contract development team

Transition plans are established

Tendering Contractors are invited to complete site visits to get an idea of challenges

Major Contracts undergo Legal review

TREATMENT MC00015

New Contract in place. Improvements being made and increased level of technical support.

Perform asset management planning, including contractor performance (information systems). Carry out condition assessments. Recruit for knowledge. Knowledge capture through written processes.

Within the planning quality assurance process including legislative compliance checklists to be completed and signed off.

Council will manage renewal or replacement of existing water assets with growth or decline in demand for water supply considerations

Council will maintain or improve public health and environmental outcomes (or mitigate adverse effects on them) pertaining to supply of water.

council will provide for resilience of water assets, i.e. risk management around natural hazards and appropriate financial provision to manage those risks.

Operations contractor management process including assessment, monitoring and reporting to audit and risk.

Significant Project Monitoring (ABC category projects identified)

Project Steering Groups put in place.

Direct Monitoring of Contractors - via Reporting and onsite visits

Key Contracts have monthly reporting meetings

Department re-structure confirmed with new staff recruited.

TREATMENT MC00134

- Roles advertised externally where required
- Successful candidates are supported by Council to move if required
- Staff are bonded to Council if they have required this support
- Staff can be bonded to Council if Council put them through significant training opportunities
- We have increased staff numbers - Staff are put in positions to allow for succession planning
- GMs/Team Leaders are Technical and can theoretically complete employee tasks if required
- Exit interviews completed if the leaving employee agrees - available for trending
- Turnover statistics and data available for trending - Reported to Risk and Assurance on 6monthly basis

RESIDUAL 7.5 MODERATE	INTERNAL SERVICES - CORPORATE SERVICES, CYBER, INFORMATION SERVICES	
	The risk of Cyber-attack, ransomware or privacy breach.	
INHERENT 25.0	Digital disruption and network security compromise.	
	OWNER	Schalk Breytenbach
R00038	CREATED	5/31/2017 5:03:32 PM
	LIKELIHOOD	Almost certain
	SEVERITY	Catastrophic
	CONTROL EFFECTIVENESS	Strong

TREATMENT MC00051

Business continuity process with cloud computing – shared pool of configurable competing resources that can be rapidly provisioned and released with minimal management effort or service provider interaction – security vulnerability and disaster recovery. Implement effective supply chain controls ensuring the technology used has inherent network and malware protection.

1. New firewall implemented with latest available technology
 2. New Antivirus software rolled out to all computers with latest available technology
 3. Updating all non supported software and old versions of software
 4. Replacing all Windows 7 and older Operating systems through council wide roll out
 5. Implemented latest anti-ransomware software to mission critical servers and data
 6. Updated data backup strategy
 7. Investigating end-user training options
- TREATMENT MC00052

Cyber risk management regime with process led policy for information security focussed on specific aspects of the following:

- At a technology level there are firewalls; layers of monitoring software to scan emails and web traffic; anti-virus software on machines, etc.
- In terms of user awareness, staff sign off their understanding of the policy at induction and via regular staff updates on the intranet.
- Management of user privileges.
- Removable media controls.
- Monitoring.
- Secure configuration.

For external reassurance, regular security audits and penetration test are conducted, with specific reviews of new projects where these are opening new vulnerabilities (e.g. OZONE and online payments).

Policy creation in progress.

RESIDUAL 7.5 MODERATE	INTERNAL SERVICES - CORPORATE SERVICES, ENVIRONMENTAL HEALTH, URBAN WATER	
	The risk of illness of members of the public from water borne organisms.	
INHERENT 15.0	Contaminated and untreated water within the water supply, risk of illness and lack of usable water to the community and local businesses. Financial loss to the community and council.	
	OWNER	Thyagu Gopalan
R00061	CREATED	5/31/2017 5:03:36 PM
	LIKELIHOOD	Possible
	SEVERITY	Catastrophic
	CONTROL EFFECTIVENESS	Adequate

TREATMENT MC00017

Water sources are secured.

Water is treated by Ultra Violet (UV) which kills protozoa organisms, including Cryptosporidium and Giardia.

Water is treated with chlorine, which kills bacterial organisms.

If the chlorine dosing is affected, this trips an alarm which is promptly responded to by a Water Technician.

Residual chlorine in distribution areas is regularly sampled and tested.

Water is regularly monitored and tested for bacterial levels, including special pride in ensuring the highest standard of water quality is provided to the public.

- Water Safety Plans
- Boil water notices
- WTP upgrades
- Processes in place to reduce likelihood of illness when something happens
- Public notices in place

Category A Projects - Risk Register

Risk Description	Rating at 07/07/21			Treatment - Mitigation Strategies	Movement
	Likelihood	Consequence	Rating		
1. Water Compliance – Collation of projects contributing to improving water compliance in 20/21 year					
Risk of non-completion of the various projects	Unlikely	Moderate	Medium	Increased senior management scrutiny. Increased staff numbers recruited into the Capital Delivery Team. Project progress evaluations occur regularly and at this stage contracts will be let by year end. Contracts have been let.	-
Risk of project financial blow-out	Unlikely	Moderate	Medium	Increased senior management scrutiny. Contracts have been let within approved Council budget.	-
2. Wastewater Compliance – Collation of projects contributing to improving water compliance in 20/21 year					
Risk of non-completion of the various projects	Possible	Moderate	High	Increased senior management scrutiny. Increased staff numbers recruited into the Capital Delivery, Infrastructure Strategy and Operations Teams. Clinton consent confirmed. Initiated independent review of proposed upgrades. Several Wastewater compliance actions included in Stimulus project funding.	-
Risk of project financial blow-out	Possible	Moderate	High	Increased senior management scrutiny. Where tenders come back above budget they are brought before Council for a decision. Regular financial scrutiny of contracted projects. Stimulus projects have regular reporting requirements to Central Government.	-
3. Stimulus Projects – Considers Capital work proposed, largely contributing to compliance and health and safety					
Risk of non-completion of the various projects, including under-resourcing causing delays or lack of quality, and lack of availability of contractors.	Possible	Moderate	High	Many projects now underway. Increased senior management scrutiny. Increased staff numbers recruited into the Capital Delivery, Infrastructure Strategy and Operations Teams. Stimulus projects have regular reporting requirements to Central Government. Internal resourcing to ensure adequate time for contractor engagement.	-
4. Digitisation Project-Property files back scanning					
Cost will come in higher than budget	Rare	Moderate	Low	The cost estimation to complete the project has been completed and the overrun it has been accepted by the Steering group and new funding has been approved at council. The new costs have been put on a fixed cost contract and thus the likelihood had been downgraded to Rare.	-
Impact on staff to handle the additional project activities	Rare	Moderate	Low	Additional resourcing has been put in place. Status remains the same until end of project or if there is a change in resourcing.	-
Project impacting on council customer delivery around regulatory activities	Unlikely	Moderate	Medium	Team has proven that the new way of managing digital documents that have been scanned already is working well for them.	-
Vendor not delivering on time and quality	Rare	Moderate	Low	Vendor has proven through delivery to date that they are focused and committed on quality and time. Status remains the same until end of project or if there is a change noticed.	-
Smart solution and integration to M-Files not achieving desired outcome	Rare	Moderate	Low	Solution completed and proven successful. Good feedback from team. Status remains the same until end of project or if there is a change noticed.	-
Loss of information during the transportation and digitisation process	Rare	Major	Low	Quality checks and systems and process used are proven and tested. Status remains the same until end of project or if there is a change noticed.	-

Category A Projects - Risk Register

Risk Description	Rating at 07/07/21			Treatment - Mitigation Strategies	Movement
	Likelihood	Consequence	Rating		
Supporting new digital processes, solutions and equipment not facilitating easier and faster processing	Unlikely	Moderate	Medium	Project planning and management needs are catering for these additional deliverables to be tested and implemented. Likelihood stays the same until process reviews has been done and tested.	-
5. Naish Park Centennial Park Project					
Financial risk - always an underlying risk that the project will require additional ratepayer funding	Likely	Minor	Medium	Council has demonstrated how funding is set. Grants are being approved by third parties and advice to-date is that no additional funding is being asked for this year. Council's current funding principle is to use surplus discretionary investment funds as a source of funding for Community Projects. – Group trying to source funding if this can't be done Project can be staged to mitigate the increased cost	▲
Lack of reporting structures and monitoring could create misunderstandings and negatively impact level of service and public perception of Council	Possible	Moderate	High	Work with Clutha Parks Trust to develop milestone reporting and provide platform through Service Delivery Committee. CDC has engaged part-time Consultant support and has successfully recruited a Project Engineer to progress project. Councillors on the Committees.	-
6. Roothing Programme – a combination of projects					
Risk of non-completion of the various projects	Possible	Moderate	High	Staff are looking at ways to bring forward work from next year in categories that can be completed in order not to lose funding for this year, whilst accepting some work from this year's programme cannot be completed.	-
Risk of project financial blow-out	Unlikely	Moderate	Medium	Where the pressure is on to deliver the Roothing programme we are unlikely to blow-out the budget.	-
7. Balclutha Community Hub					
Financial risk - always an underlying risk that the project will require additional ratepayer funding	Possible	Major	High	Awarded first stage Contract. Base build cost fixed, working on fit out contract. Until the project is complete there will remain a risk.	-
Lack of reporting structures and monitoring could create misunderstandings and negatively impact level of service and public perception of Council	Unlikely	Moderate	Medium	Project Control Group meetings are regularly scheduled to ensure issues are reported and managed. Councillors are on the Trust and the Committee, although through this recent contract negotiation stage the Trust has been primary and the Committee (including Councillors) have been waiting on news.	▼
Risk of non-completion	Possible	Moderate	High	Project managed by Community Trust and regular update meetings scheduled.	-
8. Balclutha Destination Toilets					
Risk of project financial blow-out	Likely	Moderate	High	Senior Management supervision of this project. Project Engineer recruitment successful. Negotiations are still taking place to finalise a design that will remain close to budget.	-

Category A Projects - Risk Register

Risk Description	Rating at 07/07/21			Treatment - Mitigation Strategies	Movement
	Likelihood	Consequence	Rating		
Risk of non-completion	Almost Certain	Moderate	High	Working with single Contractor for design build. The Contractor has advised that it is now unlikely the toilets will be completed by financial year end because of the resources that have been dedicated to finalising the Community Hub project.	-
9. Milton Service Centre/Library/Pool Project					
Financial risk - always an underlying risk that the project will require additional ratepayer funding Design not within budget or scope	Likely	Moderate	High	Work is still ongoing between staff, the Trust managing the project, and the design contractor to finalise the design to determine the process moving forward. Formal process and clear decision-making structure to be put in place to ease decision making	-
Project not completed on time	Possible	Moderate	High	Timing on this project is dependent on funding sourced by Community Group – Timing readjusted in LTP to be realistic	-
10. Milton Destination Toilets					
Risk of project financial blow-out	Possible	Moderate	High	Senior Management supervision of this project. Project Engineer recruitment successful. Negotiations are still taking place to finalise a design that will remain close to budget.	-
Risk of non-completion	Almost Certain	Moderate	High	Working with single Contractor for design build. The Contractor has advised that it is now unlikely the toilets will be completed by financial year end because of the resources that have been dedicated to finalising the Community Hub project. It is intended that construction will start before financial year end. Design and program from Contractor have been received - so moving forward	-
11. Community Centre Provincial Growth Fund					
Project not completed on time	Almost Certain	Moderate	High	Delays due to Contractor and material availability and some approval of exemption related issues. However, Government has extended project time deadline in acknowledgement of the uncontrollable delays.	-

Projects removed due to overall low risk assessment

7. 322 Replacement of bridges Hina Hina					
Risk of non-completion	Rare	Insignificant	Low	Bridge is now finished but weight restrictions likely to stay in place until summer.	-
Risk of project financial blow-out	Rare	Insignificant	Low	NZTA have approved additional balance	-

Risk & Assurance Committee

Item for INFORMATION

Report	Treasury Management Report
Meeting Date	22 July 2021
Item Number	3
Prepared By	John Scott – Group Manager Corporate Services
File Reference	527440

REPORT SUMMARY

This new report brings together the Treasury Services Advisory Report and the Investment Portfolio Compliance & Monitoring Report into one as requested by the Committee last year. Please note the year starts again from April.

RECOMMENDATION

- 1. That the Risk & Assurance Committee receives the Treasury Management Report.**

REPORT

1 Nikko Investment Portfolio

The Nikko Investment Portfolio report shows the monthly returns and compliance with agreed portfolio allocations for the months of April to June 2021.

The main points for noting with respect to this quarter are:

- Longer-term expectations are for the returns to continue to improve but we are in uncharted territory.
- We made a \$427k gain in June and received interest of \$81k.

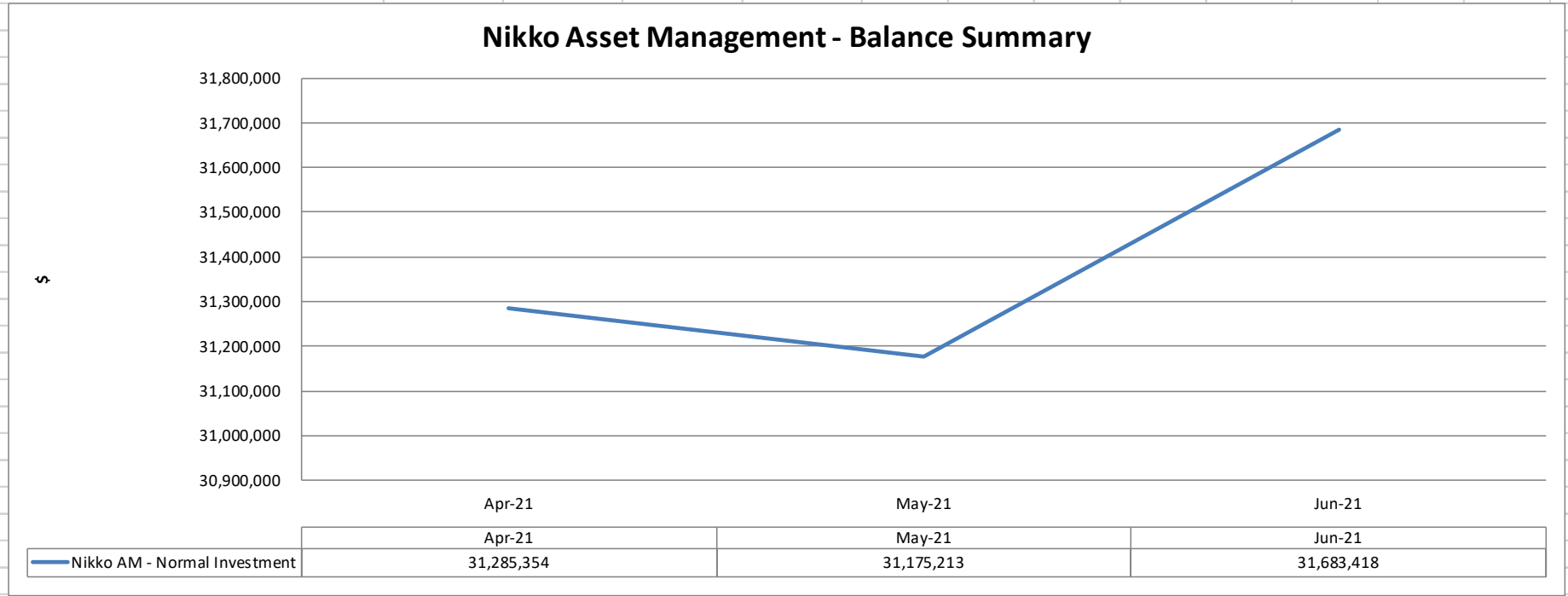
2. Dashboard

TREASURY DASHBOARD			
Period to 30/06/2021			
Investment Balance		\$000	
Nikko Current Balance	31,683	↑	
Nikko Year-End Budgeted Balance	26,000		
Movements		\$000	
Opening Balance (01/07/2020)	28,968		
Growth (Interest + Gains/Losses)	3,894		
Additions	-		
Withdrawals (Rates Subsidy)	- 1,024		
Management Fees	- 155		
Closing Balance (30/06/2021)	<u>\$31,683</u>		
Debt Balance		\$000	
LGFA Borrowing Current Balance	17,966	↓	
LGFA Year-End Budgeted Balance	28,000		
Movements		\$000	
Opening Balance (01/07/2020)	9,020		
New Debt	9,000		
Rollover Debt	4,000		
Repaid Debt	- 4,050		
Interest	-		
Closing Balance (30/06/2021)	<u>\$17,966</u> *		
* Please note there is an additional \$4m borrowing on 08/07/2021.			
Link Management Fees (paid from bank a/c)		7	
YTD Return on Investment (April - June)			
Debt Funding Profile			
Benchmarks			
Performance (NZD gross returns)			
	3 months		
	Fund	B/mark	
Cash	0.25%	0.07%	
NZ Bonds	-1.78%	-2.18%	
Global bonds	2.02%	0.84%	
Core Equity	11.59%	11.52%	
Property	9.88%	8.69%	
Global Equities - Unhedged	7.33%	5.29%	
Global Equities - Hedged	17.95%	15.02%	
Multi-strategy Fund	6.74%	0.82%	
Multi-strategy Fund SPV	2.73%	0.82%	
Total gross return	5.82%	4.03%	
Benchmarks - Liability Management Policy			
Policy Compliance		✓	
Emerging Issues			
Nothing to note at present.			
Policy Compliance		✓	
Emerging Issues			
Nothing to note at present.			

3 NIKKO INVESTMENT PORTFOLIO REPORT

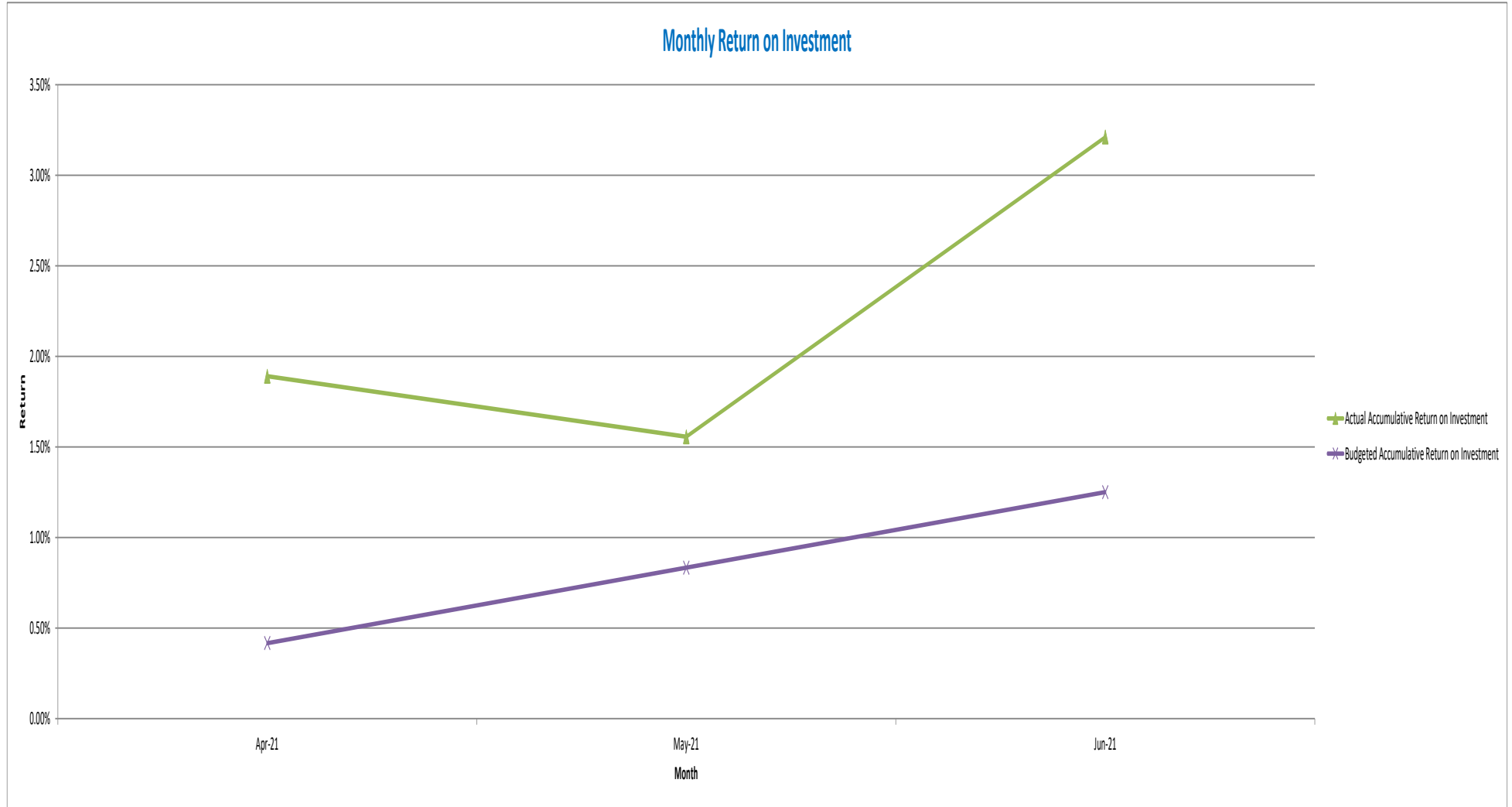
3.1 Combined Nikko Investment Portfolio

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Nikko AM - Normal Investment	30,704,854	31,285,354	31,175,213	31,683,418									
Total	30,704,854	31,285,354	31,175,213	31,683,418									
Change each month	401,920	580,500	- 110,140	508,204									
Year to date change	4,063,324	580,500	470,359	978,564									



Nikko AM - Normal Investment	Apr-21	31,285,354	May-21	31,175,213	Jun-21	31,683,418
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3.2 Normal Nikko Investment Portfolio Return on Investment



3.3 Monitoring of Nikko Asset Management's Investment Portfolio

Clutha District Council - Monitoring of Nikko Asset Management's Investment Portfolio									
Actual Balances		Apr-21		May-21		Jun-21			
			%		%		%		
TW0605 - Nikko AM Wholesale NZ Bond Fund	3,899,124	12.46%	3,874,698	12.43%	3,883,411	12.26%			
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,459,143	4.66%	1,460,247	4.68%	1,461,353	4.61%			
TW0607 - Nikko AM Wholesale Core Equity Fund	2,972,247	9.50%	2,902,707	9.31%	2,996,748	9.46%			
TW0610 - Nikko AM Wholesale Global Bond Fund	9,704,536	31.02%	9,735,947	31.23%	9,784,858	30.88%			
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	2,164,940	6.92%	2,220,580	7.12%	2,224,132	7.02%			
750617C - Nikko AM W/S Multi-Strategy Fund-MAR20	272,843	0.87%	196,159	0.63%	193,732	0.61%			
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	5,946,975	19.01%	5,923,318	19.00%	6,223,771	19.64%			
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	3,325,431	10.63%	3,314,116	10.63%	3,342,826	10.55%			
TW0622 - Nikko AM Wholesale Property Fund	1,540,115	4.92%	1,547,440	4.96%	1,572,587	4.96%			
Total	31,285,354	100%	31,175,213	100%	31,683,418	100%			
Standard Investment Allocation		Apr-21		May-21		Jun-21		Range Limit	
	\$	%	\$	%	\$	%		+/-	
TW0605 - Nikko AM Wholesale NZ Bond Fund	4,067,096	13.00%	4,052,778	13.00%	4,118,844	13.00%	5.00%	-5.00%	
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,564,268	5.00%	1,558,761	5.00%	1,584,171	5.00%	5.00%	-5.00%	
TW0607 - Nikko AM Wholesale Core Equity Fund	3,128,535	10.00%	3,117,521	10.00%	3,168,342	10.00%	5.00%	-5.00%	
TW0610 - Nikko AM Wholesale Global Bond Fund	10,011,313	32.00%	9,976,068	32.00%	10,138,694	32.00%	6.00%	-6.00%	
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	2,346,402	7.50%	2,338,141	7.50%	2,376,256	7.50%	5.00%	-5.00%	
750617C - Nikko AM W/S Multi-Strategy Fund-MAR20	-	0.00%	-	0.00%	-	0.00%	5.00%	-5.00%	
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	5,509,351	17.61%	5,489,955	17.61%	5,579,450	17.61%	6.00%	-6.00%	
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	3,094,121	9.89%	3,083,229	9.89%	3,133,490	9.89%	5.00%	-5.00%	
TW0622 - Nikko AM Wholesale Property Fund	1,564,268	5.00%	1,558,761	5.00%	1,584,171	5.00%	4.00%	-4.00%	
Total	31,285,354	100%	31,175,213	100%	31,683,418	100%			
Variance		Apr-21		May-21		Jun-21			
	\$	%	\$	%	\$	%			
TW0605 - Nikko AM Wholesale NZ Bond Fund	- 167,972	-0.54%	- 178,080	-0.57%	- 235,434	-0.74%	Nothing out of range.		
TW0606 - Nikko AM Wholesale NZ Cash Fund	- 105,125	-0.34%	- 98,513	-0.32%	- 122,818	-0.39%			
TW0607 - Nikko AM Wholesale Core Equity Fund	- 156,288	-0.50%	- 214,814	-0.69%	- 171,594	-0.54%			
TW0610 - Nikko AM Wholesale Global Bond Fund	- 306,777	-0.98%	- 240,121	-0.77%	- 353,836	-1.12%			
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	- 181,462	-0.58%	- 117,561	-0.38%	- 152,125	-0.48%			
750617C - Nikko AM W/S Multi-Strategy Fund-MAR20	272,843	0.87%	196,159	0.63%	193,732	0.61%			
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	437,624	1.40%	433,363	1.39%	644,321	2.03%			
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	231,309	0.74%	230,888	0.74%	209,336	0.66%			
TW0622 - Nikko AM Wholesale Property Fund	- 24,152	-0.08%	- 11,320	-0.04%	- 11,584	-0.04%			

3.4 Nikko Investments – Combined Summary of Transactions since Inception to June 2021

<u>Nikko Investments - Combined</u>	No. of months						51
	3	12	12	12	12		
<u>Summary of transactions since inception</u>	Year 1 - 2016/17	Year 2 - 2017/18	Year 3 - 2018/19	Year 4 - 2019/20	Year 5 - 2020/21	Inception to date	
Opening Balance	22,822,899	22,971,320	25,519,659	27,210,811	28,984,496	22,822,899	
Plus Capital Contributions	-	789,000	1,015,263	-	-	1,804,263	
Plus Returns	148,421	2,669,443	2,124,598	1,885,278	3,898,341	10,726,081	
Less Management Fees	-	- 119,056	- 140,446	- 111,593	- 156,337	- 527,432	
Less Capital Withdrawals - Rates Subsidy	-	- 791,048	- 1,308,263	-	- 1,024,464	- 3,123,775	
Consolidation of Investments	-	-	-	-	-	-	
Closing Balance - per audited financial statements (fair price)	22,971,320	25,519,659	27,210,811	28,984,496	31,702,036	31,702,036	
Budgeted Long Term Plan forecast balance	14,320,000	13,009,000	25,281,000	25,718,000	26,163,000	26,163,000	
Overall Annual % Change in Fund Value - including Capital Withdrawals/Contributions	0.65%	11.09%	6.63%	6.52%	9.38%	38.90%	
Overall Annual % Change in Fund Value - excluding Capital Withdrawals/Contributions	0.65%	11.10%	7.77%	6.52%	12.91%	44.69%	

4 BANCORP TREASURY REPORT

See attached – no significant change to last report.

TREASURY REPORT

FOR



AS AT

30 JUNE 2021



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (AS AT 30 JUNE 2021)

Every asset class was a winner in the June quarter. US sharemarkets hit record highs, commodity prices extended their rally to levels not seen since 2011, and bond yields finally slipped after nine months of steepening. Central bankers have altered their tune and adopted a more hawkish stance, calling for rate hikes earlier than previously expected as several Q1 GDP results exceeded expectations and inflationary forces that were deemed 'transitory' could be here to stay.

In the US, the Federal Reserve ("Fed") left its Fed Funds target range unchanged at 0.0-0.25% at the June meeting, although policymakers signalled that rate hikes could come as soon as 2023 after the inclusion of the so-called 'dot plot' of expectations suggested there will be two hikes in 2023. Furthermore, the central bank now forecasts US GDP to grow at 7.0% in 2021. This more optimistic outlook saw the fixed income markets take the 'dot plots' at their projections, although Chair, Jerome Powell, played down the projections saying, *"the dots are not a great forecaster of rate moves. Dots to be taken with a big grain of salt."*

US CPI rose 5.0% in the May year from a year earlier, which was the largest 12-month increase since September 2008. Core inflation came in at 3.8%. The report showed sharp increases in transitory prices for items such as fuel and second-hand motor vehicles, but there was also a residual firmness in core inflation from the likes of rents and hotels, that is hard to ignore.

Despite rising inflation across the globe, the US 10 year Treasury Bond yield has fallen around 0.30% since the last report and finished the quarter at 1.47%. This fall in long term yields is a result of the Fed hikes that are forecasted for 2023, as the market believes these hikes reduce the inflationary pressures in the long term.

In China, the National People's Congress announced an annual GDP growth target of *"above 6.0%,"* and pledged to keep the unemployment rate below 5.5%, while the Chinese Premier, Li Keqiang, reiterated that *"economic growth this year could exceed 6.0%. We need to seek a balance between growth, income, and employment, and we cannot pursue economic growth based on high energy consumption and heavy pollution. China needs growth in employment and income and will have to work more on boosting domestic demand and consumption."*

For all of the comments from members of the Fed over the month, the European Central Bank ("ECB") has been conspicuous by its absence. ECB President, Christine Lagarde, is focussing on a 'green' recovery stating *"we need to add another element to our post-pandemic recovery plan with what I have termed a green capital markets union – a truly green European capital market that transcends national borders."* The German 10 year bund remains entrenched in negative territory, trading in a range between -0.07% to -0.35% during the quarter, finishing June at -0.20%.

1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 30 JUNE 2021)

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 Mar 2021	0.25%	0.35%	0.48%	0.66%	1.10%	1.54%	1.91%
30 Jun 2021	0.25%	0.33%	0.78%	1.00%	1.36%	1.62%	1.88%
Change	0.0%	-0.02%	+0.30%	+0.34%	+0.26%	+0.08%	-0.03%

The tone of the Reserve Bank of New Zealand's ("RBNZ") May's *Monetary Policy Statement* ("MPS") was no doubt more optimistic, with the RBNZ pointing to several areas of an upside, it also emphasised that it would maintain its stimulus *"until it is confident that consumer price inflation will be sustained near the 2 percent per annum target midpoint, and that employment is at its maximum sustainable level. The Committee agreed it will take time before these conditions are met."*

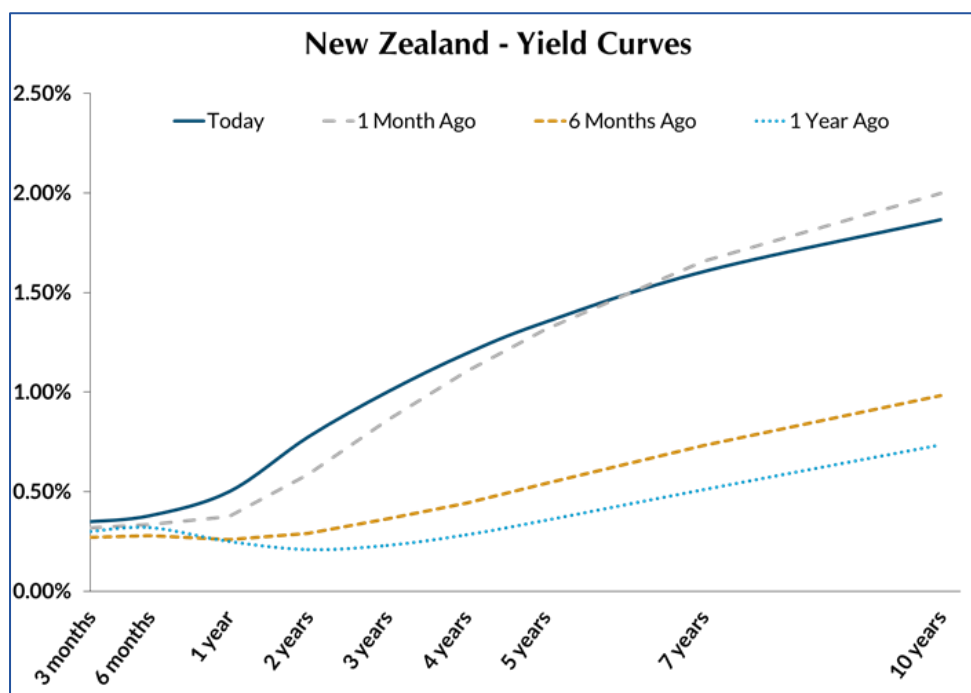
The most interesting aspect of the MPS was the inclusion of the RBNZ's OCR projections beyond 12 months. These projections suggest the OCR may start rising in the second half of 2022, topping out near 1.75% in mid-2024 as the RBNZ gains greater confidence in its outlook for the economy with *"reduced risk of extreme downside shocks."* Following the MPS, New Zealand interest rates climbed between 0.10% and 0.14% across the yield curve.

The economic recovery in New Zealand continues which was confirmed by the sensational March quarter 2021 GDP print. Quite simply, no one forecasted the 1.6% print for the quarter, nor the year on year growth at 2.4%. The RBNZ was projecting a contraction of -0.5% for the quarter, while the banks were calling for +0.5%, highlighting the 'surprise' of this print. On a sector level, the strong housing market, domestic spending, and construction offset the losses from tourism and international students. This saw some of the local banks bring forward their OCR hike projections by a quarter or two.

The unemployment rate and participation rate outperformed market expectations in the first quarter, however underlying weakness might be starting to appear. The unemployment rate decreased to 4.7% and the participation rate increased to 70.4%, while expectations were 4.9% and 70.2%. Overall, the initial labour market recovery has been impressive, however absorption of the remaining slack may be more gradual, resulting in muted wage and inflation pressures for some time.

Offshore bond movements drove down yields in New Zealand. The 10 year swap rate tested the 2.00% mark before declining 0.20% due to offshore drivers, although some of this downward movement has been reversed, finishing the quarter at 1.88%. The 3–5 year swap rates are looking the most expensive after the release of the RBNZ's MPS which illustrated that the OCR projection will reach 1.75% by 2024. The New Zealand 10 year swap rate has bounced off a long term trend line, testing the level of resistance twice within the last few months, both times

being rejected and subsequently falling, suggesting that swap rates have found a trading range. The following graph shows the changes in the shape of the yield curve over the past 12 months.



1.3 LOCAL AUTHORITY SECTOR

Listed below are the credit spreads and applicable interest rates as at 30 June for Commercial Paper (“CP”), Floating Rate Notes (“FRN”) and Fixed Rate Bonds (“FRB”), at which Clutha District Council (“CDC”) could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP) Rate	FRB
3 month CP	0.20%	0.55%	N/A
6 month CP	0.20%	0.63%	N/A
April 2022	0.37%	0.87%	0.82%
April 2023	0.39%	0.89%	1.10%
April 2024	0.41%	0.91%	1.36%
April 2025	0.47%	0.97%	1.62%
April 2026	0.51%	1.01%	1.86%
April 2027	0.59%	1.09%	2.00%
April 2029	0.64%	1.14%	2.35%
May 2031	0.72%	1.22%	2.60%
April 2033	0.82%	1.32%	2.77%
April 2037	0.84%	1.34%	3.12%

Margins for LGFA debt continued to decrease over the June quarter as the favourable conditions in the credit markets continued. The margin for the April 2026 declined by 0.14% and for the April 2037, by 0.10%. For fixed rate debt, outright yields increased at the short to medium end of the curve, the April 2023 up 0.16% to 1.10% and the April 2026 up by 0.10% to 1.86%. At

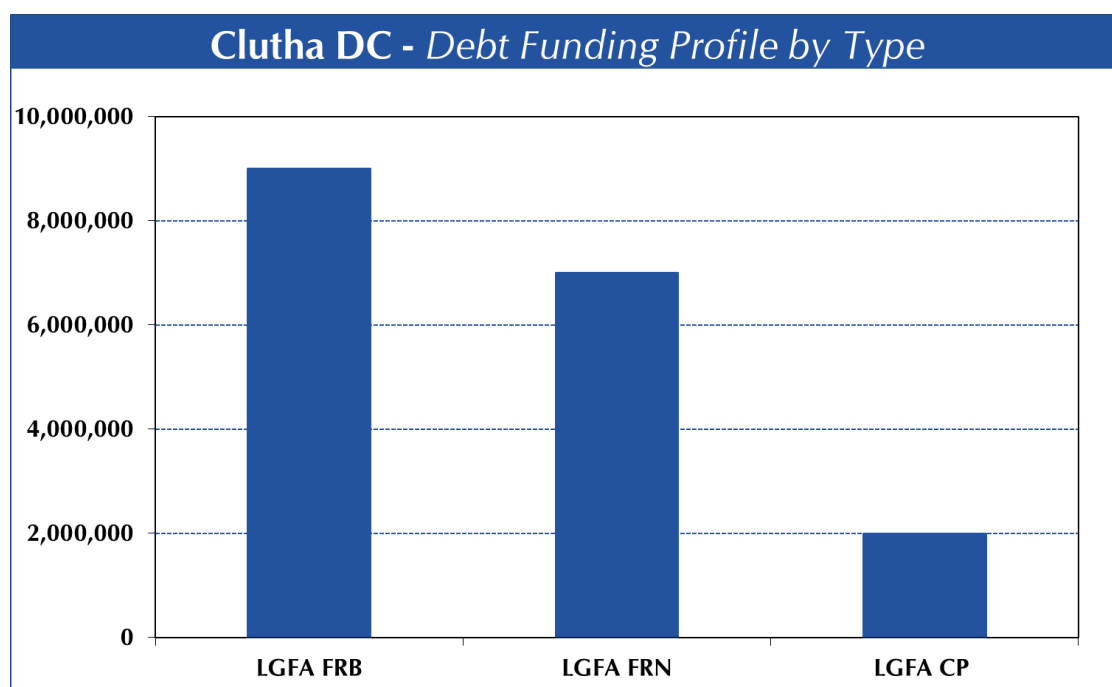
the longer end of the curve outright yields decreased with the April 2033 declining by 0.19% to 2.77% and the April 2037 declining by 0.23% to 3.12%.

2. DEBT AND COVER PROFILES

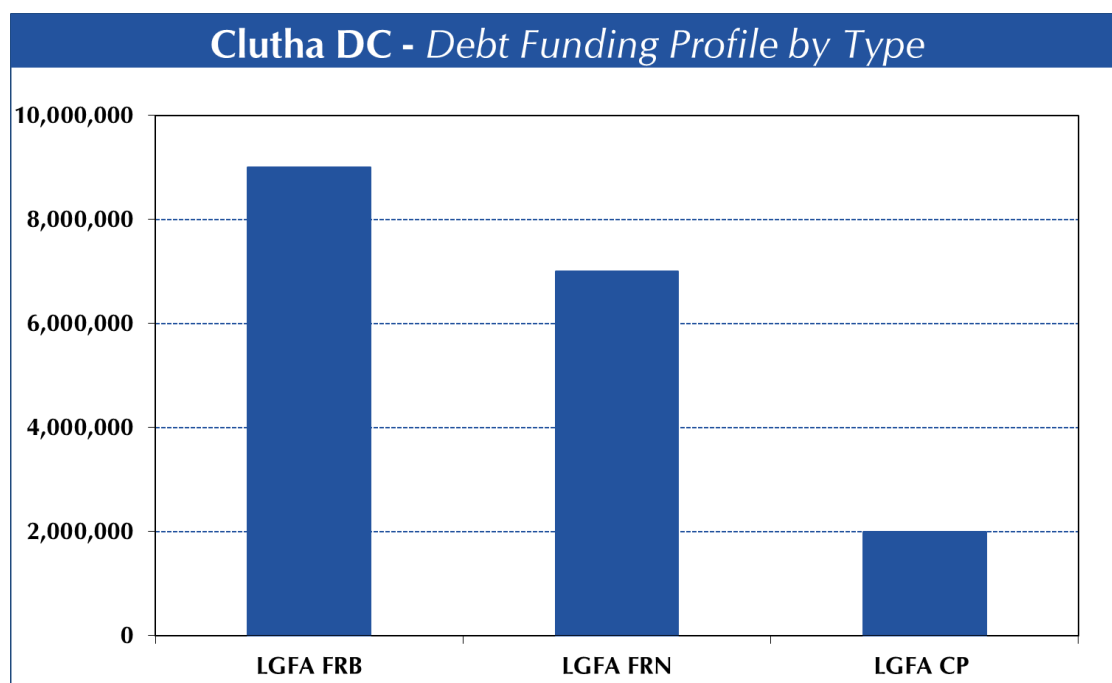
As at 30 June 2021, CDC had \$18.0 million of debt, which was sourced from the LGFA using one CP, three FRNs and four FRBs. The debt is detailed below with the three tranches highlighted in bold raised during the June quarter.

Instrument	Maturity	Rate	Amount
LGFA CP	25-Aug-21	0.545%	\$2,000,000
LGFA FRB	14-Apr-22	2.29%	\$2,500,000
LGFA FRB	15-Apr-23	2.44%	\$2,500,000
LGFA FRB	15-Apr-24	0.74%	\$2,000,000
LGFA FRB	15-Apr-25	0.78%	\$2,000,000
LGFA FRN	15-Apr-26	0.99%	\$2,000,000
LGFA FRN	15-Apr-27	1.0128%	\$2,500,000
LGFA FRN	15-Apr-28	1.0465%	\$2,500,000
		Total	\$18,000,000

The debt maturity profile, based on a rolling 12 month period, is depicted in the following chart. As at 30 June, CDC was compliant with Section 93 of the Liability Management Policy which states that *“To ensure that all debt is not exposed to excessive refinancing risk at any one time, no more than 40% of all debt facilities should mature within a rolling twelve-month period.”*



The debt funding profile categorised according to its type and based on a dollar amount is depicted in the chart on the following page.



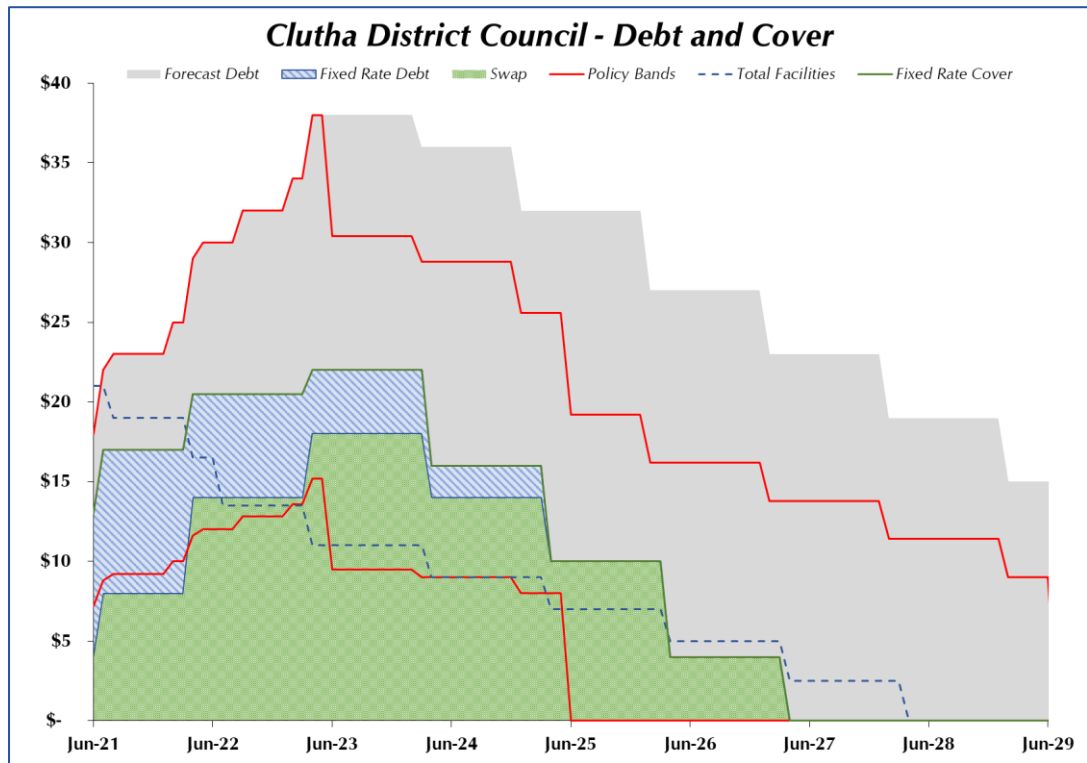
To manage its interest rate exposures, CDC's LMP incorporates fixed rate hedging percentages that specify the minimum and maximum amount of fixed rate cover to which CDC shall adhere. These parameters are as follows:

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate	Maximum Fixed Rate
0 – 2 years	40%	100%
2 – 4 years	25%	80%
4 – 8 years	0%	60%

CDC has entered into four interest rate swaps, one of which was current as at 30 June and three forward starting to meet policy compliance; details of the swaps are as follows:

Counterparty	Start Date	Maturity Date	Rate	Amount
Westpac	15-Jan-21	15-Apr-24	0.33%	\$4,000,000
Westpac	15-Jul-21	15-Apr-25	0.425%	\$4,000,000
Westpac	14-Apr-22	15-Apr-26	0.565%	\$6,000,000
ANZ	15-Apr-23	15-Apr-27	1.915%	\$4,000,000
			TOTAL	\$14,000,000

CDC's debt and hedging profile, based on projected future debt levels and incorporating the FRBs and interest rate swaps, is depicted in the chart on the following page. The chart shows that as at 30 June, CDC was policy compliant with the interest rate hedging bands. Also included in the chart is the debt facility profile (the dotted blue line) which depicts the individual LGFA debt tranches and the Westpac facility for \$3.0 million that expires in July 2022, but was not utilised as at 30 June.



As at 30 June, CDC's cost of funds was 1.34% (inclusive of the bank line fee) and 1.29% (exclusive of the bank line fee) down from 1.47% and 1.40% respectively as at 31 March. CDC's cost of funds is one of the lowest in the local authority sector that Bancorp Treasury is aware of.

3. POLICY COMPLIANCE (AS AT 30 JUNE 2021)

	Yes/No
Are all treasury transactions in compliance with policy?	Yes
Are the fixed rate hedging percentages within policy control limits?	Yes
Is Council maintaining liquidity within policy control limits?	Yes
Is Council maintaining its funding profile within policy control limits?	Yes
Are all counterparty exposures within policy control limits?	Yes
Are all borrowing covenants/limits being complied with?	Yes

Risk & Assurance Committee

Item for INFORMATION

Report	Management Accounts Report
Meeting Date	22 July 2021
Item Number	4
Prepared By	Sharon Jenkinson – Finance Manager
File Reference	527441

REPORT SUMMARY

Management accounts for the period 1 July 2020 to 31 May 2021 are reflected below.

Commentary has been added for major variances.

RECOMMENDATIONS

- 1. That the Risk & Assurance Committee receives the Management Accounts report.**

Clutha District Council - Statement of Comprehensive Revenue and Expenditure July 2020 to May 2021.

	YTD 2020/21 \$000	Budget \$000	Variance \$000	2019/20 \$000	
					Comments
INCOME	-52,097	-48,821	-3,276	-40,614	
Rates	-27,534	-27,374	-160	-26,696	
Stimulus Funding	-3,200	-6,400	3,200		
Grants & Subsidies	-10,845	-9,327	-1,518	-8,731	NZTA work program vs claims timing. Includes \$375 PGF funding, NZLPP \$140k.
Fees & User Charges	-856	-822	-33	-797	
Permits & Licenses	-807	-693	-114	-631	Building Permit Income \$92k ahead of budget
Other Fees	-1,427	-1,112	-315	-1,563	Mt Cooee well ahead of budget by \$390k.
Rental Revenue	-1,074	-869	-205	-1,074	
Nikko Surplus	-4,378	-713	-3,665	-452	Per Nikko Reports
Other Revenue	-503	-393	-110	-670	Unbudgeted i-Site retail sales of \$25k
Other Gains	-1,473	-1,117	-356	0	
EXPENDITURE	41,942	37,906	4,035	40,994	
Grants Contributions & Sponsorship	441	507	-66	670	
Other Operating Expenditure	16,094	12,251	3,843	14,737	Consulting support over budget in Policy \$202k, Building Control \$126k, Transportation Manager role \$272, AMP work & 3 waters reval \$362k, Mt Cooee operation \$796k over budget due to high Wasteco costs & ETS liability, Water costs \$2m over budget, includes Chemicals, O & M, monitoring, non routine & sampling
Roading Repairs & Maintenance	6,244	5,456	788	6,517	\$784k emergency reinstatement, ongoing flood repairs
Personnel Costs	6,891	7,060	-169	6,040	Vacant Positions
Depreciation & Amortisation	12,087	12,112	-25	12,927	
Finance Costs	166	521	-354	93	Internal interest eliminated on reporting.
Operating Lease Payments	17	0	17	10	
Surplus for the year	-10,155	-10,915	760	380	

Clutha District Council - Management Accounts as at Month Indicated			
Statement of Financial Position			
	Jun 2020 Audited \$000	May 2021 Act \$000	Comments
Assets	1,135,240	1,154,033	
Current Assets	39,911	45,244	
Cash and cash equivalents	1,763	6,996	
Receivables and prepayments	5,309	3,201	
Other financial assets	28,984	31,192	
Development Property	3,855	3,855	
Non-current assets held for sale	0	0	
Non-current assets	1,095,329	1,108,789	
Other financial assets	144	336	
Work in Progress	5,175	29,844	Assets built but not capitalised
Property, plant and equipment	1,089,241	1,077,840	
Intangible assets	769	769	
Liabilities	-16,149	-25,774	
Current Liabilities	-10,292	-16,989	
Payables and deferred revenue	-5,535	-6,255	
Borrowings and other financial liabilities	-4,000	-10,000	LGFA
Derivative Financial Instruments	-32	-32	
Employee entitlements	-725	-702	
Non-current liabilities	-5,857	-8,785	
Borrowings and other financial liabilities	-5,020	-7,966	LGFA Loan
Other Liabilities	-55	-55	
Provisions	-782	-764	
Equity	-1,119,091	-1,128,259	
Equity	-1,119,091	-1,128,259	
Equity	-218,178	-218,178	
Accumulated funds	-4,819	-9,774	
Reserves	-58,302	-62,516	
Revaluation Reserves	-837,792	-837,791	
Balance Check	0	0	

Risk & Assurance Committee

Item for INFORMATION

Report	Conflicts of Interest Register for Elected Members and Executive Management
Meeting Date	22 July 2021
Item Number	5
Prepared By	John Scott – Group Manager Corporate Services
File Reference	528004

REPORT SUMMARY

This report reflects the current Conflicts of Interest Declaration Register (Members Interest register) for elected members (council and community boards), the chief executive and group managers. The register was updated in December 2020. New declarations are required to be completed on a six-monthly basis.

RECOMMENDATIONS

- 1. That the Risk & Assurance Committee receives the Conflicts of Interest Register for Elected Members and Executive Management report.**

Name	Member's Declared interests	Spouse/Partner's Declared Interests	Council Appointments
Councillor			
Bryan Cadogan	Clutha Foundation (Trustee)	No declared interests	
Dane Catherwood	Catlins Property & Maintenance (owner)		
Stewart Cowie	No relevant interests		
Wayne Felts	No relevant interests		
Gaynor Finch	Prison Community liason - neighbour & member of committee Clutha Vets - Employee Athol Farm - Owner Tokomairiro Awareness Group - Chair		Clutha District Youth Council Museum Board <ilton Area Promotions Lake waihola Waipouri wetlands Waihola Looking Forward Clutha District Museums Group Taieri Mouth Amenities Society
Mel Foster	Tuapeka lawrence Community Company (Director)		Creative Communities Assessment Committee
Bruce Graham	Duffy Engineering (employer)		
John Herbert	Marama Trust	Trustee/beneficiary	
Michele Kennedy	Bushyvale Trust (Lease Commonage Land) West Otago health Trust (Trustee)		
Alison Ludemann	Clutha Hub (member) Naish Park/Centennial Park (member)		

Ken Payne	Agri-Engineering Rosebank Industrial Park (owned by son)		
Carol Sutherland	No relevant interests		
Jo-anne Thomson	No relevant interests		
Bruce Vollweiler	Tokomairiro Waiora Incorporated (Trustee Chairperson) Project Bruce Charitable Trust (Trustee - chairperson) Tokomairiro Community Recreation Centre trust (Trustee) BP & KBS Vollweiler Partnership Property owned in Clutha District at 40 Kintore Road, Black Swamp Road		
Selwyn Wilkinson	Southroads Ltd - Subby (Milton public toilet cleaner and rubbish bins etc)		

Name	Member's Declared interests	Spouse/Partner's Declared Interests	Council Appointments
Community Board			
Barbara Hanna WOCB	No relevant interests		
Antony Robertson WOCB	No relevant interests		
Bruce Robertson WOCB	Road Transport Logistics Ltd - Shareholder Heriot Fire Brigade		
Cecil Crawford WOCB	No relevant interests		
Linda Roulston WOCB	Parkhill Recreation Reserve Board - Secretary		
Suzanne Wink WOCB	No relevant interests		
Garry McCorkindale LTCB	No relevant interests		
Geoff Davidson LTCB	No relevant interests		
Lindy Chinnery LTCB	Lawrence Athenaeum-Committee member Lawrence Tuapeka Community Board member		
Matt Little LTCB	No relevant interests		
Suzanne Stephenson LTCB	Magnifi Limited - Director Tuapeka Community Health Company Ltd - Director Tuapeka Health Inc-Trustee		
Tim Dickey LTCB	Lawrence Community Helipad Project working group		

Name	Member's Declared interests	Spouse/Partner's Declared Interests
Executive Management		
Steve Hill C.E.	Clutha Developnemt Inc. Appointed to the Board by CDC	
Jules Witt GM Service Delivery	No relevant interests	
John Scott GM Corporate Services	No relevant interests	
Ian McCabe GM Regulatory Services	No relevant interests	
Stephen Halliwell Audit & Risk Chair	No relevant interests	

Risk & Assurance Committee

Item for INFORMATION

Report	Risk & Assurance Committee Work Programme
Meeting Date	22 July 2021
Item Number	6
Prepared By	John Scott – Group Manager Corporate Services
File Reference	527442

REPORT SUMMARY

The Risk & Assurance Committee has certain responsibilities reflected in its Terms of Reference.

To discharge these responsibilities a work programme has been devised.

The 'green' highlights will reflect the work completed since the last committee meeting.

Please note the items highlighted in red which have been moved to the next meeting due to LTP workload pressures. As the LTP has been adopted the review of the Performance Framework has been removed.

RECOMMENDATIONS

- 1. That the Risk & Assurance Committee receives the Risk & Assurance Committee Work Programme report.**

Clutha District Council											
Risk & Assurance Committee Work Programme - January to December 2021											
Meeting Dates											
Approach	Action	4-Feb-21	18-Mar-21	29-Apr-21	9-Jun-21	22-Jul-21	2-Sep-21	7-Oct-21	25-Nov-21		
Areas of Responsibility											
Risk Management											
Ensure that Council has in place a current and comprehensive risk management framework and associated procedures and review for effective identification and management of Council's financial and business risks including fraud.	Document risks in ProMapp using the Risk Management Framework for assessing them.	- About influencing the culture to become risk aware and moving from a compliance focus to meaningful use of Risk Management. - Risk should become part of our everyday narrative where we think about it all the time. - Be more structured in how we manage risk and what we report. - Present Risk work programme for the next year for input from the members. Key concerns around risks are the following: • H & S Legislative Compliance. •The Nikko Investment portfolio and reputational impact after a long period of losses. •Suppliers complying with H&S inductions. •Legislative Compliance especially in Rates. •10 top risks.		Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management	Review Top 10 Risks and make enquiries of management
Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings	Provide a schedule of the top projects selected by Council with narrative around risks and mitigations	Critically interrogate presented projects with their related risks and mitigations for reasonableness.		Review Category A Projects List and make enquiries of management	Review Category A Projects List and make enquiries of management	Review Category A Projects List and make enquiries of management	Review Category A Projects List and make enquiries of management	Review Category A Projects List and make enquiries of management	Review Category A Projects List and make enquiries of management	Review Category A Projects List and make enquiries of management	Review Category A Projects List and make enquiries of management
Review the effect of the Council's risk management framework on its control environment and insurance arrangements.	Provide Report on Insurance Cover and Deloitte to have management excluded time to discuss any issues.	Review the Deloitte. Management Report for any weaknesses in the Control Environment and Review Annual Insurance Cover and Risk Profile.	Above ground insurance cover in place for the June 2021 year.					Review the summary of insured assets and risk approach.		Review Deloitte Management Report for Control Environment weaknesses if available.	
Review whether a sound and effective approach has been followed in establishing the Council's business planning continuity arrangements, including whether disaster recovery plans have been tested periodically.	Produce a Business Continuity Plan with an IT and Operational Focus	Review BCP for reasonableness.								Review BCP once Southland in depth testing done	
Review the Council's internal controls in relation to preventing fraud and satisfy itself that the Council has appropriate processes and systems in place to capture and effectively investigate fraud-related information and to ensure appropriate action is taken against perpetrators of fraud.	Inform the committee of any fraud management is aware of.	Review reporting and evaluate risk on fraud going forward.	As and when required.					Conflicts of Interest Register's to be updated.			
Internal Control											
Review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective	To some extent reliance is placed on our external auditors, Deloitte, whose Management Report has considered the Control Environment to be adequate in the past.	Keep watching brief to ensure culture and behaviours are being driven by the CE. Focus on a Post Implementation Review of Creditors Controls now that the new ERP has been bedded down.									
Review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated.	Produce Report on Polices and their prioritisation for review.	Consider whether additional resources are required due to large backlog.								Policy Review Update Report to be tabled	
Determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with.	Focus on Treasury Management Policy rewrite.	CDC to be more structured in managing its policies and by laws and what we report: - Policy and By Law Register reflecting what policies and by laws are out of date for a review - what is the organisational timeline to review over the next few years - are we on track ? - This will support achieving the broad oversight role the Committee has. Consider amendments and approve Treasury Management changes.								Policy Review Update Report to be tabled	
Review whether appropriate policies and procedures are in place for the management and exercise of delegations.	Report on Ozone Controls versus delegation limits.	Review Report	Delegations Manual approved for current triennium.								
Consider how management identifies and required changes to design or implementation of internal controls.	As and when required.	Review Report									
Review whether management has taken steps to embed a culture that is committed to ethical and lawful behaviour.	To some extent reliance is placed on our external auditors, Deloitte, whose Management Report reflects any concerns around culture.	Keep watching brief to ensure culture and behaviours are being driven by the CE. Committee to have alone time with auditors.									
External Accountability											
Review the financial statements and provide advice to the Council, including whether appropriate action has been taken in response to audit recommendations and adjustments.	Provide Draft Annual Report for review and comment.	Review and consider Draft Annual Report providing inputs as required. For Annual Report understand Auditor General focus areas. For Long Term Plan check timing for reasonableness and that Councils timetable fits in with agreed audit visits.								Review Draft Annual Report	

Risk & Assurance Committee

Item for DECISION

Report	Reasons to Move to Public Excluded Session
Meeting Date	22 July 2021
Item Number	7
Prepared By	Karen Piercy – Corporate Services Administrator
File Reference	527444

REPORT SUMMARY

The Risk & Assurance Committee may by resolution or upon motion being made, exclude the public from the whole or any part of the proceedings of any meeting.

The Committee does not necessarily have to move into public excluded session to receive and/or adopt the minutes of the public excluded meetings listed below.

However, should members wish to move into public excluded session, so the minutes can be discussed, this report advises the various reasons to do so.

RECOMMENDATION

- 1. That the Risk & Assurance Committee resolves to exclude the public on the grounds contained in Appendix 1 of the Clutha District Council's Standing Orders under Sections A2(b)(ii), A2(c)(i), A2(g) and A2(h).**

REPORT

1 Background

Grounds to exclude the public under the Local Government Official Information and Meetings Act 1987 are contained in Appendix 1 of the Clutha District Council's Standing Orders as attached.

Items included in the public excluded section of this agenda and the reasons to consider them in public excluded session are:

1. Confirmation of Public Excluded Risk & Assurance Committee Minutes 9 June 2021.

Under Sections A2(b)(ii), A2(c)(i) and A2(g) contained in Appendix 1 of the Clutha District Council's Standing orders.

2. Public Excluded Council Insurance Update

Under Section A2(b)ii, & A2(h) contained in Appendix 1 of the Clutha District Council's Standing orders.

3. Public Excluded Deloitte Report to the Risk & Assurance Committee 2021-21 LTP

Under Section A2(c)(i) contained in Appendix 1 of the Clutha District Council's Standing orders.

Appendix 1: Grounds to exclude the public

A local authority may, by resolution, exclude the public from the whole or any part of the proceedings of any meeting only on one or more of the following grounds:

- A1** That good reason exists for excluding the public from the whole or any part of the proceedings of any meeting as the public disclosure of information would be likely:
- (a) To prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial; or
 - (b) To endanger the safety of any person.
- A2** That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:
- (a) Protect the privacy of natural persons, including that of deceased natural persons; or
 - (b) Protect information where the making available of the information would:
 - i. Disclose a trade secret; or
 - ii. Be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
 - (ba) In the case only of an application for a resource consent, or water conservation order, or a requirement for a designation or heritage order, under the Resource Management Act 1991, to avoid serious offence to tikanga Māori, or to avoid the disclosure of the location of waahi tapu; or
 - (c) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would:
 - i. Be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or
 - ii. Be likely otherwise to damage the public interest.
 - (d) Avoid prejudice to measures protecting the health or safety of members of the public; or
 - (e) Avoid prejudice to measures that prevent or mitigate material loss to members of the public; or
 - (f) Maintain the effective conduct of public affairs through –the protection of such members, officers, employees, and persons from improper pressure or harassment; or
 - (g) Maintain legal professional privilege; or
 - (h) Enable any Council holding the information to carry out, without prejudice or disadvantage, commercial activities; or
 - (i) Enable any Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or
 - (j) Prevent the disclosure or use of official information for improper gain or improper advantage.

See s.7 LGOIMA 1987.

Where A2 of this Appendix applies the public may be excluded unless, in the circumstances of a particular case, the exclusion of the public is outweighed by other considerations which render it desirable and in the public interest, that the public not be excluded.

- A3** That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information, the public disclosure of which would:
- (a) Be contrary to the provisions of a specified enactment; or
 - (b) Constitute contempt of Court or of the House of Representatives.
- A4** That the purpose of the whole or the relevant part of the proceedings of the meeting is to consider a recommendation made to that Council by an Ombudsman under section 30(1) or section 38(3) of this Act (in the case of a Council named or specified in Schedule 1 to this Act).
- A5** That the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Council to deliberate in private on its decision or recommendation in:
- (a) Any proceedings before a Council where:
 - i. A right of appeal lies to any Court or tribunal against the final decision of the Council in those proceedings.
 - ii. The Council is required, by any enactment, to make a recommendation in respect of the matter that is the subject of those proceedings; and
 - iii. Proceedings of a local authority exist in relation to any application or objection under the Marine Farming Act 1971.

See s. 48 LGOIMA.