

**MEETING OF THE
RISK & ASSURANCE COMMITTEE**

THURSDAY 1 SEPTEMBER 2022

commencing at 10.30 am

at the Council Chambers,

1 Rosebank Office

BALCLUTHA

CLUTHA DISTRICT COUNCIL

Notice is hereby given that a Meeting of the Risk & Assurance Committee will be held in the Council Chambers, 1 Rosebank Terrace, Balclutha on Thursday 1 September 2022, 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

1 September 2022

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.	9	Risk & Assurance Committee Minutes <i>(For the Committee's Confirmation)</i> Minutes of the Risk & Assurance Committee held 20 July 2022
2.	13	Sensitive Expenditure Policy Review <i>(For the Committee's Recommendation)</i> The report proposes an update to the Council Sensitive Expenditure Policy.
3.	46	Fraud Policy Review <i>(For the Committee's Recommendation)</i> The report proposes an update to the Council Fraud Policy.
4.	64	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 into one. Please note the reporting year starts again from April.
5.	71	Annual Plan performance Monitoring Report <i>(For the Committee's Information)</i> This report combines the Financial Management Accounts and the Non-Financial Key Performance Indicators (KPIs).
6.	80	Risk & Assurance Committee Work Programme Update <i>(For the Committee's Information)</i> The Risk & Assurance Committee has certain responsibilities reflected in its Terms of Reference.
7.	84	Cyber Risk Programme Report <i>(For the Committee's Information)</i>

Item	Page #	Title
		Council has approved a program of work to improve our Cybersecurity Risk profile following a larger focus from central and local government triggered by the Waikato DHB breach
8.	93	<p>Draft Annual Report <i>(For the Committees Information)</i> This is a placeholder for the Draft Annual Report for the 2021/22 financial year to be submitted after this agenda is published.</p>

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	1 September 2022
Item Number	1
Prepared By	Lilly Paterson – Corporate Services Administrator
File Reference	703855

REPORT SUMMARY

Attached are the unconfirmed minutes of the Council's Risk & Assurance Committee meeting held 20 July 2022.

RECOMMENDATION

- 1. That the Risk & Assurance Committee confirms as a true and correct record the minutes of the Risk & Assurance Committee held 20 July 2022.**

Risk & Assurance Committee

Minutes of the meeting of Risk & Assurance Committee held in the Council Chambers, 1 Rosebank Terrace, Balclutha on Wednesday 20 July 2022, commencing at 10.34 am.

Present	Stephen Halliwell (Chairperson), Councillors Stewart Cowie, John Herbert, Bruce Graham, Alison Ludemann, Ken Payne, and Bruce Vollweiler (via zoom).
In Attendance	Steve Hill (Chief Executive), John Scott (Group Manager Corporate Services), Christina Johnston (Risk Management Support Officer, via zoom), Sam Belton (Relationship Manager, Nikko), Greg Bowie (Management Accountant), Trey Willis-Croft (Management Accountant Trainee), Councillors Lloyd McCall, Wayne Felts (via zoom), Jo Anne Thomson and Lilly Paterson (Corporate Services Administrator).
Apologies	Mayor Bryan Cadogan

DECLARATIONS OF INTEREST

There were no Declarations of Interests

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 9 June 2022 were submitted for confirmation.

Moved Councillors Cowie/Ludemann and Resolved:

“That the Risk & Assurance Committee confirms as a true and correct record the minutes of the Risk & Assurance Committee held 9 June 2022.”

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

The Health and Safety, Risk Management and Major Projects Report was presented since the last meeting.

- Discussion was held on water compliance risks. The Committee requests that management review the risk assessment and the risk owner is prepared to discuss the risk, risk mitigation and options for reducing the residual risk at the next meeting.

Moved Councillors Cowie/Payne and Resolved:

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

The Risk Management Support Officer left the meeting at 11.00 am.

3. TREASURY MANAGEMENT REPORT

The latest Treasury Management Report was tabled for information.

- Sam Belton (Relationship Manager) from Nikko was present to answer questions and speak to Nikko’s report.

Councillor Ludemann left the meeting at 11.22am and returned at 11.24 am

Councillor Thomson left the meeting at 11.50am and returned at 11.53 am

Moved Councillors Graham/Ludemann and Resolved:

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

4. ANNUAL PLAN PERFORMANCE MONITORING REPORT

The Management Accounts and Non-Financial Key Performance Indicators (KPIs) for June 2022 were tabled.

Moved Councillors Payne/Cowie and Resolved:

“That the Risk & Assurance Committee receives the Annual Plan Performance Monitoring report.”

5. RISK & ASSURANCE COMMITTEE WORK PROGRAMME UPDATE

The Work Programme was presented with actions completed.

Moved Councillors Ludemann/Herbert and Resolved:

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

6. REASONS TO MOVE TO PUBLIC EXCLUDED

The Risk & Assurance Committee resolved not to take the item into Public Excluded.

PUBLIC EXCLUDED ITEM (taken into Public)

Moved Chairperson Halliwell/Councillor Cowie and Resolved:

"That the minutes of the public excluded section of the meeting of the Risk & Assurance Committee held on the 9 June 2022 be approved as a true and correct record."

The meeting closed at 12.06 pm.

Read and Confirmed

Stephen Halliwell
CHAIRPERSON

Risk & Assurance Committee

Item for RECOMMENDATION

Report	Sensitive Expenditure Policy Review
Meeting Date	1 September 2022
Item Number	2
Prepared By	Peter Stafford – Senior Policy Advisor Larissa Brown – Strategic Planning Manager
File Reference	748642

REPORT SUMMARY

The report proposes an update to the Council Sensitive Expenditure Policy.

RECOMMENDATIONS

1. That the Risk & Assurance Committee receives the Sensitive Expenditure Policy Review report dated 1 September 2022.
2. That the Risk & Assurance Committee recommends to Council that the Policy on Sensitive Expenditure 2013 be retired.
3. That the Risk & Assurance Committee recommends to Council that they approve the Sensitive Expenditure Policy 2022, or as amended.
4. That the Risk and Assurance Committee notes the revised Sensitive Expenditure Policy includes separation and revision of the organisational procedures components as a separate Sensitive Expenditure Procedure.

REPORT

1 Background

The review of the Sensitive Expenditure Policy is part of Council’s current work program to systematically review all policies on a periodic basis.

The Sensitive Expenditure Policy is a Council policy.

The review has been informed by:

- The existing Policy on Sensitive Expenditure 2013 (Attachment 1);
- Council’s internal risk management framework;
- Council’s internal policy management system and policy review priorities;
- the Controller and Office of the Auditor General good practice guide “*Controlling Sensitive Expenditure: Guide for public organisations*” (October 2020)¹; and
- consultation with key Council staff.

¹ Controller and Office of the Auditor General, Controlling Sensitive Expenditure: Guide for public organisations, (October 2020), <https://oag.parliament.nz/2020/sensitive-expenditure>, Access 15 August 2022.

2 Strategic Goals and Outcomes

This report contributes to meeting Councils' obligations under the *Public Audit Act 2021*.

3 Policy Considerations

3.1 Review Priority

The current policy was last reviewed on 26 September 2013. The policy register identifies this review as high priority due to the risks associated with it being dated, and the potential it does not address current standards and practices.

3.2 Good Practice on Sensitive Expenditure

The review has been substantially informed by the Controller and Office of the Auditor General good practice guide "*Controlling Sensitive Expenditure: Guide for public organisations*" (October 2020).

3.3 Policy restructure

The existing Sensitive Expenditure Policy has been split into two parts.

- Sensitive Expenditure Policy (Council policy) - Attachment 2.
- Sensitive Expenditure Procedures (Organisational procedure) – Attachment 3.

This separation seeks to manage policy risks more effectively by enabling the Council to focus on higher order direction and scrutiny consistent with Council's internal risk management framework and policy management system.

Matters with an internal focus related to procedures are subject to Chief Executive sign off.

This approach is being progressively implemented as policies are reviewed. The approach is summarised in the following figure.

Policy System Overview

Policy – 'What'

- Council policy (highest level of scrutiny, often required by legislation, Council sign off)
- Organisational policy (internal focus, CE sign off)

Procedures – "How"

- How policies will be applied (CE sign off)

Operational Documents – Step by step guidance on "how"

3.4 Policy review findings and amendments

The current policy was found to substantially meet current good practice requirements from a functional perspective.

The proposed policy (Attachment 1) has been updated to include reference to Council's purpose in delivering its functions with competence, reliability, and integrity in the spending of public money. This requires high standards of financial prudence and probity and being able to withstand public scrutiny in order to ensure trust and confidence in the Council.

Principles (Section 2) were updated to provide additional clarity with respect to arranging, making, or approving sensitive expenditure. The following principles have been included:

- have a **justifiable business purpose** that is consistent with Council's objectives;
- preserve **impartiality** by being based on objective criteria;
- be made with **integrity** by exercising power in a way that is true to the values, purposes, and duties for which that power is entrusted;
- be **moderate and conservative**;
- be made **transparently**;
- be made with **proper authority**; and
- be made in accordance with other relevant Council policies.

3.5 Procedure review findings and amendments

The current procedures were also found to substantially meet good practice requirements from a functional perspective.

The proposed procedure (Attachment 2) contains new sections addressing organisational foundations covering leadership, capacity building, monitoring and evaluation (Sections 1.1 to 1.3)

There has been clarification concerning deciding when sensitive expenditure is appropriate, approving sensitive expenditure, and records. (Sections 1.4 to 1.6).

There have been clarifications and updates throughout the remainder of the procedure to ensure good practice.

4 Implementation

Subject to the endorsement of the Sensitive Expenditure Policy and Procedures by the Risk and Assurance Committee and the approval of the policy by Council, the management team will promulgate the policy within Council. This will include:

- briefing sessions for elected members and employees on the policy and procedures; and
- implementation of capacity building measures outlined in Section 1.2 of the procedures.

5 Agenda Attachments

Attachment 1 – Policy on Sensitive Expenditure 2013

Attachment 2 – Sensitive Expenditure Policy

Attachment 3 - Sensitive Expenditure Procedures

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure
Prepared by	Policy Analyst	
Authorised by	Council	Page 1
Effective From	26 September 2013	No. Pages 12

Policy on Sensitive Expenditure

1. Purpose

- 1.1. Council spends public money and, as a consequence, all expenditure should be subject to a standard of financial prudence expected of a local authority, and be able to withstand public scrutiny.
- 1.2. Council is obliged to safeguard and use its resources in a responsible manner. Furthermore, Council staff and elected members must guard against actual or perceived conflicts of interest in regard to the use of those resources. Due to the risk of perceived or actual personal benefit to the staff or elected member arising from certain expenditure, such as travel, accommodation, gifts and hospitality, the Controller and Auditor-general defines them as 'sensitive expenditure'.
- 1.3. The purpose of this policy is to set out guidelines to assist those who have responsibility for controlling sensitive expenditures of the Clutha District Council.
- 1.4. To achieve a consistent understanding in regards to which expenditures will be deemed as a legitimate part of Council business and which expenditures will be deemed as personal expenses.
- 1.5. To maintain a level of financial prudence in regards to Council expenditures that is expected of a public entity.
- 1.6. The policy covers any expenditure that could be considered sensitive, including:
 - a. travel and accommodation expenditure
 - b. entertainment and hospitality expenditure
 - c. goods and services expenditure
 - d. staff support expenditure
 - e. credit card use for Council expenditure
 - f. other types of expenditure.
- 1.7. This policy applies to all employees of the Council, the Mayor, Councillors, and Community Board members. For the purpose of this policy reference to Council employees includes the Mayor and Councillors.

2. Policy

- 2.1. Employees should not, in the official course of Council business, incur any expense personally which can be associated as a legitimate cost of Council.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	2
Effective From	26 September 2013	No. Pages	12

2.2 Principles and Ethics

The Council expects all employees involved in arranging, making or approving sensitive expenditure to:

- a. do so only for Council purposes
- b. exercise professionalism and prudence
- c. not derive personal financial gain
- d. act impartially
- e. ensure the expenditure is moderate and conservative in the context of given situation
- f. have read and adhered to this and any other relevant Council policies.

2.3 Employees are to be restricted from claiming expenses that exceed the reasonable cost required to carry out Council business. The object of Council decision-making is not always to implement the cheapest alternative; however cost will be an important determinant in the decision-making process.

2.4 Employees are expected to exercise prudent judgement regarding sensitive expenses covered by this policy and to the extent of their cost effectiveness to the Council.

2.5 All Council employees must follow the procedures associated with this policy. Where procedures are not followed, any expense claims may be declined.

2.6 In the absence of a specific rule for a given situation, elected members and managers are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.

3. Procedures

3.1 TRAVEL AND ACCOMMODATION EXPENDITURE

3.1.1 Travel Arrangements and Bookings

All travel arrangements must be pre-approved by the manager to whom an employee reports and in the case of managers by the Chief Executive. Councillors are to get approval from the Mayor.

Any Council employees approving travel should satisfy themselves that:

- a. the travel is necessary; and
- b. the employee concerned is the appropriate person to undertake the travel; and
- c. the expenditure is reasonable.

Once approval for travel is granted the employee should consult with the main reception staff for bookings. Where a staff member intends to personally book any approved travel the main reception staff should be notified to prevent incidence of double booking.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	3
Effective From	26 September 2013	No. Pages	12

3.1.2 Air Travel

Employees should consult with main reception staff booking flights in regards to options for departure and arrival times to enable them to pick the most inexpensive flights.

Council employees will fly discounted economy or economy class. Where an employee wishes to upgrade to business or first class they must fund the difference personally.

Employees are not generally entitled to paid memberships for airline lounges; however the Mayor and Chief Executive are entitled to koru club memberships to facilitate Council related business to take place while travelling.

3.1.3 International Travel

International travel will only be allowed where pre-approval is granted by the appropriate divisional manager and final approval is granted by the Chief Executive.

3.1.4 Insurance

Council will only pay for flight insurance for employees flying internationally on Council business.

3.1.5 Excess Baggage

Charges incurred for excess baggage will only be paid for by Council where the employee is travelling with heavy or bulky materials or equipment necessary for Council business, or the excess baggage consists of Council records or property.

3.1.6 Accommodation

Employees may stay at a hotel/motel or privately when travelling on Council business.

Employees staying privately will not receive any accommodation allowance.

Where an employee is staying at a hotel/motel the accommodation should be of a reasonable and comfortable standard.

When a conference or training programme is being held that offers an accommodation package and the rates offered are reasonable it will be given preference for booking.

Cost will be an important factor in booking accommodation, however employees are not restricted to the cheapest option where that does not meet a reasonable standard or where other relevant considerations, such as location, make it impracticable.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	4
Effective From	26 September 2013	No. Pages	12

Where an employee is travelling on Council business and circumstances necessitate them paying for accommodation personally they may apply to be reimbursed by Council. Reimbursement will be made on the basis of receipt evidence.

3.1.7 Annual Leave

Where an employee takes any annual leave in conjunction with a Council related business trip, Council will not pay for expenses incurred by them for that duration.

3.1.8 Stopovers

Any costs of stopovers during Council business travel will only be paid for where the stopover has a clear business purpose and is pre-approved by the relevant manager.

3.1.9 Cancellations

Any cancellations that occur after bookings have been made or flights booked should be notified to Council reception staff so they can make any changes/ further cancellations. Unused tickets, coupons, or vouchers should not be destroyed as they may be able to be reused or refunded.

3.1.10 Transport

Where Council business requires travel that does not qualify for air travel employees may use Council pool cars. Refer to the Policy on Staff Use of Council Vehicles.

Where pool cars are not available, employees on Council business may use their personal car or public transport where available, and claim reimbursement. Employees are expected to seek prior approval from their manager in these instances.

Rental cars may be used where public transport is not a viable option due to inaccessibility or cost effectiveness. Consideration should be given to choosing an economical type and size of rental car, consistent with the requirements (including the distance and number of people) of the trip. Employees using rental cars must abide by the terms and agreements of the car rental company and avoid, wherever possible, any additional fees such as fees for late return.

Council will only fund the use of taxis in exceptional circumstances where it is cost effective in relation to other forms of transport.

Where an employee applies for reimbursement for the use of their own car they must provide the following information on their expense report:

- a. Purpose of the trip
- b. Date and location
- c. Mileage log

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	5
Effective From	26 September 2013	No. Pages	12

d. Parking receipts

Any fines incurred for parking or traffic offences by employees using Council pool cars, personal cars, or rental cars will be at their personal expense.

3.1.11 Laundry

Council will not reimburse employees for costs of laundering clothes while travelling on Council related business unless the travel period (five days or more as a general rule) and/or conditions necessitate the use of laundry services.

3.1.12 Liquor and Beverages

Council will not pay for mini bar expenses incurred personally by employees while travelling or as part of business-related functions.

Council may pay for liquor or non-alcoholic beverages consumed with meals to a reasonable level. Business-related functions are as defined in the Entertainment and Hospitality Expenditure section of this policy.

3.1.13 Meals

Contractual provisions set out in relevant employment contracts will apply.

Where no contractual provisions have been created claims will be authorised on an actual and reasonable basis. Reasonable meal costs are not expected to exceed:

- Breakfast: 25.00
- Lunch: 40.00
- Dinner: 65.00

Claims for reimbursement of meals must be accompanied by receipt evidence.

Meal expenses for people other than the employee may be assessed by the relevant divisional manager where the cost is related to Council business. If such extra costs are significant pre-approval for the expense should be sought from the relevant manager.

Council will not reimburse for tipping.

3.1.14 Personal Expenses

Council will not pay for any personal expenses incurred by employees in the course of travel for Council business, e.g. for in-house movies or charges for the use of special hotel facilities such as gyms and hairdressers.

3.1.15 Expense Reimbursements

Council employees, who pay for expenses themselves through the use of personal credit cards or other means, can claim reimbursement from Council by documentation evidence to the relevant divisional managers.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	6
Effective From	26 September 2013	No. Pages	12

3.1.16 Claims

All claims relating to sensitive expenditure must:

- a. State the business purpose of the expenditure – if the business purpose is not clear from documentation supporting a claim, a written statement of purpose should be attached.
- b. Be accompanied by adequate original (not photocopied) supporting documentation wherever possible, i.e. tax invoices and receipts. Employees who tender receipts that do not detail purchases will not usually be reimbursed. Credit card statements do not constitute adequate documentation for reimbursement.
- c. Report expenditure in detail where receipts are not available so relevant managers may assess claims on their individual merit. Reports must document the date, amount, description, and purpose of expenditure.
- d. Be submitted promptly after the expenditure is incurred. Except in exceptional circumstances this means within one month.

3.1.17 Spouses' Travel

Council will not pay for spouses, partners or other family members travelling with employees. A spouse or other individual may accompany an employee on a business trip at the employee's expense.

Where involvement of the Mayor or Chief Executive's spouse contributes to Council business pre-approval of the Chief Executive or Mayor respectively is required for spouses to accompany at Council's cost. Council has resolved to pay for the Mayor's spouse to accompany him to the Local Government New Zealand Conference.

3.1.18 Telephone Calls

All Council business related phone calls, faxes and internet access charges made by an employee while away from the normal place of work will be paid for by Council.

Payment of personal phone calls to home will be considered, provided that the frequency and duration of such calls is not excessive (one call per day away from home is the general rule).

3.2 ENTERTAINMENT AND HOSPITALITY EXPENDITURE

3.2.1 Council will allow moderate and conservative expenditure for entertainment and hospitality purposes where it is for one of the following purposes:

- a. building relationships;
- b. representing the organisation;
- c. reciprocity of hospitality where this has a clear Council business related purpose and is within the usual bounds of hospitality;
- d. recognising significant achievements within Council or the Clutha District.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	7
Effective From	26 September 2013	No. Pages	12

- 3.2.2 Where alcohol is to be involved in entertainment and hospitality expenditure this must be pre-approved by the Chief Executive with limits set down as to quantities of alcohol.
- 3.2.3 Where it is not possible to get pre-approval, and the amount of liquor involved is reasonable, e.g. entertaining a guest(s) with drinks during Council business, the Chief Executive's approval for the expenditure may be given on return.
- 3.2.4 All entertainment and hospitality costs must be clearly evidenced through adequate documentation (receipts and invoices).

3.3 GOODS AND SERVICES EXPENDITURE

3.3.1 Sale of surplus assets to employees

Disposal of good and services, where they have become obsolete, worn out, or surplus to requirements, is to be dealt with in accordance with the following:

- a. no goods and services are to be sold to employees at a discount rate, if a greater value could be realised by an alternative method of disposal;
- b. employees disposing of assets are not to benefit from the disposal;
- c. disposal is not to benefit any employee to such an extent that their personal judgement or integrity is compromised;
- d. assets likely to be of high value are to be professionally valued and subject to a tender or other process appropriate to the value of the asset.

3.3.2 Loyalty Reward Scheme Benefits

Loyalty rewards accruing to employees carrying out Council duties are to be treated in accordance with the following:

- a. as the property of Council, not the individual;
- b. for the benefit of and application for Council as far as practicable;
- c. recorded by employees to be reported regularly to Council;
- d. unapplied loyalty rewards to be transferred to Council or bought by the individual upon leaving Council employment;
- e. where receiving a prize or loyalty reward could be perceived as inappropriate it is to be declined by Council.

3.3.3 Private Use of Council Assets

Employees are expected to reimburse Council for private use of Council assets such as photocopiers, telephones, cell phones, stationary etc. to the same extent as the public (see Council's Schedule of Fees and Charges and the employee handbook).

Use of Council assets for any private business any employee may operate is prohibited.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	8
Effective From	26 September 2013	No. Pages	12

3.3.4 Council Use of Private Assets

Council will only participate in the use of private assets where is not financially viable (usage vs. cost) for Council to acquire an asset of the same type for themselves.

Use of employee assets for benefit of the Council may be reimbursed where it results in cost, inconvenience or unavailability for the employee. Reimbursements must be pre-approved by a manager to a fair sum that will not inappropriately benefit the employee.

3.3.5 Private Use of Council Suppliers

Employees may obtain goods or services from Council suppliers on the same basis and rates as Council is supplied.

Where preferential purchasing is available from a Council supplier employees must:

- a. keep the obtaining of goods and services through Council suppliers at preferential rates to a minimum;
- b. not use purchasing privileges on behalf of any third party, such as family members or friends;
- c. pay for any such purchases in full, and under no circumstances use Council as a source of credit for such purchasing.

When choosing suppliers Council must make the primary concern which supplier best serves Council's interest. Private benefits to employees must not be taken into account.

3.4 STAFF SUPPORT EXPENDITURE

3.4.1 Farewells and Retirements

For farewell gifts for Council employees see Council's Staff Farewell Gift Policy.

Farewell gifts for Councillors and the Mayor will be to the value of \$100 for the first term served and \$50 for every additional term spent with Council thereafter.

Expenditure by the Council for a farewell or retirement is to be pre-approved by the Mayor. The Mayor may pre-approve a reasonable departure from the above formula where a Councillor has offered lengthy or exceptional service to Local Government. In the case of gifts for Mayors, expenditure will be pre-approved by the Executive Committee.

3.4.2 Professional Memberships

Membership to a professional body is sensitive expenditure due to its personal nature.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	9
Effective From	26 September 2013	No. Pages	12

Payment of professional fees by Council on behalf of a staff member must be:

- a. approved by their manager;
- b. clearly relevant to the staff member's duties and responsibilities;
- c. for the staff member alone and is not to cover members of their family or other non-staff members;
- d. for no longer than one year in duration, unless significant discounts are available and it is reasonable to expect a two year membership would be an advantage to the Council;
- e. cancelled or transferred to an appropriate staff member if the staff member's employment with the Council is terminated, via resignation or otherwise;
- f. refunded directly to the Council if the membership is cancelled.

3.4.3 Sponsorship of Employees or Others

Council may sponsor employees for events through the provision of, or payment for, goods or services. Council sponsorship should be in accordance with the following:

- a. costs associated with the sponsorship should be reasonable
- b. should have a justified Council business purpose (if not see 'Donations' below)
- c. funds should ideally be provided through a social club
- d. sponsorship for someone other than a Council employee should be through the organisation they belong to rather than the individual directly.

3.5 CREDIT CARD USE FOR COUNCIL EXPENDITURE

3.5.1 Credit card expenditure

Only the Chief Executive is eligible for a credit card for Council business expenditure.

That credit card may be used for private expenditure and reimbursed later where:

- a. expenditure is associated with Council business spending e.g. mini-bar associated with accommodation;
- b. expenditure is invoiced/receipted with to the same extent required for Council business expenditures;
- c. reimbursement is made by the Chief Executive on return from Council business.

3.5.2 Cash advances

Cash advances from that credit card are not allowed except where exceptional circumstances for official purposes require it, or in an emergency (usually related to travel for the Council).

3.5.3 Online use of credit card

Online credit card purchasing/payments are allowed where:

- a. the dealing is with established reputable companies known to the Council
- b. a copy of online order forms completed when purchasing is retained

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	10
Effective From	26 September 2013	No. Pages	12

c. where purchasing over the internet is consistent with the Council's normal purchasing controls.

3.5.4 Credit limits

The limit on the Chief Executive's credit card is set at \$7,500. Any changes to that limit must be approved by the mayor and be consistent with minimum levels necessary to undertake Council duties as required.

3.5.5 Documentation

All credit card transactions must, where possible, be supported by a valid tax invoice/receipt as well as the credit card and EFTPOS record slips to ensure the transaction is able to be reviewed and to allow Council to claim back the GST content of qualifying purchases. Where the business purpose of any expenditure is not clear, a written reason for the expenditure should be attached to the credit card statement.

3.5.6 Review and monitoring of transactions

All transactions are to be monitored through the Mayor's reviews of the monthly credit card statements to ensure expenditure can legitimately be classified as Council business related.

3.5.7 Unauthorised use

Unauthorised use, whether intentional or not, is to be notified to the Mayor with reimbursement. Intentional use for unauthorised transactions may result in cancellation of the credit card and/or other disciplinary action.

3.6 OTHER TYPES OF EXPENDITURE

3.6.1 Donations

Donations can only be made with the approval of Council.

Council should only consider making a donation where it:

- a. is for purposes consistent with Council business;
- b. is of a size that is appropriate in the circumstances;
- c. will not result in any obligation on a recipient, other than to apply the donation to the intended purpose;
- d. complies with the law;
- e. is non-political;
- f. is transparent/ disclosed in full;
- g. is made to a recognised organisation by normal commercial means, rather than to the individual or in cash.

3.6.2 Koha

Koha is a gift, a token, or a contribution given on appropriate occasions.

Where Council gives koha for a justified Council business purpose, it must ensure that:

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	11
Effective From	26 September 2013	No. Pages	12

- a. koha reflects the occasion;
- b. koha is not confused with any other payment Council makes to an organisation;
- c. koha are approved in advance by the Chief Executive.

3.6.3 Gifts

Council may give gifts in circumstances, such as the following:

- a. for retirement (see Farewells and Retirements)
- b. where it is customary to give a gift
- c. to recognise achievement within the community e.g. at the Trustpower awards, and Fire Service Awards
- d. to congratulate new citizens in Citizenship ceremonies
- e. prizes for competitions where it is part of a promotion of the district or Council.

Other occasions for gifting must be pre-approved by the Chief Executive or the mayor.

When giving gifts Council must ensure:

- a. the gift is for the purpose of some Council related business;
- b. the value or nature of the gift is appropriate to the occasion;
- c. the gift will not result in expectation of any favour in return;
- d. the gift is not given in substitution for legitimate payment or remuneration;
- e. a receipt is retained.

On receiving gifts Council must ensure:

- a. the gift does not alter the decision-making of Council, or Council employees;
- b. the gift is recorded in a register and remains the property of the Council;
- c. that employees only personally acquire infrequent and inexpensive gifts.

4. Definitions

Sensitive Expenditure –

For the purpose of this policy means any expenditure by Council in the conduct of Council business that:

- a. provides; or
- b. has the potential to provide; or
- c. has the perceived potential to provide an additional private benefit to an individual employee of Council.

It also includes any expenditure by Council that could be considered unusual for the purpose and/or functions of Council business.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 012	Sensitive Expenditure	
Prepared by	Policy Analyst		
Authorised by	Council	Page	12
Effective From	26 September 2013	No. Pages	12

5 Relevant Legislation

The Public Audit Act 2001 allows the Auditor-General to examine and report on any act or omission that shows, or appears to show, waste or a lack of probity or financial prudence by a public entity on one or more of its members, office holders, or employees.

Inquiries by Auditor-General

- (1) The Auditor-General may inquire, either on request or on the Auditor-General's own initiative, into any matter concerning a public entity's use of its resources.
- (2) Subsection (1) does not apply to the Reserve Bank of New Zealand or any registered bank (as defined in section 2(1) of the Reserve Bank of New Zealand Act 1989).
- (3) If subsection (1) applies and there is an applicable government or local authority policy to which the public entity is required to adhere, the inquiry is to be limited to the extent to which the public entity is using its resources in a manner consistent with that policy.

6. Legal Compliance

N/A

7. Related Policy and Documents

Delegations Manual for 'Councillors Reimbursement of Expenses and Allowances'
 Local Government Elected Members Determinations
 Clutha District Council Staff Manual
 Council's Policy on Staff Farewell Gifts
 Council's Schedule of Fees and Charges

8. Key Words

Sensitive Expenditure, Travel and Accommodation expenditure, Entertainment and Hospitality expenditure, Goods and Services expenditure, Staff support expenditure, Credit Card, Other Expenditure

9. Review

This policy will be reviewed as deemed appropriate by the Chief Executive, at least once every three years.



Clutha District Council

POLICY

SENSITIVE EXPENDITURE POLICY		ACTIVITY GROUP:	CORPORATE SERVICES
Policy Type:	Council		
Approved by:	To be approved by Council		
Department:	Corporate Services Chief Executives Department		
Date Approved:	Proposed 15.9.2022	Next Review Date:	
Relevant Legislation:	Public Audit Act 2001		
Clutha District Council Related Documents:	Sensitive Expenditure Procedures Policy on Procurement Employee Code of Conduct Councillor Code of Conduct Policy on Community Funding Policy on Staff Farewell Gifts Policy on Fleet Management Employee Use of Council Vehicles Procedure Policy on Electronic Communications		

PURPOSE

The *Public Audit Act 2001* gives the Auditor-General authority to examine and report on any act or omission that shows or appears to show, waste, lack of probity or financial prudence by a public organisation or one or more of its members, office holders or employees.

Council is required to function with competence, reliability, and integrity in the spending of public money. This requires high standards of financial prudence and probity and being able to withstand public scrutiny in order to ensure trust and confidence in the Council.

The purpose of this policy is to assist those who have responsibility for controlling sensitive expenditures of the Clutha District Council in order to:

- maintain a level of financial prudence and probity regarding Council expenditures that is expected of a public entity; and
- achieve a consistent understanding regarding which expenditures will be deemed as a legitimate part of Council business and which expenditures will be deemed as personal expenses.

The policy covers any expenditure that is considered sensitive, including (but not limited to):

- a. travel-related expenditure;
- b. entertainment and hospitality expenditure;
- d. employee support expenditure;
- e. credit card use for Council expenditure; and
- f. other types of expenditure.

SCOPE

This policy applies to elected member and employees of the Council.

DEFINITIONS

Sensitive expenditure	Means any spending by Council that could be seen to be giving private benefit to employees additional to the business benefit to the organisation.
Council	Means Clutha District Council.
Employees	Means a person employed by the Clutha District Council.
Elected Members	Means Mayor, Councillors, and Community Board Members of the Clutha District Council.

POLICY

1. Application

- 1.1. Elected members and employees should not, in the official course of Council business incur any expense personally which can be associated as a legitimate cost of Council.
- 1.2. Elected members and employees must follow the procedures associated with this policy, and any Council procedures developed to give effect to the policy and procedures. Where procedures are not followed, any expense claims may be declined.

2. Principles

- 2.1. The Council expects all employees involved in arranging, making, or approving sensitive expenditure to:
 - **have a justifiable business purpose** that is consistent with Council's objectives such that it would make clear sense, and supported by evidence of the need for the spending, and evidence that a range of options have been considered;
 - **preserve impartiality** by being based on objective criteria, rather than based on any sort of bias, preference, or improper reason;
 - **be made with integrity** by exercising power in a way that is true to the values, purposes, and duties for which that power is entrusted to, or held by, someone.; together with consistently behaving in keeping with agreed or accepted moral and ethical principles;
 - **be moderate and conservative** when viewed from the standpoint of the public and given the circumstances of the spending. This includes considering whether the justifiable business purpose could be achieved at a lower cost. However, Council's decision-making

is not always to implement the cheapest alternative; but cost will be an important determinant in the decision-making process, together with cost effectiveness;

- **be made transparently** by being open about the spending, and willing to and able to explain any spending decisions or have them reviewed;
- **be made with proper authority** such that the person approving the spending has the appropriate financial delegation to do so, for the type and amount of spending and follows correct procedures, and
- accord with any other relevant Council policies.

3. Version Control

Version History			
Date:	Action:	Name:	Version:
1 July 2007	Policy on Sensitive Expenditure 2013 created (included procedures)	Council	1
August 2022	(Proposed) Document Split into: a. Sensitive Expenditure Policy b. Sensitive Expenditure Procedure	Senior Policy Advisor	
15 September 2022	Policy on Sensitive Expenditure 2013 retired and 2022 approved.	Council	2



PROCEDURE

SENSITIVE EXPENDITURE PROCEDURE		ACTIVITY GROUP:	All Staff
Procedure Type:	Organisational		
Approved by:			
Department:	Chief Executive		
Date Approved:	Draft	Next Review Date:	
Relevant Legislation:	Public Audit Act 2001		
Clutha District Council Related Documents:	Sensitive Expenditure Procedures Policy on Procurement Employee Code of Conduct Councillor Code of Conduct Policy on Community Funding Policy on Staff Farewell Gifts Policy on Fleet Management Employee Use of Council Vehicles Procedure Policy on Electronic Communications		

PURPOSE

The purpose of these procedures is to assist those who have responsibility for controlling sensitive expenditures of the Clutha District Council in line with Council's *Sensitive Expenditure Policy*.

SCOPE

This policy applies to elected members and employees of Council.

DEFINITIONS

Sensitive expenditure	Means any spending by Council that could be seen to be giving private benefit to employees additional to the business benefit to the organisation.
Council	Means Clutha District Council
Employees	Means a person employed by the Clutha District Council
Elected Members	Means Mayor, Councillors, and Community Board Members of the Clutha District Council

PROCEDURES

1. Organisation Foundations

1.1 Leadership and Culture

1.1.1 Elected members, the Chief Executive, and management need to ensure Council operates with high levels of integrity, through leadership that demonstrates the following behaviours:

- **impartiality** – to treat all people fairly, without personal favour or bias;
- **accountability** – to take responsibility and answer for their work, actions, and decisions;
- **trustworthiness** – to act with integrity and be open and transparent;
- **respect** – to treat all people with dignity and compassion and act with humility; and
- **responsiveness** – to understand and meet people’s needs and aspirations.

1.1.2 Elected members and employees are expected to

- exercise prudent judgement regarding sensitive expenses covered by this policy and to the extent of their cost effectiveness to the Council. The object of Council decision-making is not always to implement the cheapest alternative; however, cost will be an important determinant in the decision-making process.
- follow the procedures associated with this policy. Where procedures are not followed, it is recognised expense claims may be declined.
- in the absence of a specific rule for a given situation, exercise good judgement by taking the principles in this policy into account in the context of the given situation.

1.2. Capacity building

1.2.1 Elected members and employees need to be supported to increase their awareness, understanding, and commitment to sensitive expenditure policies and procedures, thereby increasing their capacity to make sound judgements.

1.2.2 This may be supported by:

- pre-engagement onboarding processes;
- post-engagement induction training;
- on the job situational training, performance conversations and reviews; and
- periodic refresher training and/or updates

1.3 Continuous improvement, monitoring, and evaluation.

1.3.1 Management and staff should work together to foster a culture of continuous improvement in the application of *sensitive expenditure* decision making.

1.3.2 Ongoing monitoring needs to be carried out to ensure effective *sensitive expenditure* outcomes.

1.3.3 A full evaluation of the application of the policies and management of *sensitive expenditure* performance should be undertaken every three years.

1.4 Deciding when *Sensitive expenditure* is appropriate

- 1.4.1 Councils' actions need to maintain the public's trust. Improper expenditure could have adverse impacts on the reputation of, and trust in Council. For this reason, *sensitive expenditure* needs to adhere to the principles detailed in Council's *Sensitive Expenditure Policy*.
- 1.4.2 The Chief Executive may approve reasonable expenditure that varies from this procedure, subject to it being consistent with the *Sensitive Expenditure Policy* and its principles.
- 1.4.3 Deciding on what is appropriate *sensitive expenditure* also needs to consider both individual transactions and the total amount of sensitive expenditure. For example, whilst an individual transaction may be justified, repeated many times it may be considered extravagant and wasteful.

1.5 Procedures for approving *sensitive expenditure*

1.5.1 *Sensitive expenditure* should only be approved when:

- the person approving the expenditure is satisfied it is for a justifiable business purpose that is consistent with Council's objectives, and the principles outlined in the Sensitive Expenditure Policy have been met;
- approval is given before the expenditure is incurred (unless it is for small amounts allowed in the organisation's procedures);
- the expenditure is within budget and delegated authority exists; and
- approval is given by a person who is senior to the person who will benefit (or might be perceived to benefit) from the sensitive expenditure, and where that is not practical, this should be recorded, and any such expenditure should be subject to some form of monitoring.

1.6 Supporting records for expenditure incurred

1.6.1 Supporting records¹ needs to:

- state the business purpose of the expenditure;
- be the original document that is GST compliant;
- for small expenditures when receipts are not available (eg parking machines) state date, amount, description and purpose of the purchase;
- be separate a claim for each person where possible, and where this is not the case, the expenditure should be incurred by the most senior person and supported by a list of the other individuals to which the expenditure relates;
- be submitted as soon as possible after the expenditure is incurred;
- be in English or Te Reo Maori, or the case of another language independently translated; and
- be supported by pre-expenditure documentation as appropriate (eg approved business case/budget, pre-expenditure authorisation)

¹ Controller and Auditor General, Controlling sensitive expenditure: Guide for public organisations 2020 , Point 3.12

2 Travel and Accommodation Expenditure

2.1 Travel arrangements and bookings

2.1.1 All travel and itinerary arrangements must be pre-approved as follows

- For staff by the manager to whom an employee reports and in the case of Group Managers by the Chief Executive.
- For elected members by the Mayor.
- For the Mayor, approval is to be provided by the Chief Executive, and is to be reported to Council as part of the Mayoral report to Council.

2.1.2 Any Council employees approving travel should satisfy themselves that:

- the travel is for a justifiable business purpose taking into account alternatives to travel such as technology (eg meeting via MS Teams);
- the traveller concerned is the appropriate person to undertake the travel; and
- the expenditure is moderate and conservative.

2.1.3 Once approval for travel is granted, the traveller should consult with the main reception staff for bookings. Where a staff member intends to personally book any approved travel this should be first discussed with front office staff responsible for bookings to avoid instances of double booking.

2.2 Air travel²

2.2.1 Travellers should consult with main reception staff concerning booking options for departure and arrival times and selection of the most inexpensive or direct flights.

2.2.2 Travellers will fly discounted economy or economy class.

2.2.3 The choice of fare within a class should seek to use the most cost-effective option taking into account the need for baggage, together with the potential need to change or cancel the travel in the future. Where a more expensive flexible fare is to be used, the reasons for this choice should be documented prior to the travel being approved.

2.2.4 Bookings should be made well in advance where possible, to minimise the cost.

2.2.5 Where a traveller wishes to upgrade to business or first class they must fund the difference personally.

2.2.6 Only the Mayor and Chief Executive are entitled to koro club memberships.

2.3 International travel

2.3.1 International travel needs to be pre-approved as follows:

- for staff by the appropriate Group Manager with final approval being provided by the Chief Executive;
- for Group Managers by the Chief Executive;
- for the Chief Executive by the Mayor;
- For elected members other than the Mayor, by the Mayor; and

² Controller and Auditor General, Controlling sensitive expenditure: Guide for public organisations 2020 , Point 5.6

- For the Mayor by the Chief Executive, together with the expenditure being reported to Council as part of the Mayoral reports.

2.3.2 International travellers should use economy class.

2.3.3 On an exception basis long distance travel may be approved for premium economy or business class by the Chief Executive or the Mayor where:

- there is a clear business case consistent with points 1.4.1 and 1.5 above which may include for example considerations such as the need to ensure the traveller can conduct business effectively immediately following the end of a long journey, health and safety, and accessibility requirements for people with disability; and
- cost effective alternatives such as stop overs or recovery periods are not appropriate.

2.4 Travel Insurance

2.4.1 Council will only pay for travel insurance in connection with international travel on Council business.

2.5 Excess baggage

2.5.1 Charges incurred for excess baggage will only be paid for by Council for heavy or bulky materials or equipment necessary for Council business, or the excess baggage consists of Council records or property.

2.6 Accommodation

2.6.1 Travellers may stay at a hotel/motel or privately when travelling on Council business.

2.6.2 Travellers staying privately will not receive any accommodation allowance (for example staying with a friend or family member).

2.6.3 Where a traveller is staying at a hotel/motel, the accommodation should be of a reasonable and comfortable standard.

2.6.4 When a conference or training programme is being held that offers an accommodation package and the rates offered are reasonable it will be given preference for booking.

2.6.5 Cost will be an important factor in booking accommodation, however where accommodation does not meet a reasonable standard or where other relevant considerations, such as location, that make it impracticable, travellers may seek approval for using accommodation that is not the cheapest option.

2.6.6 Where an elected member or employee is travelling on Council business, circumstances necessitate them paying for accommodation personally, they may apply to be reimbursed by Council. Reimbursement decisions will be made on the basis of receipt evidence, and consistency with Council policy and procedures.

2.7 Council funded travel taken in conjunction with private travel

2.7.1 Where an elected member or employee seeks to arrange private travel in conjunction with Council funded travel the request should:

- have the private travel component clearly identified;
- be approved as part of the pre-approval travel process;
- demonstrate the private travel is incidental to Council travel, and Council will not be required to pay for expenses incurred for the duration of private travel and there will be

no additional costs to Council in relation to the Council component of travel (eg airfares should be equal to or lower); and

- state any unexpected travel and costs to accommodate private travel arrangements will be borne by the traveller.

2.8 Stopovers

2.8.1 Any costs of stopovers during Council business travel will only be paid for where the stopover has a clear business purpose and is pre-approved by the relevant manager. Considerations for stopovers may include (but are not limited to) the need to conduct business, travel distance and duration, safety, and accessibility requirements for people with disability.

2.9 Cancellations

2.9.1 Any cancellations that occur after bookings have been made or flights booked should be notified to Council reception staff so they can make necessary travel amendments. Unused tickets, coupons, or vouchers should not be destroyed as they may be able to be reused or refunded.

2.10 Vehicle Transport for Council Employees

2.10.1 Where Council business requires employees to travel and the travel does not qualify for air travel, employees may use Council pool cars. Refer to the *Employee Use of Council Vehicles Procedure*.

2.10.2 Where pool cars are not available, employees on Council business may use their personal car or public transport where available and claim reimbursement. Employees must seek prior approval from their manager in these instances.

2.10.3 Where an employee applies for reimbursement for the use of their own car, they must provide the following information on their expense report:

- Purpose of the trip;
- Date and location;
- Mileage log; and
- Parking receipts.

2.10.4 Rental cars may be used where public transport is not a viable option due to inaccessibility or cost effectiveness. Consideration should be given to choosing an economical type and size of rental car, consistent with the requirements (including the distance and number of people) of the trip. Employees using rental cars must abide by the terms and agreements of the car rental company and avoid, wherever possible, any additional fees such as fees for late return.

2.10.5 Council will only fund the use of taxis in exceptional circumstances where it is cost effective in relation to other forms of transport.

2.10.6 Any fines incurred for parking or traffic offences by employees using Council pool cars, personal cars, or rental cars will be at the employee's personal expense.

2.11 Vehicle transport for elected members

2.11.1 Vehicle cost incurred by elected members are addressed in local government members determinations made from time to time by the Remuneration Authority.

2.12 Laundry

2.12.1 Council will not reimburse employees for costs of laundering clothes while travelling on Council related business unless the travel period (five days or more as a general rule) and/or conditions necessitate the use of laundry services.

2.13 Alcohol

2.13.1 Council will not reimburse alcohol costs for elected members or employees in conjunction with Council travel (eg meetings, conferences/training). Any alcohol that is purchased (eg glass or wine for dinner) must be paid for by the elected member or employee personally.

2.14 Meals

2.14.1 Claims will be assessed by the responsible Council decision maker by applying the *Sensitive Expenditure Policy* (see Clause 1.5 above), in particular the principle of being moderate and conservative from the standpoint of the public.

2.14.2 Claim for reimbursement of reasonable meal expenses must be substantiated in accordance with clause 1.6 above

2.14.3 Meal and non-alcoholic beverage costs should not exceed:

- Breakfast: \$25.00
- Lunch: \$ 40.00
- Dinner: \$ 65.00

2.14.4 Meal expenses may not be claimed where a meal is provided as part of another package (eg conference) or provided as part of hosting arrangements.

2.15 Meals for people other than employees

2.15.1 Meal expense requirements for people other than the employee, should be identified, costed and approved in principle as part of the overall pre-travel proposal by the relevant Group Manager.

2.15.2 Where meal expenses for people other than the employee are incurred unexpectedly (that is without prior approval) they may be assessed by the relevant Group Manager subject to:

- the cost is demonstrated to be clearly necessary to support Council business and are reasonable.
- the expense could not have been anticipated, and
- the expense does not exceed the meal rates outlined for employees above.

2.16 Tipping

2.16.1 Council will not reimburse tipping in New Zealand or Australia. Tipping proposed as being necessary for overseas travel will be subject to a business case as part of the pre-trip approval process.

2.17 Personal expenses

2.17.1 Council will not pay for any personal expenses incurred by employees in the course of travel on Council business, e.g. for in-house movies, charges for the use of special hotel facilities such as gyms and hairdressers or mini bar use.

2.18 Expense reimbursements

2.18.1 Council employees, who pay for expenses themselves through the use of personal credit cards or other means, can claim reimbursement from Council by documentation evidence to the relevant Group Managers.

2.19 Spouses' travel

2.19.1 Council will not pay for spouses, partners or other family members travelling with employees. A spouse or other individual may accompany an employee on a business trip at the employee's expense.

2.19.2 Where involvement of the Mayor or Chief Executive's spouse contributes to Council business, pre-approval by the Chief Executive or Mayor respectively is required for spouses to accompany at Council's cost. Council has resolved to pay for the Mayor's spouse to accompany him/her to the annual Local Government New Zealand Conference.

2.20 Business costs

2.20.1 Council business costs (eg internet access charges) necessarily incurred by an employee while on approved travel will be paid for by Council.

2.21 Loyalty Reward Scheme Benefits

Loyalty rewards accruing to employees carrying out Council duties are to be treated in accordance with the following:

- a. as the property of Council, not the individual;
- b. for the benefit of and application for Council as far as practicable;
- c. recorded by employees to be reported regularly to Council;
- d. unapplied loyalty rewards to be transferred to Council or bought by the individual upon leaving Council employment;
- e. where receiving a prize or loyalty reward could be perceived as inappropriate it is to be declined by Council.

3 Entertainment and Hospitality

3.1 Providing Hospitality

3.1.1 Council will allow moderate and conservative expenditure for entertainment and hospitality purposes where it is for one or more of the following purposes:

- a. building relationships;
- b. representing the organisation;
- c. reciprocal hospitality where this has a clear Council business related purpose and is within the usual bounds of hospitality;
- d. recognising significant achievements within Council or the Clutha District; and
- e. building revenue for Council.

3.2 Receiving hospitality

3.2.1 In accepting hospitality, the elected member or employee is responsible for ensuring it does not compromise (or is perceived to compromise) Council's or an individual's decision-making capacity to act without impartiality or integrity.

3.3 Alcohol

3.3.1 Where alcohol is to be involved as part of entertainment and hospitality expenditure this must be pre-approved by the Chief Executive. The approval should include details of quantities of alcohol.

4 Employee Support

4.1 Farewells Gifts - Staff

4.1.1 For farewell gifts for employees the Council's *Policy on Staff Farewell Gifts* should be followed.

4.2 Farewells Gifts – Elected members

4.2.1 Farewell gifts for elected members may be up to the value of \$100 for the first term served and \$50 for every additional term spent with Council thereafter.

4.2.2 Expenditure by the Council for a farewell or retirement of elected members other than the Mayor is to be pre-approved by the Mayor.

4.2.3 The Mayor may pre-approve a *reasonable* departure from the above formula where a elected member has offered lengthy or exceptional service to Local Government.

4.2.4 In the case of gifts for Mayors, expenditure will be pre-approved by the Executive Committee.

4.3 Professional memberships

4.3.1 Membership to a professional body is *sensitive expenditure* due to its personal nature.

4.3.2 Payment of professional fees by Council on behalf of a staff member must be:

- approved by their manager.
- clearly relevant to the staff member's duties and responsibilities.
- for the staff member alone and is not to cover members of their family or other non-staff members.
- be for no longer than one year in duration, unless significant discounts are available, and it is reasonable to expect a two-year membership would be an advantage to the Council;
- cancelled or transferred to an appropriate staff member if the staff member's employment with the Council is terminated, via resignation or otherwise.
- refunded directly to the Council if the membership is cancelled.

4.4 Sponsorship of employees

4.4.1 Council may sponsor employees for events through the provision of, or payment for, goods or services. Council sponsorship should be in accordance with the following:

- costs associated with the sponsorship should be reasonable;
- should have a justified Council business purpose (if not see 'Donations' below); and
- funds should by preference be provided through a club associated with the event.

4.5 Private use of Council assets

4.5.1 Council assets includes physical items owned, leased, or borrowed. Examples include photocopiers, mobile devices, computer equipment, laptops, office furniture, uniforms and stationery.

4.5.2 Private use of Council assets is to be avoided. The exception to this is where specific policies provide for private use in certain circumstances. Where this is allowed in a particular policy the cost of private use should be recovered unless it is impractical or uneconomic to do so.

4.5.3 Council policies and procedures that address private use of Council assets, include the following.

- *Electronic Communications Policy*: This policy applies to the communications activities undertaken by employees. This includes use of email, internet, mobile phones, as well as social media.
- *Employee Use of Council Vehicles (Procedure)*: This procedure outlines circumstances where the senior and third tier managers who are assigned vehicles may apply for private use of the vehicle, together with arrangements for reimbursement to Council for that use.
- *Employee Code of Conduct*: Sections relevant to *Sensitive expenditure* include leadership behaviours, professionalism and integrity, as well as references not to participate in any action that undermines or has the potential to undermine the council's relationships with its stakeholders or bring Council into disrepute to bring Council into disrepute.

4.6 Social Club

4.6.1 Council may provide funding support to the Social Club as an all-purpose grant towards the club's annual budget or as a grant or subsidy for a specific event.

4.6.2 Council support should be for a justified Council business purpose (if not see 'Donations' below). This purpose would typically be connected with organisational development and staff well-being.

4.6.3 Any funding provided should be prudent and reasonable in terms of the benefit obtained by the organisation. The social club activities for which the subsidy is given should align with the principles in the *Sensitive Expenditure Policy* and Section 1 of these guidelines.

4.7 Sale of assets to staff

4.7.1 Council sale or disposal of assets (including obsolete, worn out surplus assets) will recognise the value of the asset and any potential for actual or perceived undue benefit by staff and dispose of assets in accordance with Council policies and procedures having particular regard to:

- maximise the return to the organisation if disposing assets (including to staff) and be able to justify that amount (for example, market value); and
- ensure that all assets identified for disposal to staff are professionally valued and subject to a tender or other process that is appropriate to the value of the asset.

4.7.2 Maximising return to the public organisation can include considering non-financial benefits like sustainability. For example where Council is unable to sell or find an alternative use for its assets and there is a transparent process it may be preferable for the asset to be offered to staff rather than being taken to a landfill.

4.7.3 Council's *Fleet Management Policy* provides guidance on sale of Council vehicles.

5 Credit Card Use for Council Expenditure

5.1 Credit cards

5.1.1 Only the Chief Executive is eligible for a credit card for Council business expenditure.

5.1.2 The Mayor provides authorisation for:

- provision of a credit card to the Chief Executive; and

- cancellation and destruction of a credit card.

5.2 Credit limits

- 5.2.1 The limit on the Chief Executive's credit card is set at \$20,000. Any changes to that limit must be approved by the Mayor and be consistent with minimum levels necessary to undertake Council duties as required.
- 5.2.2 Where an increase is approved by the Mayor, point 5.2.1 is to be amended accordingly.

5.3 Credit card use and documentation

- 5.3.1 The Chief Executive has the authority to make credit card purchases on behalf of the Council.
- 5.3.2 All credit card transactions must, where possible, be supported by a valid tax invoice/receipt as well as the credit card and EFTPOS record slips to ensure the transaction is able to be reviewed and to allow Council to claim back the GST content of qualifying purchases. Where the business purpose of any expenditure is not clear, a written reason for the expenditure should be attached to the credit card statement.
- 5.3.3 Credit cards may not be used for private expenditure.

5.4 Cash advances

- 5.4.1 Cash advances from a Council credit card are not allowed.

5.5 On-line purchases

- 5.5.1 The Chief Executive credit card may be used for on-line purchases/payments subject to
- purchasing over the internet is consistent with the Council's normal purchasing controls.
 - the transaction is with established reputable companies known to the Council, and
 - any online order forms completed when purchasing are retained.
- 5.5.2 The Executive Assistant to the Chief Executive is authorised to make on-line credit card purchases on behalf of the Chief Executive subject to:
- Council's normal purchasing controls and the relevant provisions of this procedure detailed above; and
 - a record of each use is maintained by the Executive Assistant for reconciliation against subsequent credit card statements.

5.6 Review and monitoring of transactions

- 5.6.1 All transactions are to be monitored through the Mayor's reviews of the monthly credit card statements to ensure expenditure has been made in accordance with the provisions of this procedure.

5.7 Unauthorised use

- 5.7.1 Unauthorised use, whether intentional or not, is to be notified to the Mayor with reimbursement.
- 5.7.2 Intentional use for unauthorised transactions may result in disciplinary action, and cancellation of the credit card.

6 Other Types of Expenditure

6.1 Donations

6.1.1 Donations can only be made with the approval of Council consistent with principles of preserving impartiality, integrity, and being moderate and conservative.

6.1.2 Council should only consider making a donation where it:

- is for purposes consistent with Council business;
- is of a size that is appropriate in the circumstances;
- will not result in any obligation on a recipient, other than to apply the donation to the intended purpose;
- complies with the law;
- is non-political;
- is transparent / disclosed in full;
- is made to a recognised organisation by normal commercial means, rather than to the individual or in cash; and
- is disclosed in aggregate (where required) and appropriately documented.

6.2 Koha

6.2.1 Koha is a gift, token, or contribution given on appropriate occasions such as tangihanga; attendance at an event/meeting; for use on or for a marae; and kaumātua support for pōwhiri, mihi whakatau meetings, or other events..

6.2.2 Where Council gives koha for a justified Council business purpose, it must ensure that:

- koha reflects the occasion;
- koha is not confused with any other payment Council makes to an organisation;
- koha are approved in advance by the Chief Executive; and
- it is clearly documented with the date, amount, description, and purpose of the koha, but recognising koha are given in a cultural context so may be seen as discretionary, and that receipt of the koha can be undocumented.

6.3 Gifts

6.3.1 Council may give gifts in circumstances, such as the following:

- for retirement (see Farewells and Retirements);
- where it is customary to give a gift;
- to recognise achievement within the community e.g. at the Community Service and Fire Service Awards;
- to congratulate new citizens in Citizenship ceremonies; and
- prizes for competitions where it is part of a promotion of the district or Council.

6.3.2 Approval for giving gifts must be pre-approved by the Chief Executive or the Mayor.

6.3.3 When giving gifts Council must ensure it is provided subject to the principles of a justifiable business purpose, being moderate and conservative, acting with integrity, and preserving impartiality and that:

- the value or nature of the gift is appropriate to the occasion;
- the gift will not result in expectation of any favour in return;
- the gift is not given in substitution for legitimate payment or remuneration; and
- a receipt is retained from the place of purchase.

6.3.4 On receiving gifts Council must ensure:

- consideration is first given whether it is appropriate to accept, and if not accepted the decision is recorded in the Council's Gift Register
- the gift does not alter the decision-making of Council, or Council employees, or be perceived to do so.
- the gift when accepted is recorded in Council's Gift Register and remains the property of the Council to be used for either Council's or the public's benefit.

6.3.5 Gifts made directly to individual employees should be discouraged or respectfully declined, subject to not giving offence. Where this is not possible individual gifts should be:

- infrequent, for example, individual or organisations should not provide a gift to an employee more than once in any two year period;
- be recorded on the Council's Gift Register;
- where gifts are less than \$20 in value they may be retained by the employee; and
- where gifts are \$20 or more in value, they remain Council's property.

6.3.6 Council's Xmas gift draw is not considered to be a gift.

7. Version Control

Version History			
Date:	Action:	Name:	Version:
1 July 2007	Policy on Sensitive Expenditure 2013 created (included procedures)	Council	1
TBA	(Proposed) Policy on Sensitive Expenditure 2013 created (included procedures) retired		-
TBA	(Proposed) Document Split into: a. Sensitive Expenditure Policy b. Sensitive Expenditure Procedure		

DRAFT

Risk & Assurance Committee

Item for RECOMMENDATION

Report	Fraud Policy Review
Meeting Date	1 September 2022
Item Number	3
Prepared By	Peter Stafford, Senior Policy Advisor, Strategic Planning Larissa Brown, Manager, Strategic Planning
File Reference	748754

REPORT SUMMARY

The report proposes an update to the Council Fraud Policy.

RECOMMENDATIONS

1. That the Risk & Assurance Committee receives the Fraud Policy Review report dated 1 September 2022.
2. That the Risk & Assurance Committee recommends to Council that the Policy on Fraud 2013 be retired.
3. That the Risk & Assurance Committee recommends to Council that they approve the Fraud Policy 2022, or as amended.
4. That the Risk and Assurance Committee notes the revised Fraud Policy includes separation and revision of the organisational procedures components as a separate Fraud Procedure.

REPORT

1 Background

The review of the Fraud Policy is part of Council's current work program to systematically review all policies on a periodic basis.

The review has been informed by:

- The existing Policy on Fraud 2013 (Attachment 1);
- Council's internal risk management framework;
- Council's internal policy management system and policy review priorities;
- Controller and Office of the Auditor General guide: *Discouraging Fraud*¹;
- Ministry of Justice guide: *Create a fraud and corruption policy*²
- Consultation with key Council staff.

¹ Controller and Office of the Auditor General guide, *Discouraging Fraud* ([Good Practice Summary: Discouraging Fraud \(oag.parliament.nz\)](#)) Accessed 15 August 2022.

² Ministry of Justice, Create a fraud and corruption policy, [Create-a-fraud-and-corruption-policy.pdf \(justice.govt.nz\)](#), Accessed 15 August 2022.

2 Strategic Goals and Outcomes

This report contributes towards meeting Councils' obligations under legislative Acts including:

- Local Government Act 2002
- Local Authority (Members' Interests Act 1968)
- Public Audit Act 2001
- Crimes Act 1961
- Employment Relations Act 2000
- Privacy Act 1993.

3 Policy Considerations

3.1 Review Priority

The current policy was last reviewed on 26 September 2013. The policy register identifies this review as high priority due to the risks associated with it being dated, and the potential it does not address current standards and practices.

3.2 Policy restructure

The current Fraud Policy has been split into two parts.

- Fraud Policy (Council policy) - Attachment 1.
- Fraud Procedures (Organisational procedure) – Attachment 2.

This separation seeks to manage policy risks more effectively by enabling the Council to focus on higher order direction and scrutiny consistent with Council's internal risk management framework and policy management system.

Matters with an internal focus related to procedures are subject to Chief Executive signoff, with review by Council if required.

This approach is being progressively implemented as policies are reviewed. The approach is summarised in the following figure.

Policy System Overview

Policy – "What"

- Council policy (highest level of scrutiny, often required by legislation, Council sign off)
- Organisational policy (internal focus, CE sign off)

Procedures – "How"

- How policies will be applied (CE sign off)

Operational Documents – Step by step guidance on "how"

3.3 Policy review findings and amendments

The current policy was found to substantially meet current good practice requirements from a functional perspective.

The proposed policy (Attachment 2) has been updated to include greater clarity on the following:

- Council's zero tolerance approach to fraud; and
- Elected member and employee obligations requirements
 - to act honestly and with integrity to safeguard the public resources, services and interests for which the Council is responsible.
 - where fraud, bribery or corruption is suspected it must be reported.
- Council's fraud risk prevention framework, encompassing organisational risk reviews, detection and prevention, internal controls, reporting and awareness and education.

Definitions have been updated to include:

- 'corruption', which includes bribery as a component of fraud
- 'elected members' and 'employees'.

3.4 Procedure review findings and amendments

The current procedures were also found to substantially meet good practice requirements from a functional perspective.

The proposed procedure (Attachment 3) contains additional content on management responsibilities, education, awareness and communication, fraud assessment and management (Sections 1.1 to 1.3)

4 Implementation

Subject to the endorsement of the Fraud Policy and Procedures by the Risk and Assurance Committee and the approval of the policy by Council, the management team will promulgate the policy within Council. This will include

- briefing sessions for elected members and employees on the policy and procedures; and
- implementation of capacity building measures outlined in Section 1.2 of the procedures.

5 Agenda Attachments

Attachment 1 – Policy on Fraud 2013

Attachment 2 – Fraud Policy

Attachment 3 - Fraud Procedures

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 022	Fraud
Prepared by	Senior Policy Analyst	
Authorised by	Council	Page 1
Effective From	26 September 2013	No. Pages 5

Policy on Fraud

1. Purpose

- 1.1. To develop controls that will aid in the prevention, detection, investigation and reporting of fraud against Council.
- 1.2. This policy applies to any fraud, impropriety or dishonesty (suspected or actual), involving Council employees, as well as councillors, consultants, vendors, contractors and/or any other parties with a business relationship with Council.

2. Policy

- 2.1 Council will investigate all instances of suspected fraud, impropriety or dishonesty against Council, or other personnel, clients or contractors of Council.
- 2.2 Council will minimise the likelihood of fraud occurring through the maintenance of internal control frameworks to monitor and review transactions and activities, such as monthly management reporting, especially in areas likely to be susceptible to fraud.
- 2.3 In every case of suspected fraud, impropriety or dishonesty the Council will make every effort to gather sufficient reliable evidence to support a criminal prosecution.
- 2.4 Should a council employee or a councillor be found guilty of fraud, Council will take action in accordance with the Councillor and Employee Codes of Conduct.
- 2.5 Should consultants, vendors, contractors and/or any other parties who have a business relationship with Council be found guilty of fraud, Council will refer the matter (along with supporting evidence) to the appropriate law enforcement agencies.
- 2.6 Council will seek to recover all funds or other Council property lost through fraud.

3. Procedures

3.1 Management Responsibilities

Management is responsible for:

- a. **detection and prevention** - being familiar with improprieties that could occur within their area of responsibility and being alert for such improprieties

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 022		Fraud
Prepared by	Senior Policy Analyst		
Authorised by	Council	Page	2
Effective From	26 September 2013	No. Pages	5

- b. **internal controls** - ensuring adequate internal controls exist within their area of responsibility and that those controls are operating effectively, e.g. undertaking regularly reviews of transactions and activities that may be susceptible to fraud
- c. **reporting** – all detected irregularities (suspected or actual) must be reported immediately to the Chief Executive to coordinate investigations. Where there is a question as to whether an action constitutes fraud the Chief Executive must be consulted for guidance (see 'Reporting Procedures')

3.2 Investigation Responsibilities

The Chief Executive is responsible for:

- a. investigating all suspected fraudulent acts
- b. full documentation of the facts and circumstances of the matter - if an investigation shows fraudulent activities have occurred, the Chief Executive will issue reports to the Management Committee and to the Office of the Auditor General (see 'Documentation of Fraud').

3.3 Documentation of Fraud

Documentation of any suspected fraud, impropriety or dishonesty should include the following:

- a. name and position of the suspected individual(s);
- b. a summary of the nature of the suspected fraud;
- c. the timing and extent of the suspected fraud;
- d. details of public funds involved;
- e. an actual or estimated dollar value of the suspected fraud;
- f. details of the method by which the suspected fraud was committed;
- g. any breakdowns or weaknesses in the internal control systems which may account for the suspected fraud having taken place;
- h. any other reason(s) that may have enabled the suspected fraud to be perpetrated;
- i. interim steps taken to prevent further suspected fraud occurring in this way;
- j. what law enforcement agency, if any, has been informed of the suspected fraud, or is intended to be informed;
- k. what other steps have been taken to manage the suspected fraud.

3.4 Investigating Suspected Fraud

Those appointed by the Chief Executive to investigate fraud will have:

- a. free and unrestricted access to all Council records and premises; and
- b. authority, when it is within the scope of their investigation, to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities.

Any investigation activity required will be conducted without regard to length of service, position/title or relationship to Council.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 022	Fraud
Prepared by	Senior Policy Analyst	
Authorised by	Council	Page 3
Effective From	26 September 2013	No. Pages 5

3.5 Confidentiality

The Chief Executive and any other Council employee involved in a case of suspected fraud must treat all information on the case confidentially.

Any employee of Council or other person who suspects dishonest or fraudulent activity must notify the Chief Executive immediately, and should not attempt to personally conduct investigations or interviews. (see 'Reporting Procedures').

3.6 Reporting Procedures

Those investigating suspected improprieties or irregularities must avoid making mistaken accusations.

An employee or other person who discovers or suspects fraudulent activity must contact the Chief Executive immediately. The employee or other complainant may remain anonymous under the Protected Disclosures Act 2000.

If an allegation involves the Chief Executive then the information shall be reported to the Mayor.

All enquiries concerning the activity under investigation from the suspected individual, their attorney or representative, or any other enquirer should be directed to the Chief Executive. No information concerning the status of an investigation will be given out.

Any individual reporting a suspected impropriety or irregularity should be informed:

- a. not to contact the suspected individual in an effort to determine facts or demand restitution;
- b. not to discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive

3.7 Advice to Council

The Chief Executive will report to Council on any fraud investigations when it has reached a stage he/she considers appropriate.

3.8 Decision to Prosecute

Should the fraud be considered to be of a serious nature, the Chief Executive will refer examination results to the appropriate law enforcement and/or regulatory agencies, such as the Serious Fraud Office or Police, for independent investigation in conjunction with legal counsel and Council's senior management.

Law enforcement agencies rather than Council will make the decision on whether to prosecute, where it is found that fraud, impropriety or dishonesty has occurred.

3.9 Termination

If an investigation results in a recommendation to terminate the employment of an individual, the recommendation will be reviewed for approval by the Executive Management Committee and, if necessary, after consultation with a legal advisor before any such action is taken.

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 022		Fraud
Prepared by	Senior Policy Analyst		
Authorised by	Council	Page	4
Effective From	26 September 2013	No. Pages	5

3.10 Recovery of Defrauded Amounts

Council will recover any public resources involved in fraudulent activities where it is possible and practicable. If recovery of resources from a fraudulent party is not possible, recovery from Council's insurers will be sought.

4. Definitions

Fraud –

The use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

Fraud, impropriety and dishonesty refer to, but are not limited to the following:

- a. any dishonest or fraudulent act;
- b. forgery or alteration of any document or account belonging to the Council;
- c. forgery or alteration of a cheque, bank draft, or any other financial document;
- d. misappropriation of funds, securities, supplies, or other assets;
- e. impropriety in the handling or reporting of money or financial transactions;
- f. intentional misstatement of financial information;
- g. disclosing confidential and proprietary information to outside parties;
- h. disclosing to other persons securities activities engaged in or contemplated by the Council;
- i. accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Council. This excludes accepting any gifts worth less than \$100 in value (see Councils Policy on Procurement);
- j. an individual falsely representing themselves as either another person, or a fictitious person to an agency for some benefit;
- k. destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- l. any similar or related inappropriate conduct.

5. Relevant Legislation

Protected Disclosures Act 2000, Local Government Act 2002, Local Authority (Members' Interests Act (1968)

6. Legal Compliance

CLUTHA DISTRICT COUNCIL POLICY

Policy Number	01 – 01 – 022	Fraud
Prepared by	Senior Policy Analyst	
Authorised by	Council	Page 5
Effective From	26 September 2013	No. Pages 5

Council formulated this policy so as to comply with the Auditor General’s statement “*The Auditor’s Responsibility to Consider Fraud in an Audit of a Financial Report*” (AG-206) which expects public entities to formally address fraud in a policy (refer AG-206 1.11).

7. Related Policy and Documents

- a. Clutha District Council’s Policy on Sensitive Expenditure
- b. Councils Policy on Procurement
- c. Clutha District Council’s Councillors Code of Conduct
- d. Clutha District Council’s Employee Code of Conduct
- e. Auditor-General’s Statement on *The Auditor’s Responsibility to Consider Fraud in an Audit of a Financial Report* (AG-206)

8. Key Words

Fraud, deception, impropriety, dishonesty, suspected fraud, fraud investigation and reporting procedures

9. Review

This policy will be reviewed as deemed appropriate by the Chief Executive, at least once every three years.



POLICY

FRAUD POLICY		ACTIVITY GROUP:	CORPORATE SERVICES
Policy Type:	Council		
Approved by:	Council		
Department:			
Date Approved:	TBC	Next Review Date:	1 September 2025
Relevant Legislation:	Protected Disclosures (Protection of Whistleblowers) Act 2022 Local Government Act 2002 Local Authority (Members' Interests Act 1968) Public Audit Act 2001 Crimes Act 1961 Employment Relations Act 2000 Privacy Act 1993		
Clutha District Council Related Documents:	Policy on Sensitive Expenditure Policy on Procurement Councillors Code of Conduct Employee Code of Conduct Policy on Protected Disclosures		

PURPOSE

Council is required to function with competence, reliability, and integrity in the application of public money. This requires high standards of financial prudence and probity and being able to withstand public scrutiny in order to ensure trust and confidence in the Council.

The purpose of this policy is to assist those who have responsibility for discouraging and managing fraud against the Clutha District Council. This includes measures that will:

- establish the Council's zero tolerance to fraud;
- aid in the prevention of fraud, including awareness and education of Council employees, and risk identification and management; and
- support detection, investigation and reporting of fraud against Council.

SCOPE

This policy applies to any fraud involving elected members, employees and/or any other parties with a business relationship with Council.

The *Public Audit Act 2001* gives the Auditor-General authority to examine and report on any act or omission that shows or appears to show, waste, lack of probity or financial prudence by a public organisation. The Auditor-General has provided a Statement (AG ISA (NZ) 240) on the Auditors' Responsibilities relation to Fraud in an Annual Audit¹.

DEFINITIONS

Fraud	<p>Fraud is an intentional act by one or more individuals involving the use of deception to obtain an unjust or illegal advantage.</p> <p>This may include, but is not limited to the following:</p> <ul style="list-style-type: none"> • any dishonest or fraudulent act; • forgery or alteration of any document or account belonging to the Council; • forgery or alteration of a cheque, bank draft, or any other financial document; • misappropriation of funds, securities, supplies, or other assets; • impropriety in the handling or reporting of money or financial transactions; • intentional misstatement of financial information for example obtaining funds or any other benefit through misleading claims, representations or by false pretences; • disclosing confidential and proprietary information to outside parties; • disclosing to other persons securities or activities engaged in or contemplated by the Council; • accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Council. This excludes accepting any gifts in accordance with Sensitive Expenditure Policy and Procedures; • an individual falsely representing themselves as either another person, or a fictitious person to an agency for some benefit; • destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; • any similar or related inappropriate conduct; and/or • corruption.
Corruption	<p>Corruption means the abuse of entrusted power for private gain (such as soliciting or receiving gifts or other gratuities to perform an official duty or omit to perform an official duty). Corruption is a type of fraud, and it includes bribery.</p>
Council	<p>Means Clutha District Council.</p>

¹ The Auditor-General's auditing standards 2020: AG ISA (NZ) 240 Fraud (oag.parliament.nz), Accessed 3 August 2022.

Elected Members Means the Mayor, Councillors, and Community Board Members of the Clutha District Council

Employee Means a person employed by the Clutha District Council.

POLICY

1. Council regards fraud as unacceptable and will apply a 'Zero Tolerance' approach to any such behaviour.
2. Elected members and employees are required to act honestly and with integrity and to safeguard the public resources, services and interests for which the Council is responsible at all times.
3. Elected members and employees who suspect fraud must report such behaviour as outlined in this Policy and associated procedures and guidance.
4. Council will maintain a fraud risk prevention framework, encompassing organisational risk reviews, detection and prevention, internal controls, reporting and awareness and education.
5. Council will investigate all instances of suspected fraud against Council, or other personnel, suppliers or contractors of Council.
6. In every case of suspected fraud the Council will make every effort to gather sufficient reliable evidence to support a decision for criminal prosecution.
7. Should any elected members and employees be found guilty of fraud, Council will take action in accordance with the Councillor and Employee Codes of Conduct.
8. Should consultants, suppliers, contractors and/or any other parties who have a business relationship with Council be suspected of fraud, Council will refer the matter (along with supporting evidence) to the appropriate law enforcement agencies.
9. Council will seek to recover all funds or other Council property lost through fraud.
10. Elected members and employees must follow the procedures associated with this policy, and any Council procedures developed to give effect to the policy and procedures.

Version Control

Version History			
Date:	Action:	Name:	Version:
1 July 2007	Policy on Fraud created (included procedures)	Council	1
TBA	(Proposed) Policy on Fraud created (included procedures) retired		-
TBA	(Proposed) Document Split into: <ul style="list-style-type: none"> • Policy on Fraud • Policy on Fraud Procedures 		



Clutha District Council

PROCEDURE

FRAUD PROCEDURE		ACTIVITY GROUP:	All Staff
Procedure Type:	Organisational		
Approved by:			
Department:	Chief Executive		
Date Approved:	Draft	Next Review Date:	1 September 2025
Relevant Legislation:	Protected Disclosures (Protection of Whistleblowers) Act 2022 Local Government Act 2002 Local Authority (Members' Interests Act 1968) Public Audit Act 2001 Crimes Act 1961 Employment Relations Act 2000 Privacy Act 1993		
Clutha District Council Related Documents:	Fraud Policy Policy on Sensitive Expenditure Policy on Procurement Councillors Code of Conduct Employee Code of Conduct Policy on Protected Disclosure Council employment agreements		

PURPOSE

The purpose of these procedures is to assist those who have responsibility for discouraging Fraud against the Clutha District Council in line with Council's *Policy on Fraud*.

SCOPE

1. This policy applies to any fraud involving elected members, employees and/or any other parties with a business relationship with Council.

DEFINITIONS

Fraud

Fraud is an intentional act by one or more individuals involving the use of deception to obtain an unjust or illegal advantage.

This may include, but is not limited to the following:

- any dishonest or fraudulent act;

- forgery or alteration of any document or account belonging to the Council;
- forgery or alteration of a financial document and/or data;
- misappropriation of funds, securities, supplies, or other assets;
- impropriety in the handling or reporting of money or financial transactions;
- intentional misstatement of financial information for example obtaining funds or any other benefit through misleading claims, representations or by false pretences;
- disclosing confidential and proprietary information to outside parties;
- disclosing to other persons securities or activities engaged in or contemplated by the Council;
- accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Council. This excludes accepting any gifts in accordance with Sensitive Expenditure Policy and Procedures;
- an individual falsely representing themselves as either another person, or a fictitious person to an agency for some benefit;
- destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment;
- any similar or related inappropriate conduct; and/or
- corruption.

Corruption

Corruption means the abuse of entrusted power for private gain (such as soliciting or receiving gifts or other gratuities to perform an official duty or omit to perform an official duty). Corruption is a type of fraud, and it includes bribery.

Council

Means Clutha District Council.

Elected Members

Means the Mayor, Councillors, and Community Board Members of the Clutha District Council

Employee

Means a person employed by the Clutha District Council.

PROCEDURES

1 Management Responsibilities

1.1 Management is responsible for:

- **demonstrating the highest standards of ethical behaviour;**
- **awareness and education** of elected members and employees of fraud so that responsibilities are understood;
- **detection and prevention** - being familiar with improprieties that could occur within their area of responsibility and being alert for such improprieties;
- **internal controls** - ensuring adequate internal controls exist within their area of responsibility and that those controls are operating effectively, e.g. undertaking regular reviews of transactions and activities that may be susceptible to fraud;

- **reporting** – all detected irregularities (suspected or actual) must be reported immediately to the Chief Executive to coordinate investigations. Where there is a question as to whether an action constitutes fraud, the Chief Executive must be consulted for guidance (see 'Reporting Procedures').

2 Education, awareness, and communication

- 2.1 The Chief Executive and Group Manager Corporate Services in conjunction with the Manager Human Resources and reporting officers are responsible for ensuring elected members and employees understand their responsibilities in relation to the policy and procedures on fraud and related policies.
- 2.2 This will include education and training of elected members and employees, together with provision of support materials on policies, responsibilities, and information on how to recognise fraud (eg fraud red-flag checklists). This may occur through:
- pre-engagement onboarding processes;
 - Post-engagement induction training;
 - On the job situational training, performance conversations and reviews; and
 - Periodic refresher training and/or updates.

3 Fraud Risk Assessment and Management

- 3.1 The Group Manager, Corporate Services is responsible for ensuring;
- a proactive organisational fraud risk assessment and management framework;
 - a forward-looking organisational review of fraud risk is undertaken at least every three years;
 - risk assessments are undertaken on significant new activities prior to their commencement; and
 - new suppliers' due diligence checks (e.g. credit references and conflict of interests).
- 3.2 The Human Resources Manager in conjunction with relevant reporting lines are responsible for:
- staff appointed to positions of responsibility being appropriately qualified, experienced and aware of their obligations in regard to fraud and the protection of assets of the Council;
 - induction processes for new staff that include fraud awareness and code of conduct training;
 - segregation of duties in accordance with best practice; and
 - ensuring pre-employment screening includes checking for criminal convictions of new staff and appropriate employment references.

4 Investigation Responsibilities

- 4.1 The Chief Executive is responsible for ensuring:
- investigation of all suspected fraudulent acts;
 - full documentation on the facts and circumstances of the matter; and
 - if an investigation shows fraudulent activities have occurred, the Chief Executive will issue a report to the Office of the Auditor General (see 'Documentation of Fraud').

5 Documentation of Fraud

5.1 Documentation of any suspected fraud should include the following:

- name and position of the suspected individual(s);
- a summary of the nature of the suspected fraud;
- the timing and extent of the suspected fraud;
- details of public funds involved;
- an actual or estimated dollar value of the suspected fraud;
- details of the method by which the suspected fraud was committed;
- any breakdowns or weaknesses in the internal control systems which may account for the suspected fraud having taken place;
- any other reason(s) that may have enabled the suspected fraud to be perpetrated;
- interim steps taken to prevent further suspected fraud occurring in this way;
- what law enforcement agency, if any, has been informed of the suspected fraud, or is intended to be informed; and
- what other steps have been taken to manage the suspected fraud.

6 Investigating Suspected Fraud

6.1 Those appointed by the Chief Executive to investigate fraud will have:

- free and unrestricted access to all Council records and premises; and
- authority, when it is within the scope of their investigation, to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities.

6.2 Any investigation activity required will be conducted without regard to length of service, position/title or relationship to Council.

7 Confidentiality

7.1 The Chief Executive and any other elected members and employees involved in a case of suspected fraud must treat all information on the case confidentially.

7.2 Any elected member, employee or other person who suspects fraudulent activity must notify the Chief Executive immediately and should not attempt to personally conduct investigations or interviews. (see 'Reporting Procedures').

7.3 Elected members and employees reporting suspected instances of 'serious wrongdoing' are also covered by Council's *Protected Disclosure Policy*. This Policy provides legal protection for any employee reporting improper, inappropriate, or unlawful behaviour in good faith, or for participating in the investigation of a complaint in accordance with *Protected Disclosures (Protection of Whistleblowers) Act 2022*.

8 Reporting Procedures

8.1 Those investigating suspected improprieties or irregularities must avoid making mistaken accusations.

8.2 An elected member or employee or other person who discovers or suspects fraudulent activity must contact the Chief Executive immediately.

- 8.3 If an allegation involves the Chief Executive, then the information shall be reported to the Mayor.
- 8.4 All enquiries concerning the activity under investigation from the suspected individual, their attorney or representative, or any other enquirer should be directed to the Chief Executive. No information concerning the status of an investigation will be given out.
- 8.5 Any individual reporting a suspected impropriety or irregularity should be informed:
- not to contact the suspected individual in an effort to determine facts or demand restitution; and
 - not to discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive.

9 Advice to Council

- 9.1 The Chief Executive will report to Council on any fraud investigations when it has reached a stage he/she considers appropriate.

10 Decision to Prosecute

- 10.1 The Chief Executive will refer examination results to the appropriate law enforcement and/or regulatory agencies, such as the Serious Fraud Office or Police, for independent investigation in conjunction taking into account any legal advice received.
- 10.2 Law enforcement agencies rather than Council will make the decision on whether to prosecute, where it is found that fraud has occurred.

11 Termination of employment

- 11.1 If an investigation results in a recommendation to terminate the employment of an employee under this policy, the decision to terminate the employment will be made by the Chief Executive, taking in account any legal advice received.

12 Recovery of Defrauded Amounts

- 12.1 Council will recover any public resources involved in fraudulent activities where it is possible and practicable. If recovery of resources from a fraudulent party is not possible, recovery from Council's insurers will be sought.

Version Control

Version History			
Date:	Action:	Name:	Version:
1 July 2007	Policy on Fraud created (included procedures)	Council	1
TBA	(Proposed) Policy on Fraud Expenditure 2013 created (included procedures) retired		-
TBA	(Proposed) Document Split into: <ul style="list-style-type: none"> a. Policy on Sensitive Expenditure b. Guidelines on Sensitive Expenditure 		

DRAFT

DRAFT

Risk & Assurance Committee

Item for INFORMATION

Report	Treasury Management Report
Meeting Date	1 September 2022
Item Number	4
Prepared By	Greg Bowie – Management Accountant
File Reference	703857

REPORT SUMMARY

This report brings together the Treasury Services Advisory Report and the Investment Portfolio Compliance & Monitoring Report into one. Please note the reporting 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 July 2022.

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

- We had a \$1.076m unrealised gain in July, resulting in a year-to-date cumulative return on investment of -3.61% including the losses from the prior 3 months.
- We also had portfolio management fees of \$37k deducted.

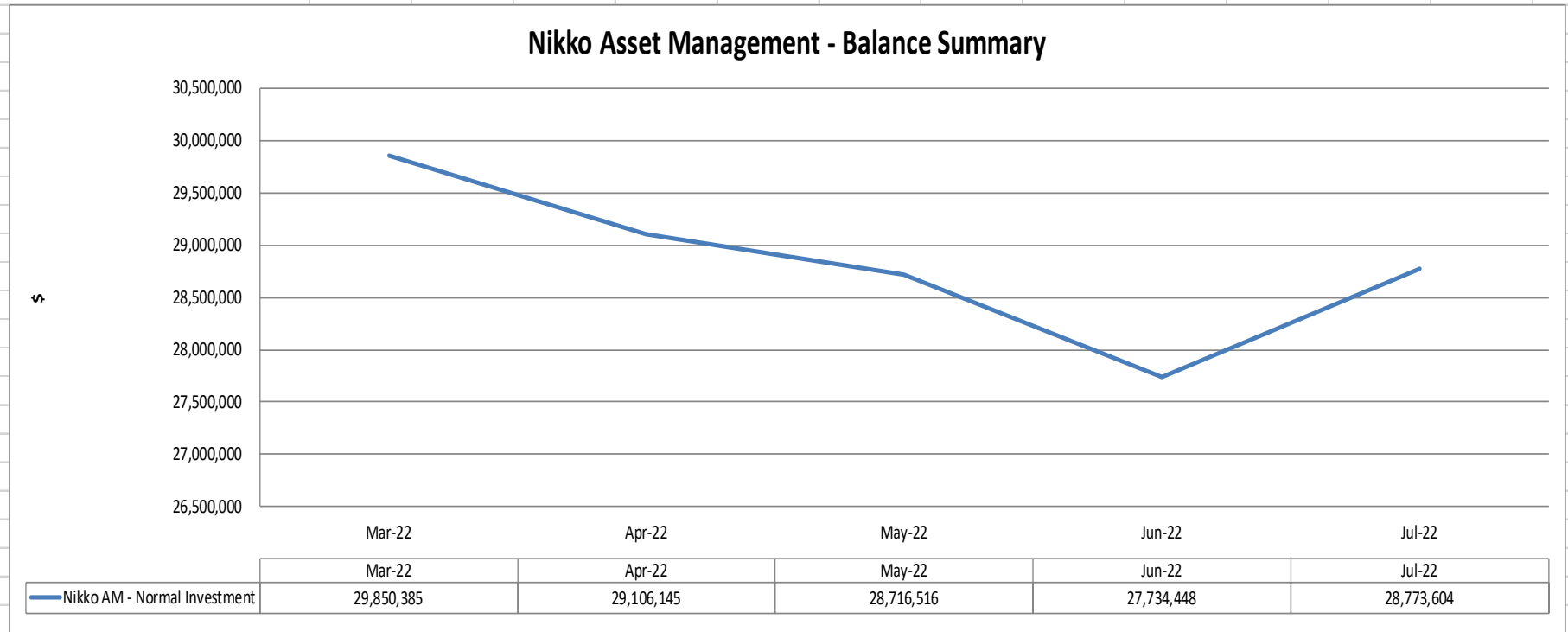
2. Dashboard

TREASURY DASHBOARD			
Period to 31/07/2022			
Investment Balance		\$000	
Nikko Current Balance	28,773	↓	
Nikko Year-End Budgeted Balance	30,600		
Movements		\$000	
Opening Balance (01/07/2022)	27,734		
Growth (Interest + Gains/Losses)	1,076		
Additions	-		
Withdrawals (Rates Subsidy)	-		
Management Fees	- 37		
Closing Balance (31/07/2022)	<u>\$ 28,773</u>		
Debt Balance		\$000	
LGFA Borrowing Current Balance	37,841	↓	
LGFA Year-End Budgeted Balance	45,180		
Movements		\$000	
Opening Balance (01/07/2022)	37,841		
New Debt	-		
Rollover Debt	-		
Repaid Debt	-		
Interest	-		
Closing Balance (31/07/2022)	<u>\$ 37,841</u>		
Link Management Fees (paid from bank a/c)		0	
YTD Return on Investment (April - July)		Debt Funding Profile	
Benchmarks - Performance (NZD Gross Returns)		Benchmarks - Liability Management Policy	
3 months (%)			
	Nikko	B'mark	
NZ Cash	0.49%	0.41%	
NZ Bonds	-2.35%	-2.37%	
Global Bonds	-6.10%	-4.48%	
Core Equity	-9.66%	-10.15%	
Property	-12.33%	-12.22%	
Global Equities – Hedged	-17.63%	-17.53%	
Global Equities - Unhedged	-4.99%	-5.65%	
Multi-Strategy Fund	-0.95%	1.15%	
Total	-6.67%	-6.05%	
Policy Compliance		Policy Compliance	
✓		✓	
Emerging Issues		Emerging Issues	
Covid Omicron variant impacting on markets globally.		Government printing of money means inflation and borrowing costs are likely to rise.	
OCR went to 2% overnight in May - high interest rates and potential recession.			

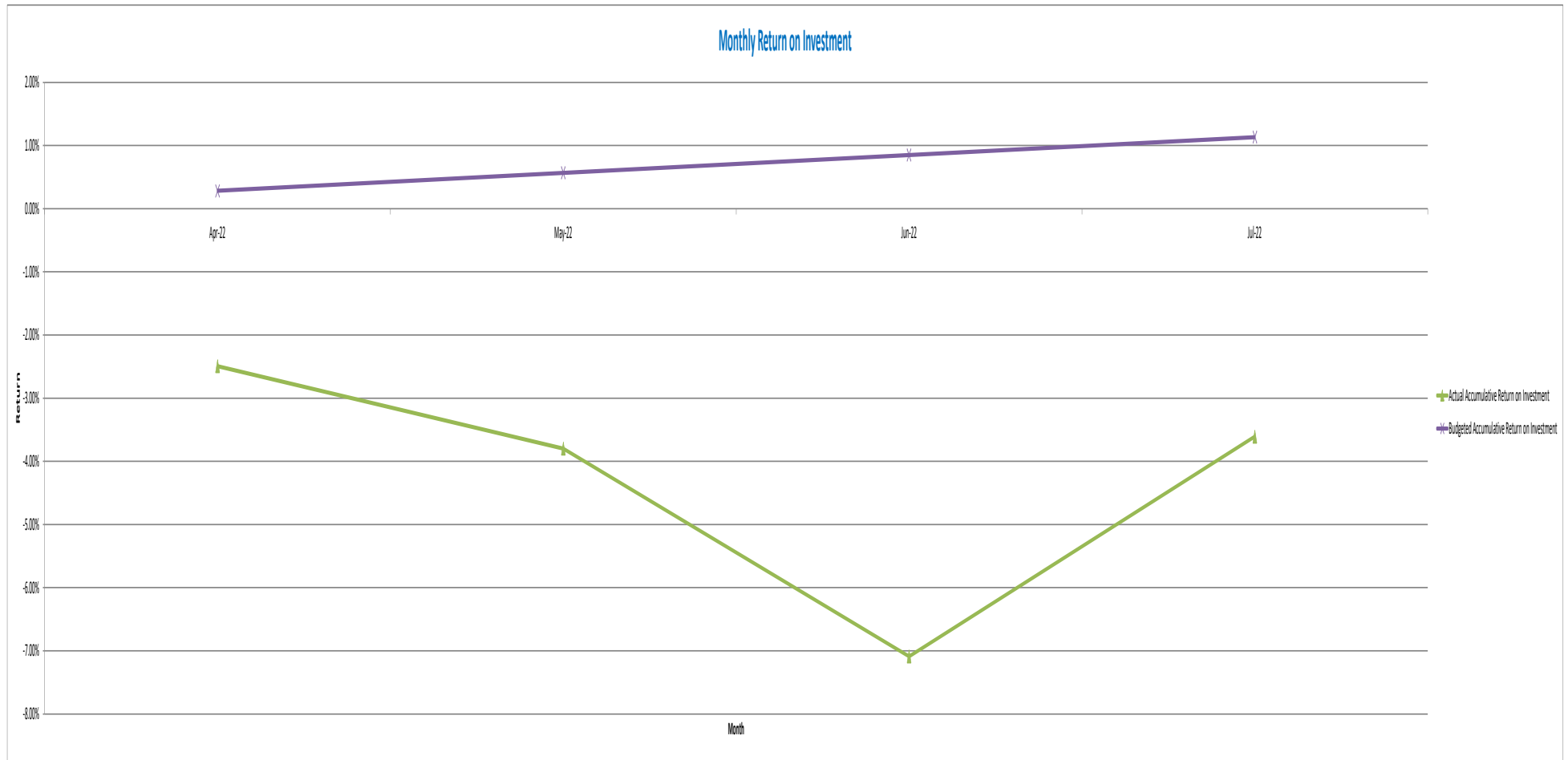
3 NIKKO INVESTMENT PORTFOLIO REPORT

3.1 Combined Nikko Investment Portfolio

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Nikko AM - Normal Investment	29,850,385	29,106,145	28,716,516	27,734,448	28,773,604								
Total	29,850,385	29,106,145	28,716,516	27,734,448	28,773,604								
Change each month	- 975,264	- 744,240	- 389,629	- 982,068	1,039,156								
Year to date change	- 854,469	- 744,240	- 1,133,869	- 2,115,937	- 1,076,781								



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-22		May-22		Jun-22		Jul-22			
		%		%		%		%		
TW0605 - Nikko AM Wholesale NZ Bond Fund	3,579,064	12.30%	3,586,178	12.49%	3,568,844	12.87%	3,672,314	12.76%		
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,308,648	4.50%	1,310,880	4.56%	1,313,734	4.74%	1,280,084	4.45%		
TW0607 - Nikko AM Wholesale Core Equity Fund	2,886,338	9.92%	2,752,939	9.59%	2,652,204	9.56%	2,802,247	9.74%		
TW0610 - Nikko AM Wholesale Global Bond Fund	8,932,469	30.69%	8,931,465	31.10%	8,613,651	31.06%	8,918,889	31.00%		
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	2,200,483	7.56%	2,184,373	7.61%	2,147,892	7.74%	2,137,301	7.43%		
750617C - Nikko AM W/S Multi-Strategy Fund-MAR20	3,391	0.01%	3,632	0.01%	3,632	0.01%	3,641	0.01%		
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	5,743,075	19.73%	5,628,797	19.60%	5,441,698	19.62%	5,710,892	19.85%		
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	3,001,217	10.31%	2,966,295	10.33%	2,682,661	9.67%	2,858,466	9.93%		
TW0622 - Nikko AM Wholesale Property Fund	1,451,460	4.99%	1,351,957	4.71%	1,310,133	4.72%	1,389,769	4.83%		
Total	29,106,145	100%	28,716,516	100%	27,734,448	100%	28,773,604	100%		
Standard Investment Allocation	Apr-22		May-22		Jun-22		Jul-22		Range Limit	
	\$	%	\$	%	\$	%	\$	%		+/-
TW0605 - Nikko AM Wholesale NZ Bond Fund	3,783,799	13.00%	3,733,147	13.00%	3,605,478	13.00%	3,740,569	13.00%	5.00%	-5.00%
TW0606 - Nikko AM Wholesale NZ Cash Fund	1,455,307	5.00%	1,435,826	5.00%	1,386,722	5.00%	1,438,680	5.00%	5.00%	-5.00%
TW0607 - Nikko AM Wholesale Core Equity Fund	2,910,614	10.00%	2,871,652	10.00%	2,773,445	10.00%	2,877,360	10.00%	5.00%	-5.00%
TW0610 - Nikko AM Wholesale Global Bond Fund	9,313,966	32.00%	9,189,285	32.00%	8,875,023	32.00%	9,207,553	32.00%	6.00%	-6.00%
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	2,182,961	7.50%	2,153,739	7.50%	2,080,084	7.50%	2,158,020	7.50%	5.00%	-5.00%
750617C - Nikko AM W/S Multi-Strategy Fund-MAR20	-	0.00%	-	0.00%	-	0.00%	-	0.00%	5.00%	-5.00%
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	5,125,592	17.61%	5,056,978	17.61%	4,884,036	17.61%	5,067,032	17.61%	6.00%	-6.00%
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	2,878,598	9.89%	2,840,063	9.89%	2,742,937	9.89%	2,845,709	9.89%	5.00%	-5.00%
TW0622 - Nikko AM Wholesale Property Fund	1,455,307	5.00%	1,435,826	5.00%	1,386,722	5.00%	1,438,680	5.00%	4.00%	-4.00%
Total	29,106,145	100%	28,716,516	100%	27,734,448	100%	28,773,604	100%		
Variance	Apr-22		May-22		Jun-22		Jul-22			
	\$	%	\$	%	\$	%	\$	%		
TW0605 - Nikko AM Wholesale NZ Bond Fund	- 204,735	-0.70%	- 146,969	-0.51%	- 36,635	-0.13%	- 68,254	-0.24%	Nothing out of range.	
TW0606 - Nikko AM Wholesale NZ Cash Fund	- 146,659	-0.50%	- 124,946	-0.44%	- 72,989	-0.26%	- 158,596	-0.55%		
TW0607 - Nikko AM Wholesale Core Equity Fund	- 24,276	-0.08%	- 118,713	-0.41%	- 121,241	-0.44%	- 75,113	-0.26%		
TW0610 - Nikko AM Wholesale Global Bond Fund	- 381,498	-1.31%	- 257,820	-0.90%	- 261,372	-0.94%	- 288,665	-1.00%		
TW0617 - Nikko AM Wholesale Multi-Strategy Fund	17,522	0.06%	30,634	0.11%	67,809	0.24%	20,719	-0.07%		
750617C - Nikko AM W/S Multi-Strategy Fund-MAR20	3,391	0.01%	3,632	0.01%	3,632	0.01%	3,641	0.01%		
TW0618 - Nikko AM Wholesale Global Equity Unhedged Fund	617,483	2.12%	571,819	1.99%	557,661	2.01%	643,860	2.24%		
TW0619 - Nikko AM Wholesale Global Equity Hedged Fund	122,619	0.42%	126,232	0.44%	60,276	-0.22%	12,757	0.04%		
TW0622 - Nikko AM Wholesale Property Fund	- 3,848	-0.01%	- 83,869	-0.29%	- 76,590	-0.28%	- 48,911	-0.17%		

3.4 Nikko Investments – Combined Summary of Transactions since Inception to July 2022

Nikko Investments - Combined		No. of months							
Summary of transactions since inception		3	12	12	12	12	12	1	64
		Year 1 - 2016/17	Year 2 - 2017/18	Year 3 - 2018/19	Year 4 - 2019/20	Year 5 - 2020/21	Year 6 - 2021/22	Year 7 - 2022/23	Inception to date
Opening Balance		17,467,879	22,971,320	25,519,659	27,210,811	28,984,496	31,702,036	27,750,397	17,467,879
Plus Capital Injections - Forestry Sales		5,355,020	0	0	0	0	0	0	5,355,020
Plus Capital Contributions		0	789,000	1,015,263	0	0	0	0	1,804,263
Plus Returns		148,421	2,669,443	2,124,598	1,885,278	3,898,341	-2,888,395	1,076,968	8,914,654
Less Management Fees		0	-119,056	-140,446	-111,593	-156,337	-163,944	-36,841	-728,217
Less Capital Withdrawals - Rates Subsidy		0	-791,048	-1,308,263	0	-1,024,464	-899,300	0	-4,023,075
Consolidation of Investments		0	0	0	0	0	0	0	0
Closing Balance - per audited financial statements (fair price)		22,971,320	25,519,659	27,210,811	28,984,496	31,702,036	27,750,397	28,790,524	28,790,524
Budgeted Long Term Plan forecast balance		14,320,000	13,009,000	25,281,000	25,718,000	26,163,000	26,163,000	26,163,000	26,163,000
Overall Annual % Change in Fund Value - including Capital Withdrawals/Contributions		31.51%	11.09%	6.63%	6.52%	9.38%	-12.46%	3.75%	64.82%
Overall Annual % Change in Fund Value - excluding Capital Withdrawals/Contributions		0.85%	11.10%	7.77%	6.52%	12.91%	-9.63%	3.75%	46.87%

Risk & Assurance Committee

Item for INFORMATION

Report	Annual Plan Performance Monitoring
Meeting Date	1 September 2022
Item Number	5
Prepared By	Trey Willis-Croft – Management Accountant Trainee Sharon Jenkinson – Finance Manager
File Reference	703858

REPORT SUMMARY

Financial Monitoring:

- No up to date management accounts are presented due to our focus on the Annual Report.

Non-Financial Monitoring:

- To provide more timely reporting of Key Performance Indicators (KPIs) within Council activities by month instead of just in the Annual Report we have included below a summary by month of Council's main KPIs.
- Please note the numbers are not audited but the trends do provide information on how the different activities are doing from a performance perspective.
- Some of the KPI data is only relevant once a year
- In July there are anomalies relating to median response times for personnel to reach site and to confirm resolution for urban water, rural water, and sewerage:
 - The water team are aware of these issues and have stated they are due to a busy few weeks with lots of water issues around the district as well as staffing issues. They are working towards improving their systems as they become more familiar with the new system.
- Solid Waste Data had not been calculated at date of Agendas going out. An update will be added on day of meeting
- The internal service KPI will now be added monthly as the calculations to reach the value have been found
- More 2022 results have been calculated so community leadership, roading, economic and community development and an internal service result have been added.

RECOMMENDATIONS

- 1. That the Risk & Assurance Committee receives the Annual Plan Performance Monitoring report.**



CDC - Summary of Non Financial Performance Measures for the Year Ending 30 June 2023							
Summary of KPI Targets Met	Actual 2020	Actual 2021	Unaudited 2022	Possibly Monthly KPI's	Actual 2023 YTD	Jul	
COMMUNITY LEADERSHIP NON-FINANCIAL RESULTS	2	1	1	0	-	-	
ROADING NON-FINANCIAL RESULTS	1	4	2	0	-	-	
URBAN WATER NON-FINANCIAL RESULTS	5	10	7	10	8	8	
RURAL WATER NON-FINANCIAL RESULTS	2	5	6	10	6	6	
SEWERAGE NON-FINANCIAL RESULTS	7	7	9	11	7	7	
STORMWATER NON-FINANCIAL RESULTS	7	8	7	8	7	7	
COMMUNITY SERVICES	2	2	3	1	1	1	
SOLID WASTE	1	1	3	2	-	-	
ECONOMIC DEVELOPMENT	0	0	-	0	-	-	
REGULATORY AND EMERGENCY SERVICES	0	1	1	2	0	0	
INTERNAL SERVICES	0	1	0	1	-	0	
Total Met	27	40	39		29	29	
Total KPIs	62	62	64		62	62	
Total Monthly KPI's					45	45	
Total Percentage	44%	65%	61%		47%	47%	
Total Monthly Percentage					64%	64%	

CDC - Summary of Non Financial Performance Measures for the Year Ending 30 June 2023							
Measure		Actual 2020	Actual 2021	Unaudited 2022	Monthly Target per LTP	Actual 2023 YTD	Jul
COMMUNITY LEADERSHIP							
Level of Service 1: Provide a effective leadership, representation and service to residents and ratepayers.							
Satisfaction with decision-making, leadership and planning of elected members (Council)	Greater than or equal to	80%	61%	69%	80%	N/A	N/A
Level of Service 2: Monitor rates affordability and provide prudent, effective and efficient financial management							
To stay within rates limits - per Annual Plan		26.7	27.1	27.9	-	N/A	N/A
ROADING							
ROADS							
Level of Service 1: Provide an effective and sustainable local roading network							
Average quality of ride on the sealed road network (as per smooth travel exposure)*	Greater than or equal to	96%	97.0%	97.0%	96%	N/A	N/A
Percentage of the sealed local network that is resurfaced	Greater than or equal to	6.2%	7.4%	4.6%	6.7%	N/A	N/A
% of customer service for roads and footpaths responded to within timeframes*	Greater than or equal to	86%	88%	89.1%	95%	N/A	N/A
Level of Service 2: Monitor safety and invest in improving the roading network							
Number of fatalities and serious injury crashes	Less than or equal to	9	7	14	0.83	N/A	N/A
FOOTPATHS							
Level of Service 3: Provide an effective and sustainable network of footpaths throughout the district							
% of footpaths that are in good, very good or new / near new condition		92.9%	94.6%	92.0%	96.6%	N/A	N/A
BRIDGES							
Level of Service 4: Provide a safe and economic network of bridges throughout the district							
Percentage of bridges on key routes that meet heavy vehicle (50 Max) safety requirements.	Greater than or equal to	90.3%	91.7%	92.3%	92.2%	N/A	N/A

CDC - Summary of Non Financial Performance Measures for the Year Ending 30 June 2023		Actual 2020	Actual 2021	Unaudited 2022	Monthly Target per LTP	Actual 2023 YTD	Jul
URBAN WATER							
Level of Service 1: Water from Council urban supplies is safe to drink.							
Compliance with the NZDW Standards for bacteriological compliance*		79%	100%	N/A	100%	N/A	N/A
Compliance with the NZDW Standards for protozoal compliance*	Greater than or equal to	16%	47%	N/A	98%	N/A	N/A
Level of Service 2: Urban supplies provide a continuous and reliable source of water to consumers							
Number of drinking water complaints (Requests for Service) per 1000 connections about:							
Clarity	Less than or equal to	8	10	15	1.4	1.1	1.1
Taste	Less than or equal to	1	1	1	0.3	0.0	0.0
Odour	Less than or equal to	1	1	1	0.2	0.0	0.0
Pressure	Less than or equal to	6	11	12	0.4	0.0	0.0
Continuity	Less than or equal to	20	16	23	2.5	1.9	1.9
Council's response to any of these issues	Less than or equal to	25	3	0	1.2	0.0	0.0
Average consumption of drinking water per resident per day (litres per day)*	Less than or equal to	535	532	N/A	54.17	N/A	N/A
Level of Service 3: Urban water schemes are managed effectively and efficiently							
Median response time (in hours) from notification of fault or unplanned interruption to when personnel reach the site:							
Urgent	Less than or equal to	4	2	5	2	167.7	167.7
Non-urgent	Less than or equal to	24	2	3	24	117.8	117.8
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:							
Urgent	Less than or equal to	21	5	15	12	4.8	4.8
Non-urgent	Less than or equal to	62	6	5	48	24.3	24.3
Percentage of real water loss from Council's reticulation system*	Less than or equal to	36%	25%	N/A	29%	N/A	N/A
RURAL WATER							
Level of Service 1: Water from council rural schemes is safe to drink							
Compliance with the NZDW Standards for bacteriological compliance		36%	64%	N/A	94%	N/A	N/A
Compliance with the NZDW Standards for protozoal compliance	Greater than or equal to	0%	0%	N/A	66%	N/A	N/A
Level of Service 2: Rural schemes provide a continuous and reliable source of water to consumers							
Number of drinking water complaints (requests for service) per 1000 connections about:							
Clarity	Less than or equal to	19	11	28	1.0	0.0	0.0
Taste	Less than or equal to	1	2	2	0.4	0.0	0.0
Odour	Less than or equal to	7	2	1	0.3	0.6	0.6
Pressure	Less than or equal to	87	221	280	16.7	3.0	3.0
Continuity	Less than or equal to	573	583	530	16.7	11.3	11.3
Council's response to any of these issues		22	2	3	1.2	0.0	0.0
Level of Service 3: Rural water schemes are managed effectively and efficiently							
Median response time (in hours) from notification of fault or unplanned interruption to when personnel reach the site:							
Urgent	Less than	19	4	4	4	117.0	117.0
Non-urgent	Less than	24	5	4	24	91.8	91.8
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:							
Urgent	Less than	43	26	18	12	88.8	88.8
Non-urgent	Less than	48	30	10	48	56.3	56.3

CDC - Summary of Non Financial Performance Measures for the Year Ending 30 June 2023		Actual 2020	Actual 2021	Unaudited 2022	Monthly Target per LTP	Actual 2023 YTD	Jul
SEWERAGE							
Level of Service 1: Provide sewerage services that effectively collect and dispose of sewage							
Number of dry weather sewerage overflows expressed per 1,000 sewerage connections to that sewerage system	Less than or equal to	0	4	5	0.5	1.0	1.0
Level of Service 2: Sewerage schemes are managed efficiently and effectively							
Median response time (in hours) from notification of fault to when personnel:							
Reach the site (response)	Less than	3	2	2	2.00	72.7	72.7
Confirm resolution of blockage or other fault	Less than	7	5	6	8.00	27.5	27.5
Number of complaints per 1,000 connections (using data correct as of December 15 2021) about any of the following:							
Sewerage odour	Less than	2	3	1	0.3	0.2	0.2
Sewerage system faults	Less than	11	2	2	0.8	0.0	0.0
Sewerage system blockages	Less than	8	7	8	0.4	1.3	1.3
Council's response to any of these issues	Less than	3	0	1	0.4	0.0	0.0
Compliance with Council's resource consents for sewerage discharge, measured as number of:							
Abatement notices		0	0	2	0	0	0
Infringement notices		0	0	0	0	0	0
Enforcement orders		0	0	0	0	0	0
Convictions		0	1	0	0	0	0
STORMWATER							
Level of Service 1: To provide stormwater drainage that protects against the effects of flooding							
Flooding events to habitable floors due to overflows from a council stormwater system							
Number of flooding events that occur in a territorial authority district (i.e. an overflow from a Council stormwater system)	Less than	11	4	8	2	2	2
Number of complaints about performance of stormwater systems (per 1,000 connected properties)	Less than or equal to	2	0	2	0.8	0.0	0.0
Median response time from notification of fault to when personnel reach the site	Less than	387	4	2	4.00	89.4	89.4
Compliance with Council's resource consents for discharge from stormwater systems measured by the number of:							
Abatement notices		0	0	0	0	0	0
Infringement notices		0	0	0	0	0	0
Enforcement orders		0	0	0	0	0	0
Successful prosecutions received		0	0	0	0	0	0

CDC - Summary of Non Financial Performance Measures for the Year Ending 30 June 2023		Actual 2020	Actual 2021	Unaudited 2022	Monthly Target per LTP	Actual 2023 YTD	Jul
COMMUNITY SERVICES							
LIBRARIES, SERVICE CENTRES AND INFORMATION CENTRES							
Level of Service 1: Operate a network of community facilities throughout the district including library / service / information centres, pools, halls, playgrounds, sportsgrounds, parks and reserves.							
Resident satisfaction with community facilities	Greater than	90%	82%	90%	90%	N/A	N/A
COMMUNITY HOUSING							
Level of Service: Provide and maintain community housing units throughout the district.							
Portion of community housing units that meet healthy homes standards	Greater than			50%	9%	66%	66%
SOLID WASTE							
Level of Service 1: Provide a facility in the district for the disposal of solid waste							
Resident satisfaction with refuse / recycling service - New				91%	80%	N/A	N/A
Kilogrammes of waste per resident to Mt Cooe landfill (kg) (Population data as at 31 June 2021)	Less than or equal to	651	593	545	48.08	0	
Level of Service 2: Provide waste minimisation services and education							
Kilogrammes of waste per resident diverted from Mt Cooe landfill (kg) (Population data as at 31 June 2021)	Greater than or equal to	51	58	78	4.42	0	
ECONOMIC AND COMMUNITY DEVELOPMENT							
Level of Service 1: Support the District's communities and economy through community planning, facilitation and support.							
Percentage of programmed Our Place community plans completed.		33%	75%	50%	100%	N/A	N/A

CDC - Summary of Non Financial Performance Measures for the Year Ending 30 June 2023		Actual 2020	Actual 2021	Unaudited 2022	Monthly Target per LTP	Actual 2023 YTD	Jul
REGULATORY AND EMERGENCY SERVICES							
Level of Service 1: To provide an application processing service where consents are processed within statutory timeframes in an efficient manner							
Application lodged and processed within statutory timeframes		70%	80%	81%	100%	74%	74%
Level of Service 2: Complaints are prioritised and responded to in an efficient manner							
Customer service requests are responded to within targeted time frames.		Greater than or equal to 92%	95%	98%	95%	87%	87%
INTERNAL SERVICES							
Level of Service 1: We handle customer requests for service efficiently and effectively							
Percentage of service requests resolved within time frames		53%	85%	94%	95%	80%	80%
Level of Service 2: We deliver on our work programmes							
Percentage of capital projects completed.		Greater than 39%	82%	N/A	80%	N/A	N/A

Risk & Assurance Committee

Item for INFORMATION

Report	Risk & Assurance Committee Work Programme
Meeting Date	1 September 2022
Item Number	6
Prepared By	John Scott – Group Manager Corporate Services
File Reference	703859

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.

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											
	Approach	Action		4-Feb-21	3-Feb-22	17-Mar-22	28-Apr-22	9-Jun-22	20-Jul-22	1-Sep-22	Elections
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 - Work in Progress
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											

Clutha District Council										
Risk & Assurance Committee Work Programme - January to December 2021										
	Approach	Action	4-Feb-21	3-Feb-22	17-Mar-22	28-Apr-22	9-Jun-22	20-Jul-22	1-Sep-22	Elections
Areas of Responsibility										
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 - to be circulated	
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	Discussion with Deloitte.	Enquire about DIA measures, bad debts provision, commitments. Check management has signed representations. Have meeting with auditors without management being present.				Audit Partner to be available to discuss audit plan				Audit Partner to be available to discuss annual report status.
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.	Discussion with Deloitte.	Have meeting without management being present.								Audit Partner to be available to discuss annual report status.
Review the processes and risk assessment are in place for the development and adoption of the Council's Long-Term Plan.	Provide draft Financial Strategy and Asset Management Planning approach to the LTP	Provide inputs into FS and AMPs.		Review Financial Strategy for the LTP						
Satisfy itself that the Council has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations	Provide progress update on Management Letter Recommendations	Inspect progress on tracking document at each meeting. Determine whether progress is being made by number of items resolved versus new ones added. May have interim report as well at end of final audit to consider.					Present LTP MR			Report on MR progress.
Satisfy itself that the Council has a performance management framework that is linked to organisational objectives and outcomes.	Part of the LTP review	Apply critical mind to review.					Review the LTP Performance Framework			
Internal audit										
Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors	At this stage we have a way to go here.	No internal audit work planned in 2021 year								
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.	At this stage we have a way to go here.	No internal audit work planned in 2021 year								
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.	At this stage we have a way to go here.	No internal audit work planned in 2021 year								
Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions	At this stage we have a way to go here.	No internal audit work planned in 2021 year								
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.	At this stage we have a way to go here.	No internal audit work planned in 2021 year								
Review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place.	At this stage we have a way to go here.	No internal audit work planned in 2021 year								
External audit										
Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors.	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.	AR and LTP engagement discussed and agreed.				Review Audit Engagement and Proposal Letters applicable				
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	As and when required	As and when required								
Review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations.	As and when required	As and when required								Audit Partner to be at meeting to discuss progress of audit
Oversee the co-ordination of audit programs conducted by the internal and external auditors and other review functions	As and when required	As and when required								
Provide advice to the Council and Chief executive on action taken on significant issues raised in relevant external audit reports and good practice guides	As and when required	As and when required								
Compliance with legislation, standards and good practice guidelines										

Risk & Assurance Committee

Item for INFORMATION

Report	Cyber Risk Programme Report
Meeting Date	1 September 2022
Item Number	7
Prepared By	Schalk Breytenbach – ICT Manager
File Reference	748164

REPORT SUMMARY

Council has approved a program of work to improve our Cybersecurity Risk profile following a larger focus from central and local government triggered by the Waikato DHB breach. CDC IT worked in collaboration with other Southland Councils to evaluate options and negotiate improved pricing as a larger group. This report is an update on progress made.

RECOMMENDATIONS

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

REPORT

1 Background

Council has approved a program of work to improve our Cybersecurity Risk profile following a larger focus from central and local government triggered by the Waikato DHB breach. CDC IT worked in collaboration with other Southland Councils to evaluate options and negotiate improved pricing as a larger group.

2 Projects

Three main projects were proposed and approved funding for:

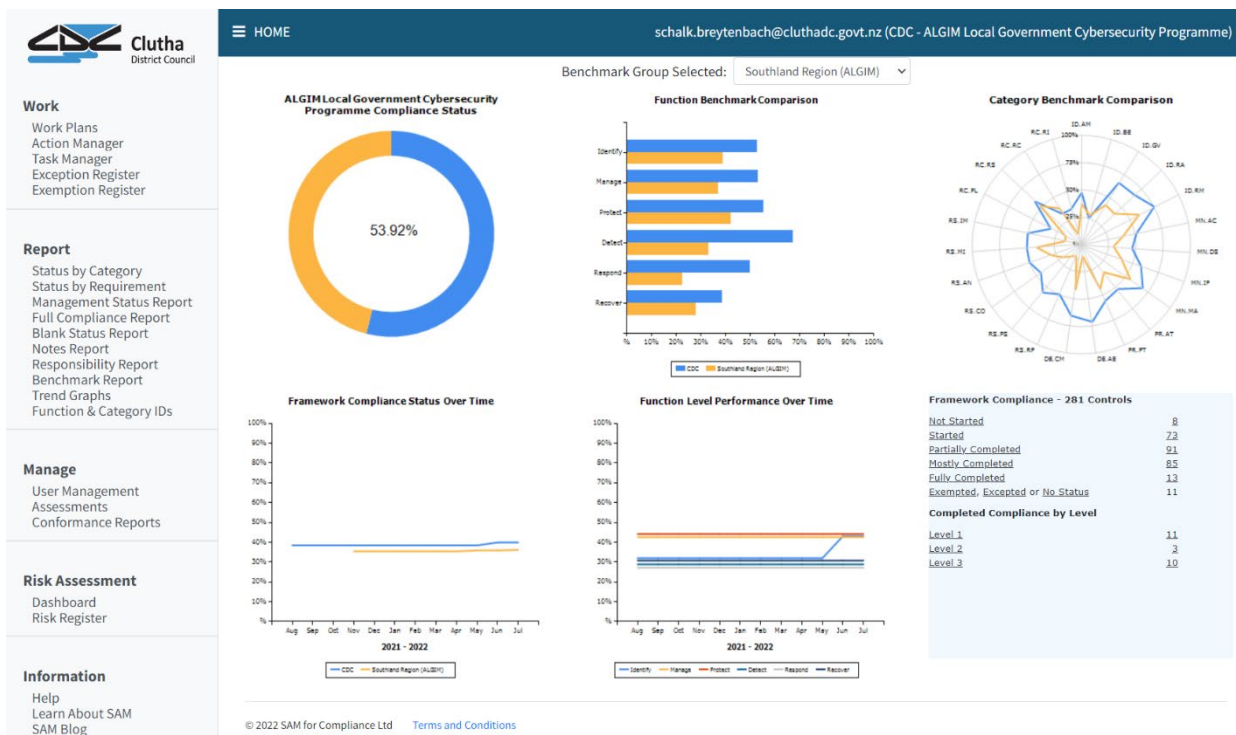
- SAM and ALGIM security framework adoption and audit activities
- Mimecast software implementation
- Crowdstrike software and managed service implementation

3 Implementations

3.1 SAM for compliance

The product and service delivery of a cybersecurity framework for us to build our foundation on. This included an onsite audit for 3 days on our processes and systems to build a baseline a measure. Its built from international and NZ based standards and

frameworks (ISO27001, CIS, NIST, NZISM). This framework has 281 controls that we need to comply to.



ID.AM.WP1 IDENTIFY - ASSET MANAGEMENT - WORK PLAN 1

Framework: SAM - Local Government
Function: Identify
Category: Asset Management

Requirement Completion Status

- Not Started
- Started
- Partially Completed
- Mostly Completed
- Fully Completed

Objective: An inventory for all physical devices and systems is created and maintained
Target: Assets are managed consistent with their relative importance to business objectives and Council's risk management strategy
Workplan Status: 60.72%

ID	Requirement	Responsibility	Status	References
1	Council uses an active discovery tool to identify devices connected to the network and update the hardware asset inventory Notes Actions Tasks Exception Exemption	ICT Manager (Schalk)	Mostly Completed	ALGIM Level 2, CIS-CSC 1.1
2	Council uses Dynamic Host Configuration Protocol (DHCP) logging on all DHCP servers or IP address management tools to update the organisation's hardware asset inventory Notes Actions Tasks Exception Exemption	ICT Manager (Schalk)	Mostly Completed	ALGIM Level 3, CIS-CSC 1.3
3	An accurate and up-to-date inventory of all technology assets with the potential to store or process information is maintained. This inventory shall include all hardware assets, whether connected to the Council's network or not Notes Actions Tasks Exception Exemption	ICT Manager (Schalk)	Partially Completed	ALGIM Level 1, CIS-CSC 1.4
4	The asset inventory is updated as part of component installations, removals and asset upgrades Notes Actions Tasks Exception Exemption	ICT Manager (Schalk)	Partially Completed	ALGIM Level 1
5	An inventory is maintained of authorised Council wireless access points that are connected to the wired network Notes Actions Tasks Exception Exemption	ICT Manager (Schalk)	Mostly Completed	ALGIM Level 1, CIS-CSC 15.1

It also supplies a risk module assisting us to prioritise our efforts.

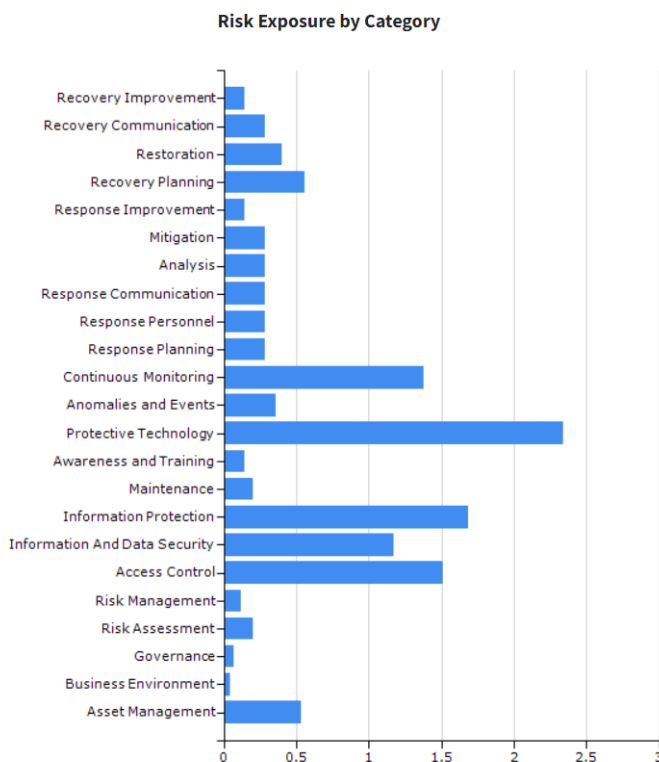
Risk Assessment Dashboard

High	8.170
Moderate	4.350
Low	0.140
Total	12.660

Worst Case	18.270
Average	10.150
Best Possible	2.030

Probability ↓	Minimal	Moderate	Significant	Serious	Extreme
Near Certainly	0.045	0.09	0.18	0.36	0.72
Highly Likely	0.035	0.07	0.14	0.28	0.56
Likely	0.055	0.05	0.10	0.20	0.40
Low Likelihood	0.015	0.03	0.06	0.12	0.24
Not Likely	0.005	0.01	0.02	0.04	0.08
Impact →	Minimal	Moderate	Significant	Serious	Extreme

HIGH - This level of risk exposure is very likely to have a high impact on the business and result in disruption to business activities or compromise of business systems and/or data. High priority for mitigation/remediation
MODERATE - Enhanced risk may create potential for some disruption to business activities or create vulnerabilities that leave the organisation exposed. Schedule work for mitigation or remediation
LOW - Minimum Impact. Minimum oversight needed to ensure risk level remains low



Risk Register

Search for Risk:

Risk ID	Workplan	Risk Category	Potential Risk	Mitigation	Risk Type	Risk Owner	Risk Response	Status	Probability Rating	Impact Rating	Risk Exposure	Risk Tolerance
R.ID.AM.WP1	ID.AM.WP1	Asset Management	Unauthorised and unknown devices on the network that may compromise security	An inventory for all physical devices and systems is created and maintained				Orange	Likely	Significant	0.100	
R.ID.AM.WP2	ID.AM.WP2	Asset Management	Unauthorised and unknown software running on the network that may compromise security	An inventory for all authorised software platforms and applications is created and maintained				Red	Highly Likely	Significant	0.140	
R.ID.AM.WP3	ID.AM.WP3	Asset Management	Unauthorised network connections compromise security	Communication and data flows are mapped				Yellow	Low Likelihood	Significant	0.060	
R.ID.AM.WP4	ID.AM.WP4	Asset Management	Unauthorised cloud systems and services used to store Council information	External information systems are catalogued				Red	Highly Likely	Significant	0.140	
R.ID.AM.WP5	ID.AM.WP5	Asset Management	Inability to prioritise remediation and recovery work impacts business continuity	Assets and resources (e.g. hardware, devices, data, software and external systems) are prioritised based on their classification, criticality and business value				Orange	Likely	Moderate	0.050	
R.ID.BE.WP1	ID.BE.WP1	Business Environment	Lack of business understanding leads to poor decision making and enhanced risk	The scope and scale of Council's business is understood and cybersecurity roles, responsibilities and risk management decisions are determined by this				Red	Highly Likely	Minimal	0.035	
R.ID.GV.WP1	ID.GV.WP1	Governance	IT security is ad-hoc or ignored if Council expectations are not documented	Policies, standards, procedures and processes to manage and monitor the Council's regulatory, legal, risk, environmental and operational requirements are established				Yellow	Low Likelihood	Moderate	0.030	

In addition, we implemented 14 standards and policies for internal use linked back directly to the work program.

Clutha District Council

Standards for the Protection of Information and Information Systems

Home **Acceptable Use** Identify Manage Protect Detect Respond Recover

Asset Management
Governance

Navigation

- [Printable Version](#)
- [Digital communications and internet use](#)
- [Enforcement](#)
- [Exceptions](#)
- [General use and ownership](#)
- [System and network activities](#)
- [Unacceptable use of the internet](#)
- [Unacceptable use of systems and networks](#)

ACCEPTABLE USE STANDARD

Purpose

The purpose of this Standard is to outline the acceptable use of information system assets and information. Information system assets include any equipment or service provided to users by the Council that can be used for communication or to create, process, reproduce or distribute information. Examples include but are not limited to:

- desktop computers
- laptops
- network shares
- document management systems
- email systems
- instant messaging (IM) systems
- internet connections
- mobile devices including smart phones and tablets
- printers and plotters
- fax machines
- telephones and cell phones
- portable storage devices including USB devices

This Standard is one of fourteen documents in the Standards for the Protection of Information and Information Systems group. These Standards ensure that information and information system assets are secure, all regulatory and

SCOPE

This Standard applies to Managers of information system assets that are either owned, licensed, leased or subscribed to by the Council.

CONTROLS

- 1. The scope and scale of the business is understood and cyber security roles, responsibilities and risk management decisions are determined by this**
 - 1.1 Council's place in critical infrastructure is identified and communicated including its impact on citizens, industry, the economy and contribution to national objectives.
 - 1.2 Dependencies and critical functions for delivery of critical services have been identified, established and documented.

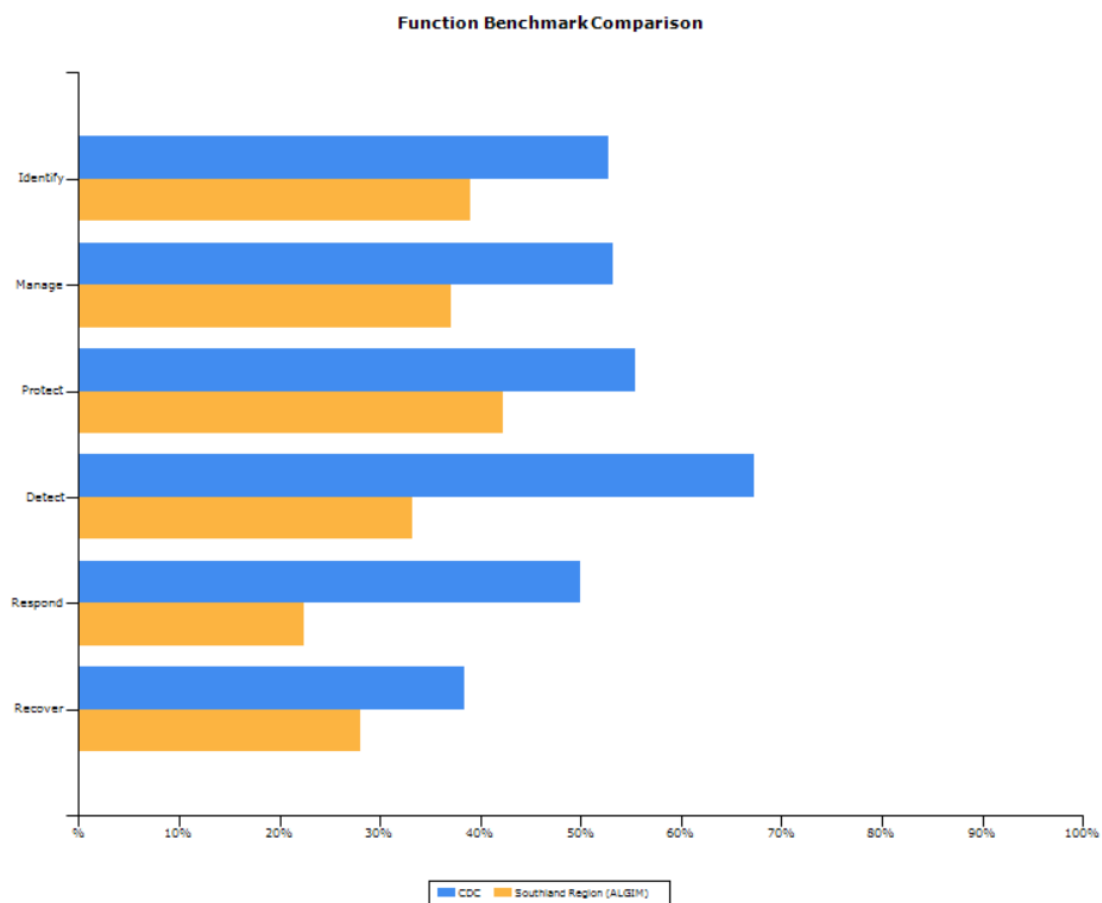
Ref ALGIM Local Government Cybersecurity Programme ID.BE.WP1

1

Standards for the Protection of Information and Information Systems – ALGIM Local Government Cybersecurity Programme - Governance V1.0 created on 14/11/2019
© ALGIM and SAM for Compliance Ltd

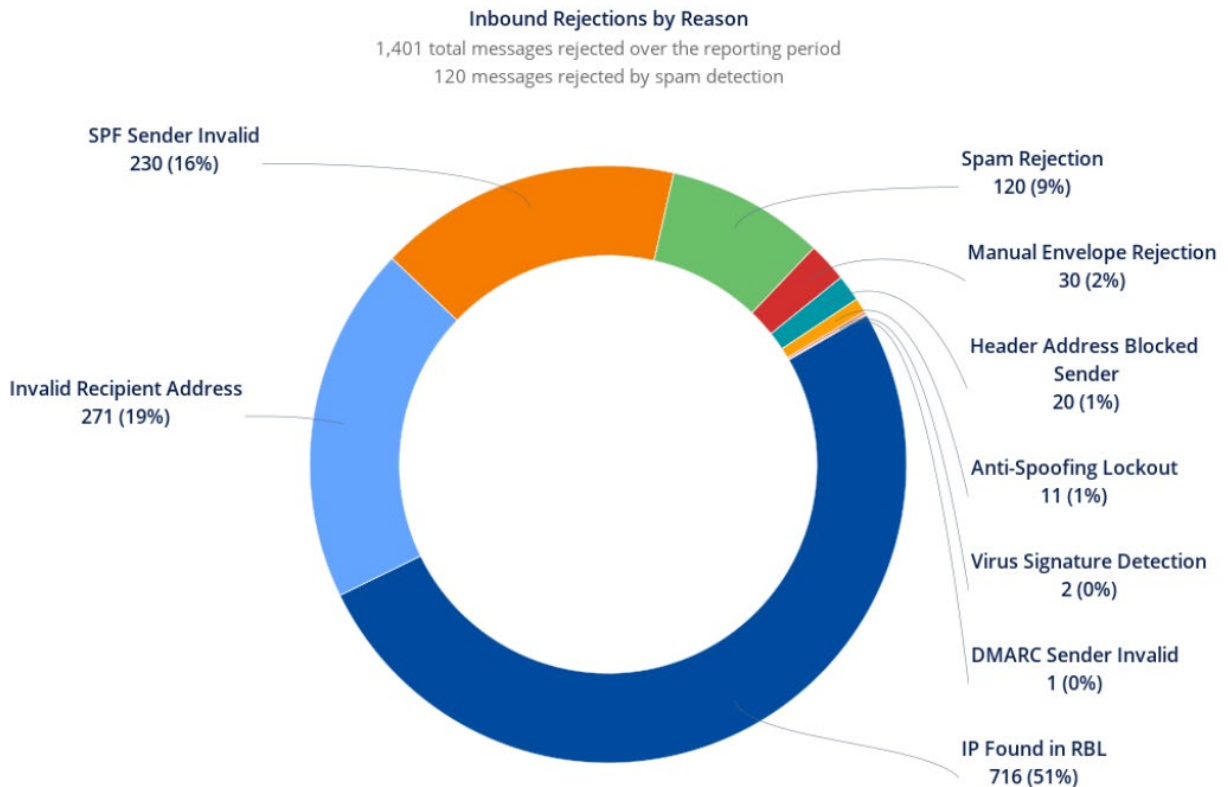


We have improved from a baseline of 38% compliance to 54% score in one year. (CDC blue vs orange for other Southland councils)



3.2 Mimecast implementation

Mimecast is an industry leader in email and web preventive security solutions. With its implementation we have been blocking as significant more malicious emails and stopped several unsafe links being clicked. Below a view of how many gets blocked a week.



This will also be the platform for us to launch our Cyber Awareness training and testing campaigns from.

In addition, Mimecast archives all our emails and have a much-improved search function for LGOIMA and other requests.

3.3 Crowdstrike implementation

This is another industry leader solution in detection and response to malicious threats.

It is a complete 24/7/365 managed detection and response software backed up by the best in class specialist teams across the world. If we are breached by a malicious actor/virus/malware at 2am Saturday morning, they will not only detect it but their team will jump in and kick out the actor(s) and remedy any damage that they have cause in accordance with a playbook that we set up with them within an hour of the breach.

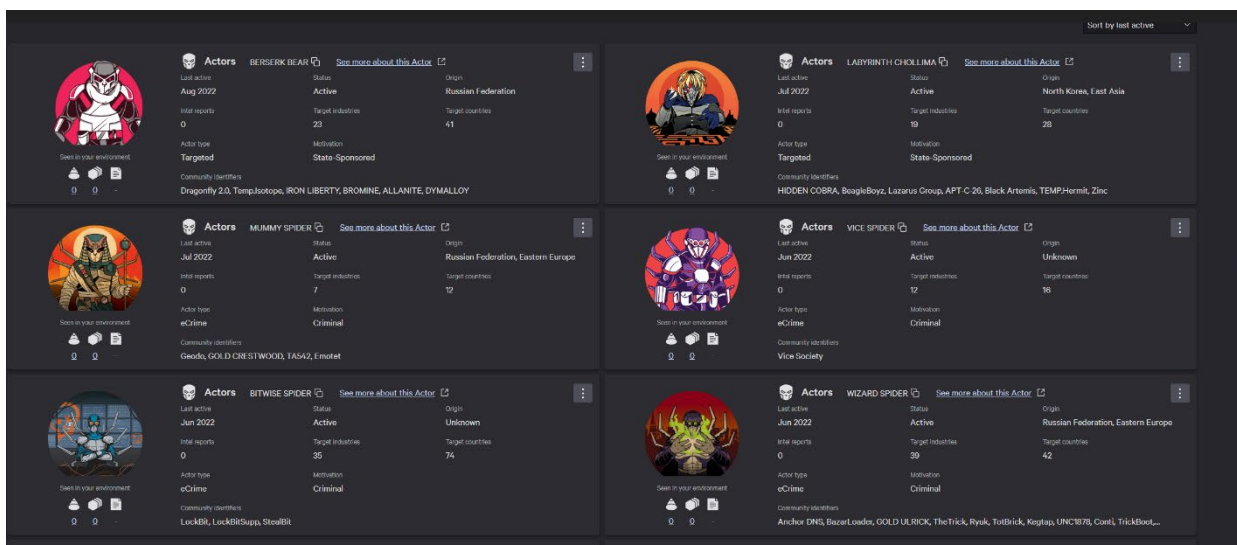
We have deployed it to all our CDC devices that connect directly to the network and have a massive amount of additional telemetry, insights, and reporting that we can analyse and report on.

Below some examples of insights:

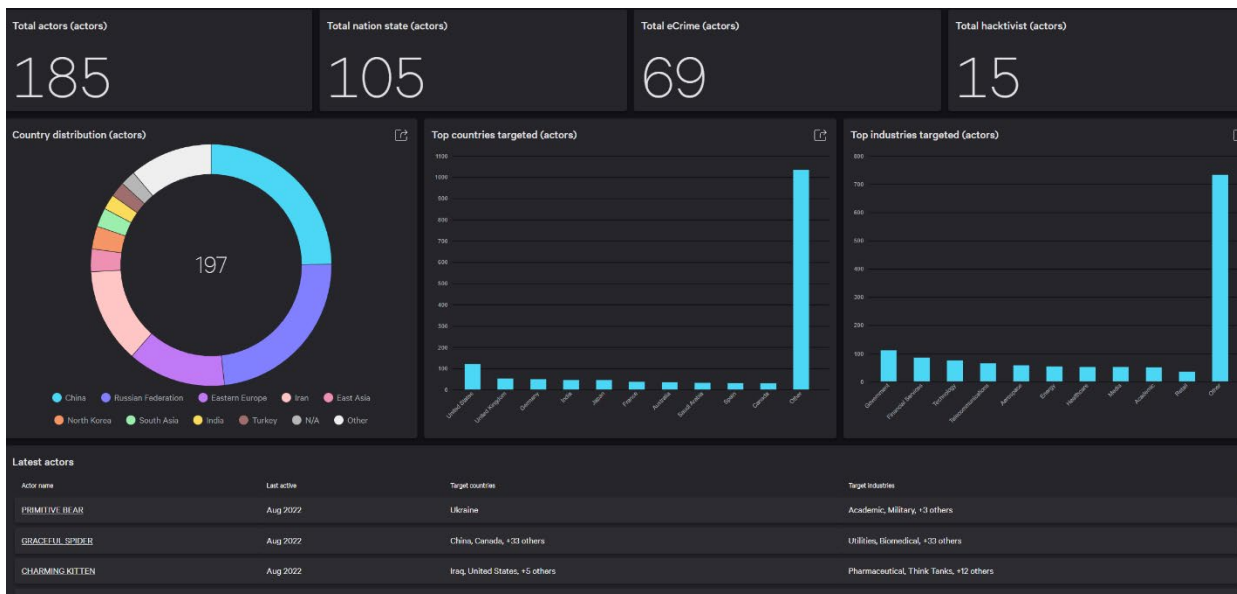
IT assets:



NZ active threat actors:



Global Trends:



4 Next steps

The next project scheduled for this year will focus on improving our recovery processes.

This will include policies, procedures, response plans and formalise our DR strategy.

In the next 2 months we aim to launch our Cyber awareness training and monitoring for all staff including councillors.

Continue the path of constant improvement and maturing in our defences.

Risk & Assurance Committee

Item for INFORMATION

Report	Draft Annual Report 2021/22
Meeting Date	1 September 2022
Item Number	8
Prepared By	John Scott – Group Manager Corporate Services Sharon Jenkinson – Finance Manager
File Reference	748670

REPORT SUMMARY

This is a placeholder for the Draft Annual Report for the 2021/22 financial year to be submitted after this agenda is published. Exactly how much can be made available will be dependant on further progress being made.

For the first time we have a combined Non-Financial and Financial Section in a word format. We will have a more refined quality document for publication.

The main points for noting include:

- Roading revaluation movement
- Water infrastructure revaluation movement
- Increase in borrowings
- Capital expenditure

The water infrastructure valuation implications are not included in this draft as they are being finalised by the valuers.

The audit is planned to start 12 September so there is enough time to provide inputs before adoption. At the least a discussion can be held on the matter of the Annual Report.

RECOMMENDATION

- 1. That the Risk & Assurance Committee receives the Draft Annual Report 2021/22 report.**