



AGENDA

Audit and Risk Committee Meeting Tuesday, 8 December 2020

Date Tuesday, 8 December 2020

Time 11am

Location Meeting Room 1
Timaru District Council
King George Place
Timaru

File Reference 1394519

Timaru District Council

Notice is hereby given that a meeting of the Audit and Risk Committee will be held in the Meeting Room 1, Timaru District Council, King George Place, Timaru, on Tuesday 8 December 2020, at 11am.

Audit and Risk Committee Members

Keiran Horne (Chairperson), Cr Peter Burt (Deputy Chairperson), Cr Stu Piddington, Janice Fredric and Mayor Nigel Bowen

Quorum – no less than 2 members

Local Authorities (Members' Interests) Act 1968

Subcommittee members are reminded that if you have a pecuniary interest in any item on the agenda, then you must declare this interest and refrain from discussing or voting on this item, and are advised to withdraw from the meeting table.

Donna Cross

Group Manager Commercial and Strategy

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- 1 Apologies**
- 2 Identification of Items of Urgent Business**
- 3 Identification of Matters of a Minor Nature**
- 4 Declaration of Conflicts of Interest**

5 Confirmation of Minutes

5.1 Minutes of the Audit and Risk Committee Meeting held on 12 October 2020

Author: Elizabeth Law, EA to GM Commercial & Strategy

Recommendation

That the Minutes of the Audit and Risk Committee Meeting held on 12 October 2020 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Attachments

- 1. Minutes of the Audit and Risk Committee Meeting held on 12 October 2020**



MINUTES

Audit and Risk Committee Meeting Monday, 12 October 2020

Ref: 1394519

**Minutes of Timaru District Council
Audit and Risk Committee Meeting
Held in the Meeting Room 1, Timaru District Council, King George Place, Timaru
on Monday, 12 October 2020 at 11am**

Present: Keiran Horne (Chairperson), Cr Peter Burt (Deputy Chairperson), Mayor Nigel Bowen, Cr Stu Piddington, Janice Fredric

In Attendance: Chief Executive (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Chief Information Officer (Justin Bagust), Acting Chief Financial Officer (Sandy Hogg), Risk and Assurance Manager (Ernest Bernard), Director Audit New Zealand (John Mackey), Executive Assistant Commercial and Strategy (Liz Law)

The chairperson advised the Committee that the meeting will be recorded for training purposes. Group Manager Commercial and Strategy welcomed Executive Assistant Commercial and Strategy (Liz Law) and Acting Chief Financial Officer (Sandy Hogg) to the meeting.

1 Apologies

Group Manager People and Digital (Symon Leggett) and Group Manager Infrastructure (Andrew Dixon).

2 Identification of Items of Urgent Business

There were no urgent business items.

3 Identification of Matters of a Minor Nature

There were no minor nature items.

4 Declaration of Conflicts of Interest

There were no declarations of conflicts of interest.

5 Confirmation of Minutes

5.1 Minutes of the Audit and Risk Committee Meeting held on 16 June 2020

There were a few corrections/amendments requested to be made (recorded below in the resolution).

It was noted that the Audit and Risk Committee Charter was approved by Council, but would need to be further updated to reflect the recent changes to the membership of the Committee.

Resolution 2020/26

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That the Minutes of the Audit and Risk Committee Meeting held on 16 June 2020 be confirmed as a true and correct record of that meeting, with the following amendments:

- Section 6.5, last paragraph – replace “independent director” with “independent member”.
- Section 6.10, second paragraph – replace “altercations” with “implications”.

Carried

ACTION POINTS

1. The actions schedule, outlining matters arising from each meeting and status, is to be attached to meeting agenda going forward.
2. The risk register is to be included in the next Council agenda.

6 Reports

6.1 Audit and Risk Committee Work Programme

The Committee was updated with the programme of work for the Committee which will be updated on a 12-month rolling basis and included with every agenda.

New and updated items are marked in red on the report.

Resolution 2020/27

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That the report be received and noted.

Carried

6.2 Corporate Risk Register Update (All Risks)

The Risk and Assurance Manager updated the Committee on the Corporate Risk Register.

Two risk workshops (SLT and Council) have been held with similar risks identified – these have been captured in the report. The Risk and Assurance Manager is to work through a ranking process with the Senior Leadership Team. This will be reported at the next meeting.

A discussion was held as to whether the residual risk was the risk after mitigations, or the implementation of areas for development. It was clarified that the residual risk is the risk after mitigations, and that implementation of the areas for development would be expected to further reduce this.

The following comments and questions were raised in relation to specific risks:

- Risk 4 (climate change)
 - Clr Burt advised that the adaptation strategy is key for Council but is unaware of a set timeline.

- The Chief Executive advised that more work is being done through the Senior Leadership Team. This work will be reflected in the Activity Management Plans, which are one of the primary tools to identify issues in relation to climate change.
- In addition, the Office of the Auditor General has made clear that part of Long Term Plans will be “what are councils doing to address climate change and the ramifications and implications that arise”. The Chief Executive advised that extra resource is being put in place to help identify some of those climate change issues and the effects. There is currently no overarching strategy developed yet but it is something that is to be worked on.
- Risk 5 (natural disaster): It was noted this risk needs the areas for development included, and it's expected the Council would be seeking to reduce this risk (currently assessed as extreme).
- Risk 10 (minor injuries): It was noted that minor injuries are not a strategic issue, therefore a question was raised over whether this needs to be included on the strategic risk register.
- Risk 5 (natural or human induced disaster event) and risk 7 (major financial shock): These new items are a little vague and the Committee would like to see these risks updated to capture more specific detail.
- Risk 24 (legislative changes): Needs further development of the mitigations, for example, engagement and stakeholder relationship management etc.

With the following general comments/suggestions for improvements:

- Timelines – ensuring areas for development are time bound with reporting on items completed.
- Mitigations/areas for development: ensuring these are clear and specific, with further clarity of what is being done to mitigate the top risks, who is responsible, when it is expected to be done, and a status register was requested.
- There are a lot of things Council are doing that are not included. It would be good to see the entire list from the risk management framework included.
- Changes since the last report shown in another colour and possibly an up or down arrow on the residual rating to show direction of travel (is the risk severity increasing or decreasing).

Resolution 2020/28

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the report be received and noted.

That a recommendation be made to Council to adopt the Risk Appetite Statement.

Carried

ACTION POINTS

- The risk register is to continue to be refined and improved taking into account the suggestions made by the Committee, with clear responsibilities, timeframes and tracking of areas for development.
- The risk appetite statement is to be referred to Council for approval.

6.3 Recommendations from Review of Risk Management Framework - Implementation Plan

The Committee was presented with a draft Risk Management Framework and given an update by the Risk and Assurance Manager.

The framework is now more detailed and has been updated using the new 2018 ISO Standard, and services as the supporting framework and guideline to the risk management policy. The Chair acknowledged the work done by the Risk and Assurance Manager.

A member inquired if an external audit was carried out to achieve compliance with the ISO standard. The Risk and Assurance Manager clarified that an audit has not been carried out and Timaru District Council is not accredited as such, rather the ISO standard has been used as a guiding document when developing the risk management framework.

It was pointed out that Quality Assurance and Annual Certification were in the contents but did not appear in the document. The Risk and Assurance Manager will look into whether these are meant to appear or could be removed.

It was asked if the figures under Appendix 3 Financial, had been aligned and checked that they are correct. Further work needs to be done as there appears to be some inconsistencies in the appendices.

There was discussion around if the preparation of risk treatment plan within 30 days was fast enough for an extreme event. It was agreed that the plan to be finalised in 30 days was reasonable as there was immediate notification in an extreme event.

Clarification was sought around who extreme and high risks and incidents were reported to. It was explained that health and safety events come from health and safety department and they report to the Risk and Assurance Manager to report to the Committee, with serious incidents reported to the Chief Executive. Anything that needs to be reported to Worksafe is reported directly to the Chief Executive.

In relation to capital projects, extreme/high risks, and adverse events are reported to the group manager and then a decision is made where to escalate further.

The Group Manager Commercial and Strategy suggested that the Risk and Assurance Manager prepare on a two monthly report with an aggregation of the risks across activity management plans, project plans etc. for the Senior Leadership Team to discuss at their operations meeting and then the agreed high and extreme risks will be reported to the Committee. If an extreme risk event happens outside of this timeline it will be reported separately.

Council subsidiaries are responsible for their own risk registers but it is currently being asked how these risks could affect Council. For Timaru District Holdings Limited, requirements around risk reporting are set out in letters on expectations and statements of intent.

Under the benefits section (section 3) there needs to be some mention of the upside risks, opportunities need to be captured.

The Risk and Assurance Manager is to confirm to the Committee if the risks assessed as high or very high under 4.3 of the Risk Management Framework are gross or residual. Also the last line under 4.4 needs to be updated.

The following corrections are to be made to the framework:

- Page 14 under Contingency Plans, "staff, students or contractors" amend to read "staff, community or contractors".

- Page 33 under Almost Certain and Possible, “9 or next 10 years” and “4 or next 10 years” amend to read “9 of the next 10 years” and “4 of the next 10 years”.
- Appendix 5 needs a heading on the same page.
- Appendix 5 under Risk Rating Health and Safety, second risk is not in line with Appendix 3 – the Risk and Assurance Manager to look into this inconsistency in thresholds.
- Appendix 6 is not consistent with Appendix 5 – Risk and Assurance Manager is to look into and update inconsistencies around who is to be notified – Group Manager or Chair.

The Risk Policy is meant to be the higher level but there is some information duplicated – duplication can be removed and policy elevated to a higher level document.

Resolution 2020/29

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the report be received and noted, and the framework with revisions (taking into account the Committee’s feedback) will come back to the Committee to make a recommendation to Council to approve.

Carried

ACTION POINTS

- The Risk Management Framework is to be updated to take into account the comments and suggestions from the Committee noted above. The updated risk management framework will come back to the next meeting for review prior to it being recommended to Council for approval.

6.4 Internal Audit Plan

The Risk and Assurance Manager provided a more detailed audit plan for 2020/21 which outlined the resource required to carry out the proposed audits.

The Committee was provided a revised plan to prioritise key audits and risk management activities.

Risk and Assurance will review the Internal Audit Plan periodically and advise the Senior Leadership Team of any extreme/high risks matters and will propose for those areas to be prioritised for a review if required.

The Group Manager Commercial and Strategy advised the Committee that council has not undergone an independent risk maturity assessment.

There needs to be clarity around when checks will be carried out, particularly if an area identified for audit has not been or will not be audited within three years. One member asked officers to consider prioritisation of the following audit areas if not recently reviewed: procurement, assets (purchasing/disposals), leases, grants, privacy.

Group Manager Commercial and Strategy noted that these internal audits are in addition to the continuous improvement activities of each team within the organisation to ensure its own practices and procedures are compliant and consistent with good practice.

The Chief Executive noted that if we identified heightened risk we would move to do greater internal assurance.

It was noted that due to the resources available, not all areas can be audited every year. Further risk and resource based prioritisation of the risks will occur prior to confirming the future audit programme.

The Chair is satisfied with the process that is being taken for 2020/2021.

Resolution 2020/30

Moved: Ms Keiran Horne

Seconded: Mayor Nigel Bowen

That we recommend the Draft Internal Audit Plan to Council for approval.

Carried

ACTION POINTS

- The draft internal audit plan is to be referred to Council for approval, on the recommendation of the Committee.

6.5 AuditNZ - Long Term Plan Audit - Letter of Engagement

The Chair welcomed John Mackey, Director from Audit New Zealand (AuditNZ).

Group Manager Commercial and Strategy and the Audit Director have held discussions in regard to the letter of engagement mainly around timeframes which will differ from previous Long Term Plans due to COVID-19. These are not currently in the letter of engagement but will be added. Tools have been provided by AuditNZ to enable us to ensure that the way we are progressing is going to be useful when it comes time to do the audit.

The Audit Director elaborated further on the timeframes for Annual Reports. They have been moved out by two months to 31 December due to the need to prioritise the financial statements of government.

Long Term Plan (LTP) audits will not start until after Christmas. They will look at infrastructure strategy and asset management plans prior to Christmas. There is no action to defer the adoption date for the LTP at present which is still 30 June 2021, and timeframes will be difficult. While there is no penalty for late adoption of an LTP, it may become a problem for rating processes (the Committee also noted difficulties around interim decision making, and need to ensure good consultation).

The Chair asked officers what is being done to mitigate timing and other issues with the Long Term Plan. The Chief Executive advised the Committee that there is a LTP Project Control meeting being held next week to discuss any resourcing issues.

The Chair noted that there is a requirement for the Mayor to sign the engagement letter and was advised that there is no requirement for this to go to Council.

The Chair noted that the self-assessment document is to be reviewed by the Chief Executive and the Chair and is to be submitted by 22 October 2020.

Resolution 2020/31

Moved: Ms Keiran Horne

Seconded: Ms Janice Fredric

That the report be received and noted.

Carried

ACTION POINTS

- The Group Manager Commercial and Strategy will arrange for signing of the Letter of Engagement by the Mayor.
- The self-assessment document is to be completed and provided to the Chief Executive and Chair to review prior to submission to AuditNZ on 22 October.

6.6 Probity Report

The Committee was advised that there have been no incidents of wrong doing brought to the attention of the Chief Executive or other senior executives in Council.

Resolution 2020/32

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the report be received and noted.

Carried

6.7 Health and Safety Update

Justin Bagust, Chief Information Officer advised the Committee he is standing in for the Group Manager People and Digital.

The Council's new Health and Safety Advisor is currently focussing mainly in the contractor space.

A question was raised in relation to a serious incident regarding a member of the public at CBay pool last year. What is being done to mitigate these types of risks. The Committee asked why this incident has not appeared in the reporting to the Committee.

The Chair requested that with the new Health and Safety Advisor coming on board, could he attend the next Committee meeting.

It was requested that additional content be included in this report in the future, including:

- What is the roadmap;
- What are the annual objectives;
- How are they measured and monitored (and performance measured);
- What are the lag and lead indicators;
- What is the benchmarking against other Councils;
- Other indicators (e.g. leave balances, staff turnover, exit themes), schedule of H&S observations and targets;
- The Chair would like clarification of critical safety risks within the organisation i.e. the risks of serious harm/death, what are the mitigations, the path forward, external reviews (what is the proposed programme for external review).

The Chief Executive noted that the People and Performance Committee receive reports on staff turnover, leave balances etc.

The Health and Safety Advisor's main focus is in the contractor space at the moment – as the risk is quite high.

There is a Health and Safety Canterbury Managers' Group so information could be obtained through that group.

Currently near misses are reported through a system called Safehold (likely to be updated).

Resolution 2020/33

Moved: Ms Keiran Horne

Seconded: Ms Janice Fredric

That the report be received and noted.

Carried

ACTION POINTS

- Kevin Rowell, Health and Safety Advisor is to be invited to the next meeting.
- A follow up report is to be provided in relation to the assault at Cbay last year with details of where this was recorded/reported.
- The next H&S report is to include additional reporting, including the items identified in the comments.

7 Consideration of Urgent Business Items

No items.

8 Consideration of Minor Nature Matters

No items.

9 Exclusion of the Public

Resolution 2020/34

Moved: Ms Keiran Horne

Seconded: Cr Peter Burt

That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
10.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 16 June 2020	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural	To protect a person's privacy Commercial sensitivity Due to an obligation of confidence and to ensure the

	<p>persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied</p> <p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>information avenue remains open, when it is in the public interest for it to do so</p> <p>Due to an obligation of confidence and to protect the public interest</p> <p>To protect all communications between a legal adviser and clients from being disclosed without the permission of the client.</p> <p>To enable commercial activities</p> <p>To enable commercial or industrial negotiations</p>
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	s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	
10.2 - Health and Safety Update	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person's privacy
10.3 - Cyber Security Report	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Commercial sensitivity
10.4 - Employee Matters	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person's privacy
10.5 - Recommendations Outstanding Register	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Commercial sensitivity
10.6 - Legal Update	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege s7(2)(i) - The withholding of the information is necessary to	Commercial sensitivity To protect all communications between a legal adviser and clients from being disclosed without the permission of the client. To enable commercial or industrial negotiations

	enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	
10.7 - Insurance	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>Commercial sensitivity</p> <p>To enable commercial activities</p>
10.8 - AuditNZ - Interim Management Report	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>Commercial sensitivity</p> <p>To enable commercial activities</p>
10.9 - Timaru District Council Draft Annual Report 2019/20	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or</p>	<p>Commercial sensitivity</p> <p>To enable commercial activities</p>

	disadvantage, commercial activities	
10.10 - Committee and Auditor only time (agenda placeholder)	<p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>Due to an obligation of confidence and to protect the public interest</p> <p>To enable commercial activities</p>
10.11 - Committee and Chief Executive only time (agenda placeholder)	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>To protect a person’s privacy</p> <p>To enable commercial activities</p>

Carried

Recommendation

That the meeting moves out of Closed Meeting into Open Meeting.

- 10 Public Excluded Reports**
- 10.1 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 16 June 2020**
- 10.2 Health and Safety Update**
- 10.3 Cyber Security Report**
- 10.4 Employee Matters**
- 10.5 Recommendations Outstanding Register**
- 10.6 Legal Update**
- 10.7 Insurance**
- 10.8 AuditNZ - Interim Management Report**
- 10.9 Timaru District Council Draft Annual Report 2019/20**
- 10.10 Committee and Auditor only time (agenda placeholder)**
- 10.11 Committee and Chief Executive only time (agenda placeholder)**
- 11 Re-admittance of the Public**

The meeting closed at 2:20pm.

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Chairperson

6 Reports

6.1 Audit and Risk Committee Work Programme

Author: Ernest Bernard, Risk and Assurance Manager

Authoriser: Donna Cross, Group Manager Commercial and Strategy

Recommendation

That the report be received and noted.

Purpose of Report

1 This report is to update and outline the programme of work (below) for the Committee.

Discussion

Work Programme				
<i>Public items</i>	Oct	Dec	Mar	Jun
Risk register – top risks and COVID 19	✓	✓	✓	✓
Risk register – all risks including COVID 19 (annually)		No update	✓	
Health and safety update (quarterly)	✓	✓	✓	✓
Probity update	✓	✓	✓	✓
Tax risk management report (annually)		✓		
Implementation items risk management framework	✓			
Internal audit and assurance programme (annually)	✓	✓	✓	✓
Audit plan and engagement letters (annually)	LTP			✓
Audit management report (annually)		✓		
Accounting policy review (annually)				✓
Tax Risk Management Framework (<i>every two years</i>)		✓		
<i>Public excluded items</i>				
Health and safety update (quarterly)	✓	✓	✓	✓
Issues Watch Register (quarterly)	✓	✓	✓	✓
Cyber Security Report	✓	✓	✓	✓
Outstanding items raised by audits	✓	✓	✓	✓
Draft annual report review (annually)	✓			
Review audit representation letters (annually)	✓			
AuditNZ interim audit report		✓		
Insurance renewal (annually)		✓ (strategy)		✓ (endorse)
Credit rating review			✓	
Employee matters (as required)	✓	✓	✓	✓
Auditor only time	✓	✓	✓	✓
CE only time	✓	✓	✓	✓

Attachments

Nil

6.2 Health and Safety Update

Author: Symon Leggett, Group Manager People and Digital

Authoriser: Symon Leggett, Group Manager People and Digital

Recommendation

That the report be received and noted.

Purpose of Report

- 1 This report is to provide an update on health and safety activity since the last report to the Audit and Risk Subcommittee in October 2020.
- 2 The health and safety of staff, contractors and members of the public who use our facilities is a constant focus for the organisation. Continuous improvement is a key theme to ensure we're always striving for a stronger safety culture.

Assessment of Significance

- 3 Very low

Coronavirus

- 4 The Covid-19 Coronavirus, is still a constant factor in our activity, especially for customer facing roles and community facilities. Council continues to follow the advice and guidelines issued from the Ministry of Health (MOH), Local Government New Zealand (LGNZ) and various professional bodies, such as Sport New Zealand.
- 5 Our business continuity plans (BCP) remain active and are updated to reflect the changes in national alert levels or advisory recommendations. This is now a 'watching brief' as part of our business as usual activity.

Follow up from October 2020 meeting

- 6 The Subcommittee has requested updated information on a number of areas, with the corresponding information listed below.
 - 6.1 An outline of TDC's health & safety objectives. The objectives for Timaru District Council are:
 - 6.1.1 To ensure consistent and timely compliance with Health & Safety policies across the organisation to a level consistent with the previous Accident Compensation Corporation (ACC) tertiary level.
 - 6.1.2 To maintain a comprehensive Health & Safety Induction Programme for new employees.
 - 6.1.3 Provide all staff with at least three education or training opportunities during the period.

- 6.1.4 To achieve zero serious harm events and to improve the level of recording of incidents or near misses.
- 6.1.5 To initiate a programme of “Popup” previews to measure the level of verification auditing being undertaken across the organisation.
- 6.1.6 To have 75% of all driving staff at 5 star level and the balance of 4 star level by 30 June 2019 or earlier.
- 6.1.7 Refine the checklist for staff with audit or verification roles in Health & Safety.
- 6.1.8 Provide for increased opportunities for elected members to be involved with Health & Safety processes.
- 6.1.9 Further develop the organisation wide library of Standard Operating Procedures.
- 6.2 The objectives for the health and safety committee are:
 - 6.2.1 To hold at least 11 meetings annually with all minutes, agendas, hazard register and accidents statistics circulated seven days before each meeting to all committee members.
 - 6.2.2 To ensure a relevant Health & Safety article is included in the staff newsletter every month and to otherwise promote Health & Safety through recognition of excellence, posters and awareness campaigns.
 - 6.2.3 To have all Health and Safety representatives trained to the certified Stage 1 level.
 - 6.2.4 Ensure that Health & Safety committee meeting minutes are distributed to all staff within 5 working days of meetings being held.
 - 6.2.5 Committee members to engage with staff
- 6.3 How are the objectives measured and monitored (and performance measured)?
 - 6.3.1 The objectives are measured infrequently and would benefit from a scheduled of periodic reviews and assessments. This will be developed and implemented prior to the next subcommittee meeting.
- 6.4 What are the lag and lead indicators?
 - 6.4.1 TDC relies on a range of indicators, but these are typically lag in nature, such as the reporting of near miss and incident only events. Our primary lead indicator is our hazard identification process and job safety analysis activity.
- 6.5 Benchmarking against other Councils?
 - 6.5.1 There isn't any current benchmarking data for incidents across Councils, however there is some information sharing, but this is very sporadic.
 - 6.5.2 TDC is a member of the Canterbury Health & Safety Advisory Group (CHSAG) and while there is a lot of shared practices across Councils, there isn't an existing framework for benchmarking. However, at the next meeting our H&S advisor will raise the idea of benchmarking for the Canterbury based authorities.
- 6.6 Other indicators?
 - 6.6.1 The subcommittee has raised questions about other indicators such as staff leave balances, sick leave usage and exit interview themes. As these items are human

resource related, they are raised and discussed in the People & Performance Subcommittee.

Update on Activity

7 The below table outlines some of the activity undertaken by the H&S Advisor, Kevin Rowel and anticipated activity for the coming months. Kevin has brought in a fresh set of eyes and a different focus to the role, expanding our good practice and identifying areas for continued improvement.

Health and Safety Action List:		
Has been done	Completed Date	Action
Review of current system	✓ Completed July 2020	Contractors identified as major area of risk
Review of worksite	✓ Completed July 2020	Areas of Risk <ul style="list-style-type: none"> • Landfill Transfer station • Water Treatment • Waste Water Treatment
Review of Large Contractors	✓ Completed September 2020	All Major Contractors have a functioning H&S system, even if not all of them were consistent in using it for council work <ul style="list-style-type: none"> • Many are Site Wise/ Site Safe accredited • Have improved use of systems on council projects / jobs
Review of Small Contractors	✓ Completed September 2020	There is a contrast between large and small contractors <ul style="list-style-type: none"> • Some have advanced systems • " " workable systems • " " nothing in place • Actively working these teams to improve standards
Review of TDC Processes	✓ Completed September 2020	Areas of concern with Contractors <ul style="list-style-type: none"> • Minimal oversight of risk preparedness • Minimal oversight of contractor reporting to Council • Minimal oversight of Competencies of contractors working on council sites
Development of Documentation, Processes	Completed September 2020- Ongoing ✓ Completed October	<ul style="list-style-type: none"> • Permits • JSAs • SSP • SOP • Incident investigation

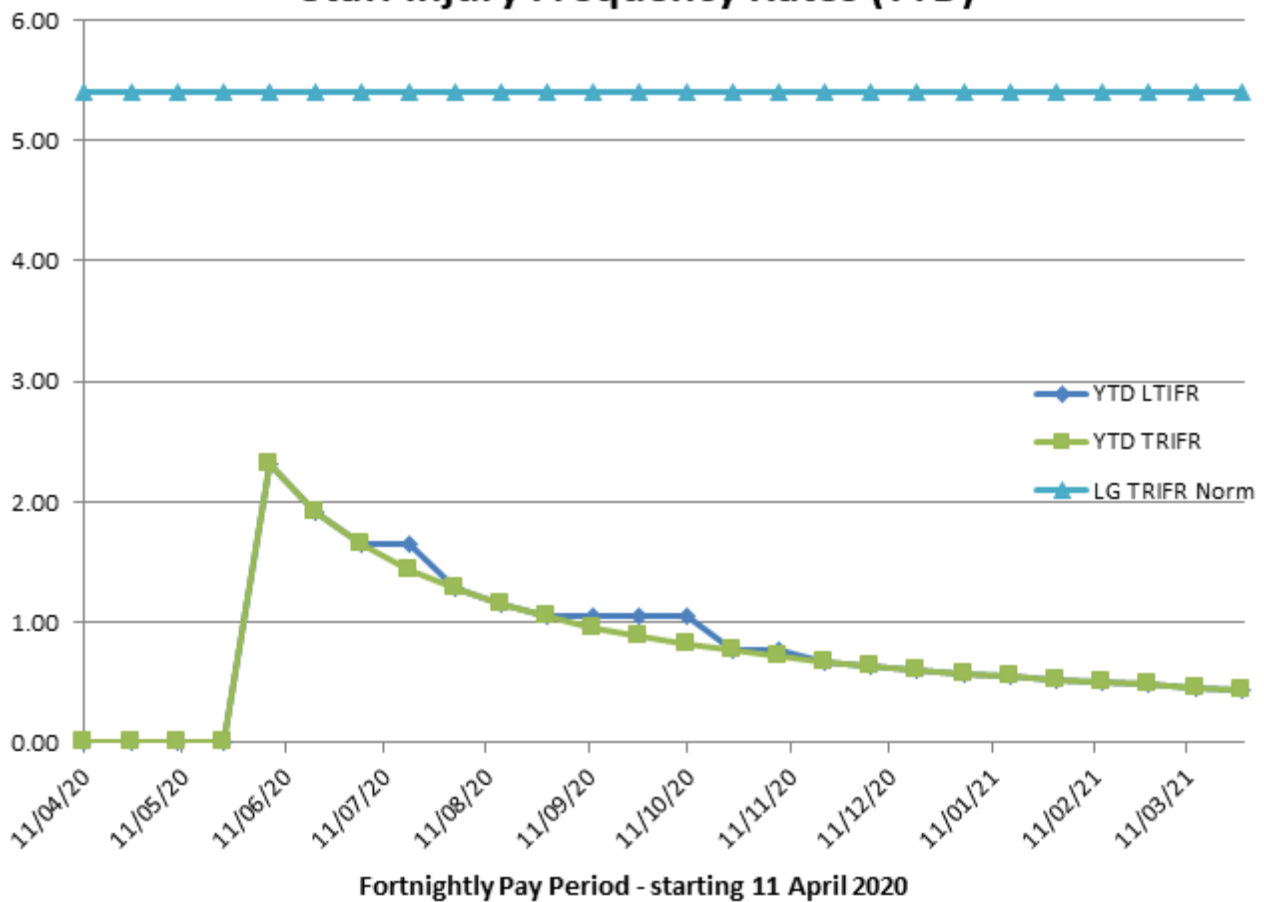
		<ul style="list-style-type: none"> • Risk Assessments • Training for above
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Going Forward:		
To Do	Time Frame	Action
Launch of Assura	January 2021	Health & Safety Management Data Base <ul style="list-style-type: none"> • Training of all TDC workers who will be using the system
Introduction of system for identification of risk across all sites	January 2021 ✓ IP Created October	<ul style="list-style-type: none"> • Permit system • JSA Training based on: <ul style="list-style-type: none"> • Risk Identification and Mitigation • Contractor Management • Incident Investigation • Set up of monthly KPI's for contractors
Development of Safety Representatives	January 2021- Ongoing ✓ IP Created October	<ul style="list-style-type: none"> • Investigation • SSPs • Permits – Issuer- Receiver • Auditing
Development of the Safety Committee	Ongoing ✓ IP Created October <ul style="list-style-type: none"> • Training Required 	<ul style="list-style-type: none"> • Training the trainer • Training of risk identification & mitigation, investigation, development of contractor SSPs • Management of risks on the respective worksites • Review of Hazard Registers, outstanding actions • Review of SOPs • Review of occurrences, e.g Injuries, near miss, etc
Controls for High risk Work	On Going Still to be worked on	<ul style="list-style-type: none"> • Working Alone • Fatigue • Drug& Alcohol • Competencies on worksites • Driver Training& Education • Identification of work and areas that require permitting • Contractor competencies
Development of Policies & Standards	Long Term Still to be worked on	Health and Safety Policies <ul style="list-style-type: none"> • D&A • Injury Management

		<ul style="list-style-type: none"> • Fatigue • Driving Health and Safety Standards <ul style="list-style-type: none"> • PPE • Training
Disaster Planning Museum	✓ Short Term Completed October	<ul style="list-style-type: none"> • Planning for disaster • What triggers the plan • Recovery from Disaster
Deconstruction 02 North St Safety Plan	Med – Long Term ✓ Safety Plan completed in November Draft	<ul style="list-style-type: none"> • Safety Plan • Meetings with TDC / Ecan • Set Up of site
Infrastructure	Short- med term Ongoing	<ul style="list-style-type: none"> • Contractor H&S management •
Sound Shell	Short- Med Not Started	<ul style="list-style-type: none"> • Risk Associated with the Deconstruction of sections of the Building
Theatre Royal	Short- Med Not Started	<ul style="list-style-type: none"> • Risk Assessment Tue 10th
Christmas in the Bay		<ul style="list-style-type: none"> • Risk Assessment Thur 12th
Contractor Engagement	On Going Completes approx. 15	<ul style="list-style-type: none"> • Visit Contractors on council Work sites or their offices
Risk Assessments of Water Tanks within the District	On-Going	<ul style="list-style-type: none"> • Working with Water Care
Contractor Risk	On Going With Ernest	<ul style="list-style-type: none"> • Continuing with Meetings

- 8 Kevin's activity highlights the work underway with our contractors and the significant progress made in improving our processes for managing high risk activity. Kevin continues to bring a greater level of maturity to our risk assessment capacity, which has directly impacted our drive for continuous improvement.
- 9 The H&S events involving staff continue to be very low in number and nature. The majority of events are classed as 'incident only' with causation being investigated as appropriate.
- 10 Assura, our new H&S platform, is ready for a 'soft-launch' and trial in December, with a full launch, induction and training schedule for January. Once the system is operational we plan to review the structure and type of reporting provided to the sub-committee.
- 11 Below is a copy of the injury frequency rates for the current year, April 2020 to March 2021. Both the long term injury frequency rate (LTIFR) and total recordable injury frequency rate (TRIFR) are well below the industry norm.

Staff Injury Frequency Rates (YTD)



Health and Safety Statistics

- 12 The table below is based on the data for the reporting year, April 2020 to March 2021.
- 13 This reporting period aligns with our pay periods and provides us with actual hours worked in each fortnight, allowing us to create accurate Incident & Injury Frequency Rates.

Incident Type	Year to date 2020	Change since last report	Full Year 2019/ 2020	Full Year 2018/2019	Full Year 2017/2018	Full Year 2016/2017
Incident Only	11	1	40	59	43	21
First Aid	6	1	16	27	23	27
Medical Treatment	0	0	4	0	4	8
Lost Time	1	0	2	1	0	5

Incident Detail

- 14 The Subcommittee has requested extra detail for incidents resulting in lost time and medical treatment.
- 14.1 There are no lost time injuries to report in this period and only 1 medical treatment.
 - 14.2 The medical treatment incident involved a staff member having a slip/ trip incident on tar seal while crossing the road. This incident caused to step awkwardly and aggravate an existing muscular injury in her leg.
 - 14.3 There was one notable incident only event in this period. This event involved a break in at the dog pound afterhours, a release of three dogs, one of which was stolen. The Police are in the process of resolving.

Staff Wellness

- 15 The subcommittee has requested information on staff wellness as it relates to the external support offered through the Mindful Me counselling service. The report for this period isn't available from the provider, but they have confirmed that the referral rate is steady with no apparent increase.

Conclusion

- 16 The health and safety of our staff, contractors and customers remains a high priority for the organisation. While there are still many opportunities for improvement, our progress adds to a positive health and safety culture.

Attachments

Nil

6.3 Tax Risk Management Report

Author: Sandy Hogg, Management Accountant
John Liddiard, Senior Accountant

Authoriser: Donna Cross, Group Manager Commercial and Strategy

Recommendation

That the Audit and Risk Committee note and receive the report.

Purpose of Report

- 1 The purpose of the report is to update the Committee on compliance with the Tax Risk Governance Framework.

Assessment of Significance

- 2 The assessment of significance is low.

Discussion

- 3 The current Tax Risk Governance Framework was adopted by Council in December 2015. The framework requires a report to the Committee annually outlining compliance and risks.
- 4 The full report is attached.
- 5 Timaru District Council and its CCOs are part of a "Tax Group" for income tax purposes. GST, FBT and PAYE/ESCT returns and payments or refunds are made on an entity basis but for the purposes of this report the tax payments outlined are on a total Group Basis. Included in this are those for Downlands which are on a 100% basis rather than the Council's 82% share of the joint arrangement, as these are managed in full through TDC, including the net GST payments/refunds to/from IRD.
- 6 There was no income tax payable for the year ended 20 June 2019. The return for 2020 has yet to be completed however it is anticipated that there will again be no payment required.

Attachments

1. TDC Annual Tax Update Year to 30 June 2020  

Timaru District Council Annual Tax Update Year to 30 June 2020

By Phil Fisher & Annabel Duncan
November 2020



1

Report: Tax
Annual Update
to the Audit and
Risk Committee

Tax Governance & Tax Risk Management

Introduction

Timaru District Council (Council) has adopted a Tax Governance Framework. It was a proactive step towards identifying and managing tax risk in order to maintain Council's low risk profile.

Having a tax risk management strategy, and continuing with this, is even more important in times of disruption, and with the recent Covid-19 events the nature of the tax advice and support being obtained by local government clients, including Council, has reinforced the value of the tax governance framework. To develop this focus we have included a future tax risk management strategy in accordance with Council's current tax governance framework – refer *Part Two*. This strategy also compares what Council intended to achieve in the year ended 30 June 2020 against what was achieved in the year ended 30 June 2020.

As part of the Tax Governance Framework, we have prepared this annual tax update as a report to Council's Audit and Risk Committee (Committee) on progress made during the period up to 30 June 2020.

This memorandum provides:

- A summary of the more substantive tax advice Council and the Timaru District Council Consolidated Group has sought from PwC during the period 1 July 2019 to 30 June 2020.
- Commentary on tax matters currently being addressed as at 30 June 2020.
- A more general update on the wider tax environment which may affect Council, albeit kept to a high-level – refer *Part Three*.

Context

The Timaru District Council Consolidated Group pays significant amounts of indirect taxes including:

Tax Type	12 months to 30 June 2020
GST Output tax paid	\$15,917,408
GST Input tax claimed	\$13,162,754
PAYE & ESCT	\$4,425,728
FBT	\$65,514

Significant work undertaken in Year to 30 June 2020

In accordance with Council's Tax Governance Framework, it is appropriate to report to the Audit and Risk Committee on significant tax issues that arose throughout the year.

Council set a Tax Risk Management Strategy for the year ended 30 June 2020, details of which can be seen in *Part Two*.

For the most part, the tax compliance of Council has been 'business as usual' for much of the year with the various tax returns (income tax, GST, PAYE, FBT, etc.) being filed on time and without any concerns being raised. It appears some payments may have been made late as identified by modest amounts of use-of-money interest being incurred.

Tax work undertaken throughout the year included:

Direct tax

Assistance with the preparation and filing of the income tax returns for the Timaru District Council Consolidated Group for the year ended 30 June 2019, including Council and Timaru District Council Holdings Limited.

The group had no income tax to pay for the year ended 30 June 2019. The vast majority of its taxable income is received in the form of tax-paid dividends from associated companies (Alpine Energy Limited and PrimePort Timaru Limited) so that no further tax is payable by the group.

Council successfully secured a binding ruling from Inland Revenue confirming tax implications of a dividend from Timaru District Council Holdings Limited to Council in the year ended 30 June 2019. Ultimately resulting in a tax efficient repatriation of funds to Council, retention of the imputation credits, and no further income tax being paid on the distribution to Council.

Tax accounting

Assistance with reviewing draft tax calculations and preparing draft tax notes for Council and Timaru District Holdings Limited for their respective 2020 financial statements.

Accounting for tax is a complex area, made more difficult by the reintroduction of tax depreciation on buildings with effect from 1 April 2020. Council currently relies on a spreadsheet model to calculate its group tax balances in conjunction with PwC. This model is considered sub-optimal and Council is investigating the option of replacing it with a more automated system to improve efficiency and accuracy.

Other

- Advice on the tax implications of providing working from home allowances.
- Advice regarding the implications of the reintroduction of building depreciation on year end tax balances.

Further, to support the ongoing tax risk management, Council:

- Continued to subscribe and actively use PwC's MyTax Policies and Guides.
- Commissioned PwC to provide an Annual Tax Update to the Committee.

Timaru District Council
PwC

November 2020
4



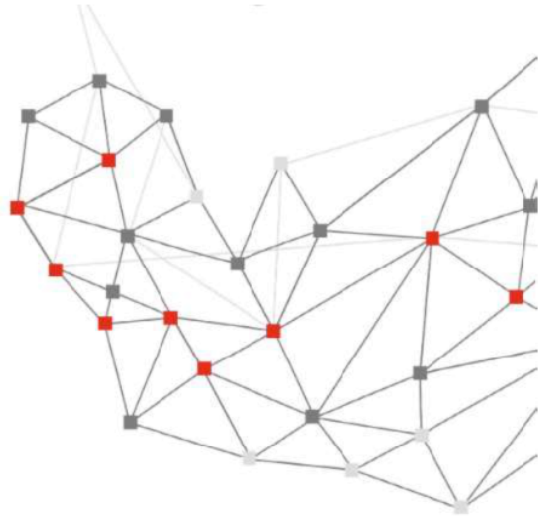
Tax Risk Management Strategy

Planned against achieved strategy and proposed strategy to 30 June 2023

Tax services	Planned		Proposed		
	Financial year ending 30/06/2020	Financial year ending 30/06/2020	Financial year ending 30/06/2021	Financial year ending 30/06/2022	Financial year ending 30/06/2023
Tax helpdesk facility					
Access to online taxation policies	✓	✓	✓	✓	✓
Tax compliance reviews undertaken					
• GST	✓		✓		
• PAYE/withholding taxes	✓		✓		
• FBT	✓		✓		
• GST on property transactions					
Income tax return independently reviewed	✓	✓	✓	✓	✓
Tax disclosure notes independently reviewed	✓	✓	✓	✓	✓
Tax agency – income tax	✓	✓	✓	✓	✓
External advice sought on major tax issues	✓	✓	✓	✓	✓
Review Tax Governance Framework	✓		✓		
Tax training provided to staff	✓	As required	As required		



A brief overview of COVID-19 tax developments



COVID-19 Response (Taxation and Social Assistance Urgent Measures) Bill was enacted on the 25th of March 2020. The income tax, tax administration and social assistance proposals included:

- **Restoring depreciation deductions for non-residential buildings:** Depreciation deductions at 1.5% straight-line or 2% diminishing value will be re-introduced for commercial and industrial buildings from the 2021/22 income year. The depreciation deductions will be available to all sectors and will apply to both new and existing buildings on a permanent basis.
- **Increasing the low-value asset threshold:** An immediate income tax deduction will be available for more low-value assets to encourage spending. As a temporary measure, assets costing up to \$5,000 will be eligible for deduction in the current year for the 2020/21 income year. From the 2021/22 income year, the existing \$500 threshold for an immediate deduction will be increased to \$1,000 on a permanent basis.
- **Increasing the provisional tax threshold:** The current threshold of residual income tax of \$2,500 will be increased to \$5,000 from the 2020/21 tax year, meaning that less businesses will need to front the cash to meet their provisional tax obligations.
- **Enabling Inland Revenue to remit Use of Money Interest (UOMI) for taxpayers affected by COVID-19:** Businesses who are adversely affected by COVID-19 and who can demonstrate the inability to pay tax by the due date may be eligible for a UOMI write-off. The relief will apply to all tax payments including provisional tax, PAYE and GST due on or after 14 February 2020.
- **Greater information sharing allowed:** Inland Revenue will be allowed to share information with other Government departments to assist those agencies in their response to the COVID-19 outbreak.
- **GST on COVID-19 related payments:** The Goods and Services Tax (Grants and Subsidies) Amendment Order 2020 added the COVID-19 wage subsidy and leave payment to the schedule of non-taxable grants and subsidies in the Goods and Services Tax (Grants and Subsidies) Order 1992 from 24 March 2020. However, as the wage subsidy and leave payments have been paid out from 17 March 2020, the Bill proposes that GST will not apply to payments of COVID-19 wage subsidy and leave payments from 17 March 2020 until the Amendment Order came into force.

A brief overview of COVID-19 tax developments (cont'd)

Whilst of less direct relevance to Council, but useful information for Council's interactions with businesses in the Region, are the following additional COVID-19 changes:

- There has been a relaxation of the tax loss carry-forward rules by allowing a "same or similar" business test that will allow tax losses to be carried forward despite a major change in the shareholding of a company. The current 49% continuity of shareholding requirement will be supplemented by a "same or similar" business test, similar to the approach already taken in Australia. This allows a company to carry forward its tax losses despite a major shareholding change as long as it stays in the same or similar business after the shareholding change. The proposed change is intended to apply from the 2020/21 income year.
- The urgently enacted COVID-19 Response (Taxation and Other Regulatory Urgent Measures) Act 2020 gave effect to a number of tax changes previously announced by the Government, including:
 - A temporary tax loss "carry-back" scheme allows businesses that anticipate incurring tax losses in 2020 or 2021 to carry those tax losses back to 2019 or 2020 and, to the extent of the tax effect on the losses, get an immediate refund. This temporary scheme will be replaced by a permanent tax loss carry-back scheme in due course that will apply to later years.
 - The Commissioner of Inland Revenue being granted temporary administrative discretionary powers to modify dates, timeframes, and procedural requirements in tax legislation. This allows Inland Revenue to respond quickly and flexibly to businesses struggling to meet tax deadlines as a result of COVID-19. These powers are to apply for 18 months, although this can be extended by Order in Council.
 - A legislative framework for a new loan scheme administered by Inland Revenue for small businesses affected by COVID-19. The scheme will provide interest free loans of up to \$100,000 for a year to businesses employing 50 or fewer full-time equivalent employees. The loan will be interest free if it is paid back within a year.

In addition to income tax developments, there have been a number of other COVID-19 related tax developments:

- Inland Revenue released Determination EE002 on 29 April 2020 regarding payments to employees for working from home costs during the COVID-19 pandemic. This Determination is a temporary response and applies to payments made for the period 17 March 2020 to 17 September 2020.

The Determination is intended to remove the difficulty around determining what a reasonable amount to reimburse may look like, and provides some safe harbours. It also refers to Determination EE001 which provides guidance in relation to telecommunication costs. No evidence is required in making the following payments to employees during the period that they are required to work from home. These are all per employee:

 - Up to \$400 one-off for the purchase of furniture or equipment
 - Up to \$5 per week for telecommunication usage plans (eg phone and internet)
 - Up to \$15 per week for other expenditure (eg electricity)
- Inland Revenue subsequently released Determination EE002A: "Variation to Determination EE002 - payments to employees for working from home costs during the COVID-19 pandemic" on 14 August 2020. This applies for the period 18 September 2020 to 17 March 2021 and removes the requirement for an employee to be working from home as a result of the COVID-19 pandemic.
- In response to COVID-19, the New Zealand Government introduced a Wage Subsidy Scheme in March 2020 (that has been continually revised). Employers, including sole traders and the self-employed upon application, may be eligible for a wage subsidy paid by the Ministry of Social Development (MSD) if they have been affected by COVID-19.

We note that local authorities were not excluded from claiming the Wage Subsidy. However, there were a number of criteria to be considered, many of which have a high degree of subjectivity and in practice very few local authorities could qualify.

We also note that during the recent Budget, an extension to the original Wage Subsidy was provided, and then following the latest outbreak in Auckland a further extension has been granted. Each iteration has had subtly differing rules.

Other Tax Developments

A brief overview of relevant tax developments

Other relevant points of note that potentially impact Council include:

- Inland Revenue's continued mantra to strongly 'encourage' public sector organisations to be tax compliant. One of the standard questions when Inland Revenue review any organisation is whether there has been an independent assessment of tax compliance, and if so, to request any reports issued. We are aware of several Local Authorities who have received Risk Review Questionnaires from Inland Revenue in the last 18 months. These are usually a pre-cursor to an Inland Revenue Investigation; although we note the progress of some of these where audits had commenced have been delayed due to COVID-19.
- Inland Revenue's ongoing business transformation has caused disruption to usual services. Clients are noting refunds automatically being swept from one tax type to meet a tax payment in another account. This is sometimes occurring prior to a due date. This is frustrating and time consuming to rectify often requiring multiple communications with Inland Revenue. We encourage clients to ensure all MyIR account balances are reconciled as a final step in the compliance process and at least monthly.
- Recent discussions with senior Inland Revenue staff confirmed that they will be moving to increasing use of data analytics of tax returns submitted particularly in the payroll and GST areas. We have already seen evidence of the power of this with Inland Revenue cross checking payroll filings for wage subsidy reconciliations. We have developed a suite of data analytical tools that can check the payroll tax calculations along with providing a range of other insights over the workforce than can be useful as organisations increasingly focus on ensuring they have the appropriate staffing levels, there is pay equity etc.
- Mileage rates are set by Inland Revenue and published on their website. Due to COVID-19, Inland Revenue have been unable to review the present rates and advised that the 2018-2019 kilometre rates should be used for the time being. <https://www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses/claiming-vehicle-expenses/kilometre-rates-2018-2019>
- Operational Statement OS 19/05: "Employer-provided travel from home to a distant workplace – income tax (PAYE) and fringe benefit tax." was released in January 2020 This statement is intended to clarify and simplify the tax rules around employer-provided travel to distant workplaces.
- Inland Revenue released the final version of Determination EE001: "Employee use of telecommunications tools and usage in their employment" in December 2019. With a view to reducing business compliance costs, the determination provides employers with the option of applying certain percentages to make an allocation between business use and private use for usage plans related to telecommunications tools such as laptops and mobile phones.
- GST on low value (under \$1,000) imported goods rules applied from 1 December 2019. GST will now apply at 15% on what will be known as "distantly taxable goods" and offshore sellers, marketplaces and re-deliverers who exceed the GST threshold (NZD\$60,000) will be required to register for GST.

Other Tax Developments

A brief overview of relevant tax developments (cont'd)

Other broader tax developments include:

- Inland Revenue's prescribed interest rate for FBT has reduced from 5.26% to 4.50% 1 July 2020.
- Inland Revenue's use of money interest rates have been updated, effective from 8 May 2020. The debit rate has decreased from 8.35% to 7.00% and the credit rate has decreased from 0.81% to 0.00%.
- Government introduced the Taxation (Annual Rates for 2020-2021, Feasibility Expenditure and Remedial Matters) Bill. The Bill includes tax deductions for feasibility expenditure on new investments, tightening of the land tax rules for habitual buying and selling of land, purchase price allocation requirements for parties to agree on when buying and selling businesses, income tax treatment of leases subject to NZ IFRS 16 and remedial changes to GST.
- From 1 July 2019 a local authority who is a member of a Tax Consolidated Group will no longer receive all of the benefits of being in a Tax Consolidated Group. Whilst local authorities will remain eligible to be members of Consolidated Tax Groups, from 1 July 2019 dividends derived by a local authority from a CCO that is member of a Consolidated Tax Group will no longer be excluded income for income tax purposes ie such dividends will have to be included in the calculation of taxable income of the Consolidated Tax Group. Effectively this means that dividends paid by a CCO to a local authority will be subject to income tax post 1 July 2019, although imputation credits can be attached to those dividends. Other non-dividend income such as interest, rental income, management fees etc that are paid between the tax CCO and parent local authority will continue to be 'ignored' where a consolidated tax group exists. This is potentially a 'temporary' change, with a more fulsome review of local authority taxation to be undertaken by Inland Revenue.
- To obtain an income tax donation credit, donations must now be to organisations that are either donee organisations or those listed in Schedule 32 of the Income Tax Act 2007. This potentially has significant relevance to local authorities that tend to be significant donors in the local community. [QB 19/10](#) was also released clarifying the requirements of a donee organisation to establish and maintain a fund under s LD 3(2)(c) of the Income Tax Act 2007. The consultation reference for this item was PUB00337.
- IRD Numbers will now be required on all property transactions [Supplementary Order Paper \(SOP\) No 248](#) to the Taxation (Annual Rates for 2019-20, GST Offshore Supplier Registration, and Remedial Matters) Bill (114-2). The SOP includes a proposal that will require all buyers and sellers of property to provide their IRD number as part of the transaction process. Previously, those buying or selling a main home did not have to provide an IRD number.
- Regulations have been issued providing for how errors in an employer's employment income information for a payday may be corrected. Tax Administration (Correction of Errors in Employment Income Information) Regulations 2019 (LI 2019/62) were notified on 28 March 2019.
- [IS 19/01: Income tax — application of schedular payment rules to non-resident directors' fees](#) The Interpretation Statement considers the situations in which tax must be withheld from directors' fees paid to non-residents. This includes a discussion of when directors' fees paid to non-residents are considered to have a New Zealand source. The Interpretation Statement then goes on to consider when and how much tax must be withheld and paid to the Commissioner, if withholding is required from directors' fees paid to a non-resident.
- Research and Development tax credit scheme introduced. The 15% tax credit is available from the beginning of the 2019/20 income year for income tax payers.

Other Tax Developments

A brief overview of relevant tax developments (cont'd)

Other broader tax developments include:

- The criteria for self-correction of errors in later income tax, FBT or GST returns been replaced with a combination of a monetary threshold and materiality threshold. Taxpayers now have the option of correcting an error in a subsequent return, provided it is not material and the purpose isn't to delay the payment of tax, when the error results in a difference of tax to pay that is equal to or less than the lower of:
 - \$10,000 of tax; and
 - 2% of the taxpayers annual gross income, or GST output tax.
- Commissioner's statement 20/01: GST on insurance payouts received by third parties - A specific rule in the GST Act deems payments under a contract of insurance received by a GST registered person in relation to a loss incurred in the course or furtherance of their taxable activity as being subject to GST. The Commissioner's Statement clarifies that this rule applies to third-party recipients of such payments – not just when the payment is received by the insured party.
- Standard Practice statement 19/04 : Late filing penalties - For annual tax returns, the late filing penalty is \$500 where net income exceeds \$1,000,000. The Commissioner will provide, publicly or directly, 30 days written notice before imposing a late filing penalty.
- COV 20/04: Variation in relation to extension of time for writing off bad debts – The variation extends the time by which a debt must be written off as bad in order for a deduction to be available in the 2020 income year

Local Government Relevant Matters

An overview of sector specific developments

Local Government relevant matters

- Across the local government client base, there have been an increasing number of requests for assistance in relation to Provincial Growth Fund and Infrastructure Finance Fund opportunities. The common 'theme' is that no two funding proposals are the same, and often the practicalities of the project require working through. With COVID-19, we do note that there is an indication that some of the projects where funding announcements have previously been made, will now be deferred and possibly cancelled.
- Linked to the above, there is anticipation over the 'shovel ready' projects currently being considered. A number of projects have been approved with an expectation that activity occurs quickly. Again, depending on the project, there is an inevitability that tax considerations will exist.
- Urban Development Bill received Royal Assent 6 August 2020. Whilst focussed on social housing, it does appear to provide Kainga Ora with similar powers to those of a territorial authority. The suggestion was that this Bill would accelerate the build of social housing, with Kainga Ora involving the local authorities in the process. How this will work in practice, if the legislation is passed, will be interesting.
- Other significant infrastructure spend announcements from Government include roading, rail, major reshaping of the health system, further investment in schools and \$1.3 billion focused on nature jobs.
- Taumata Arowai - The Water Services Regulator Bill - this establishes the agency that will act as independent regulator of drinking water (and a few other roles in the stormwater/wastewater space). However, likely to be more impactful is the evolution of how Three Waters are managed, and whether this is completely 'stripped away' from local authorities. The recent DIA countrywide 'Roadshow' has provided clarity on the Government's thinking, with co-design a key theme.
- PwC undertook some research into urbanisation, primarily focused around the 6 largest centres. The issues identified have been exacerbated by Covid-19. The research is available at: <https://www.pwc.co.nz/insights-and-publications/2019-publications/citiesinstitute.html>
- Local Government Funding Inquiry - The Productivity Commission released their draft report – the briefer summary can be found at the following link. The Department of Internal Affairs conducted workshops with over 60 councils to review the operation of the Local Government Financial Management System and were intending to feed the insights from those workshops into their response. With the unfolding COVID19 situation, consideration of the funding opportunities and models for local authorities will be more relevant than ever, but the answers may not lie within the Commission's report. <https://www.productivity.govt.nz/inquiry-content/3819?stage=3>
- Tax Policy invited us to an open discussion on the tax framework for local government. We expect it to be some time before any conclusions are reached, and legislative changes enacted, but their review is consistent with their previously signalled review of the income tax legislation as it applied to local government.

Thank you

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6.4 Tax Risk Management Framework

Author: John Liddiard, Senior Accountant

Authoriser: Donna Cross, Group Manager Commercial and Strategy

Recommendation

That the report is received and the updated Tax Risk Governance Framework referred to Council for approval.

Purpose of Report

- 1 To provide the Committee with the proposed update to the Tax Risk Governance Framework for recommendation for agreement by Council.

Assessment of Significance

- 2 The assessment of significance is Low.

Discussion

- 3 The existing Tax Risk Governance Framework was agreed in 2005 and it was intended that it be reviewed triennially.
- 4 A proposed updated Framework has been prepared which requires review by this Committee and agreement by Council.
- 5 There are few changes to the Framework. Changes include:
 - 5.1 Section 3.2 is now more focused on significant risk reporting rather than general management issues (e.g. budgeting).
 - 5.2 Changes to the structure of the organisation were included, however there have been further changes which are not reflected in the report.
- 6 Other than the changes due to organisational changes the report is final and therefore it is recommended that, subject to updating of position names and reporting lines, it proceed to Council for agreement.

Attachments

1. Draft Tax Risk Management Framework  
2. Tax Risk Management Framework (current)  



*Timaru
District
Council*
Tax risk
governance
framework

*For adoption by the
Audit and Risk
Committee*

December 2019

5905156_1

1. Purpose

This document establishes the tax governance framework for Timaru District Council's ('Council's') Audit and Risk Committee.

1.1. Background

Council is a large, high profile, organisation that is responsible for providing services to the New Zealand public. As such, Council must maintain exemplary governance and tax compliance standards.

Although Council is largely exempt from paying corporate income tax, it is required to correctly account for Goods and Services Tax, Fringe Benefit Tax, PAYE, and a range of other withholding taxes. These taxes make up a significant portion of the New Zealand Government's annual tax take. Accordingly, the tax obligations of Council cannot be taken lightly.

Inland Revenue has signalled its expectation that all large organisations should have tax risk management incorporated within their governance framework. This is consistent with international best practice; tax authorities in foreign jurisdictions, including Australia and the United Kingdom, have been advocating this approach is taken by large Public and Private sector organisations.

1.2. Risk management

The Audit and Risk Committee is, along with other responsibilities, tasked to:

- Assist Council to determine its appetite for risk.
- Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of Council's significant risks.
- Consider whether appropriate action is being taken by management to mitigate Council's significant risks.
- Ensure that management is kept apprised of Council's governance body's views on uncontrolled risk.
- Ensure management are keeping the Audit and Risk Committee fully apprised of all independent sources of assurance, via the risk management framework.

Proactive tax risk management can facilitate mitigation of:

- Operational risk – by way of reducing the potential for reputational damage befalling Council as a result of non-compliance, and the possible negative impacts on various stakeholders, such as employees and suppliers.
- Financial risk – through minimising the financial impact of non-compliance, and the costs associated with over- or under-paying tax by Council.
- Compliance risk – in terms of ensuring areas of non-compliance are identified, thereby minimising any penalties or interest being imposed by Inland Revenue and reducing the risk of Council being subject to an Inland Revenue audit.

2. Tax risk profile

Council has an obligation to fulfil its tax compliance obligations as required by tax legislation, including the Income Tax Act 2007, Goods and Services Tax Act 1985 and Tax Administration Act 1994.

Given the high profile and public nature of Council, there is a need to adopt a conservative approach towards tax compliance. Accordingly, Council will adopt a "LOW" tax risk profile such that it has an open and honest working relationship with Inland Revenue.

3. Tax risk management strategies

The following strategies will be adopted by Council to ensure that it maintains a low tax risk profile and effectively manages its tax obligations and potential tax risks.

Council will develop a tax risk management plan to be formally adopted by the Audit and Risk Committee. The plan will be reviewed *at least* every three years. The plan will:

- Identify key areas of tax compliance risk that are faced by Council
- Establish the steps required to effectively manage or mitigate each risk area
- Provide clear and realistic time frames to carry out the steps.

3.1. Responsibility for tax issues

The Group Manager Corporate Services has overall responsibility for the management of the tax issues of Council. As appropriate, the Group Manager Corporate Services may delegate responsibility for tax issues to another appropriately qualified person.

The Group Manager Corporate Services has overall responsibility as the myIR account owner for Council. The Group Manager Corporate Services is responsible for administering and maintaining staff delegations and permissions of myIR login accounts and for ensuring delegations are updated as and when staff leave the organisation.

3.2. Reporting tax risks to Audit and Risk Committee

Any 'significant tax risks' will be reported in the first instance to the Group Manager Corporate Services as soon as they are identified and where appropriate, to the chair of the Audit and Risk Committee within two weeks of being identified.

A 'significant tax risk' to Council may be where an incorrect interpretation is made that results in a situation where:

- Penalties and interest could be imposed against Council
- A tax liability is required to be settled that is in excess of \$20,000
- Council could be subject to prosecution
- An accusation of tax avoidance could be levied
- There is a risk of negative publicity.

Council will report on all tax risk management matters to the Audit and Risk Committee at least once a year. As part of that report, a summary should be prepared and presented to the Audit and Risk Committee setting out key issues, and may include the following:

- Key financial information including any outstanding taxes due, and any interest or penalties imposed during the year
- Particulars of any proposed legislative tax changes which could impact on Council
- Details of any significant outstanding taxes in dispute with Inland Revenue
- Details of advice sought and future matters to consider
- A table of tax tools and services used and whether each aligns with Council's 'LOW' risk tax profile i.e. Strategy vs Achievement.

3.3. Tax awareness and training

Council will ensure that all relevant staff are provided with adequate training and resources to effectively identify and manage its tax obligations and risks. Where appropriate, this may involve sending selective staff on external courses or engaging an external speaker to conduct in-house training.

3.4. Meetings and correspondence with Inland Revenue

Council will endeavour to maintain strong working relationships with Inland Revenue, other government bodies, and related third parties. All dealings with external parties will be undertaken in a professional and timely manner.

Apart from routine PAYE, FBT and GST returns and payments, all other correspondence, meeting requests or queries from Inland Revenue must be immediately referred to the Group Manager Corporate Services. The Group Manager Corporate Services is the only person authorised to correspond or meet with Inland Revenue to discuss the tax matters of Council – although they may delegate this responsibility to others where appropriate.

3.5. Tax advice and rulings

Council will maintain detailed information and computations supporting all tax return filing positions. If there is any uncertainty in respect of a filing position where the amount of tax exceeds \$10,000, Council will seek written advice from external tax advisors.

In some instances, the degree of uncertainty over a particular tax issue may warrant seeking a Binding Ruling from Inland Revenue. No approach should be made for a Binding Ruling without the prior approval of the Group Manager Corporate Services. However, the Group Manager Corporate Services may obtain agreement from the Audit and Risk Committee if considered appropriate.

3.6. Tax returns and payments

Council will file all returns and pay any resulting tax liability on, or before, the stipulated due dates. When preparing and filing tax returns, Council will be transparent, and fully disclose all relevant information supporting a tax position in a tax return. Council will only adopt tax positions that are highly likely to be correct based on current law. Notwithstanding this, Council will endeavour to ensure that the most tax efficient position is adopted. The PAYE returns are prepared by the Payroll Officer and reviewed and authorised by the Management Accountant. The GST and FBT returns are prepared by the Management Accountant and reviewed and authorised by the Finance Manager.

Any tax payments in excess of \$20,000 must be authorised either the Group Manager Corporate Services, the Finance Manager, or the Management Accountant respectively. However, the Group Manager Corporate Services, the Finance Manager, or the Management Accountant respectively may delegate this in accordance with Council's delegation authorities.

Tax payments must be supported by detailed tax computations and explanations which are initialled by the preparer and then countersigned by that person's superior prior to payment.

The Group Manager Corporate Services, the Finance Manager, or the Management Accountant respectively may delegate (or someone delegated as above) will review Council's Inland Revenue accounts on a monthly basis to ensure that all returns have been assessed by Inland Revenue and payments have been allocated appropriately. Any unreconciled items will be reported to the Group Manager Corporate Services.

3.7. Filing and record keeping

In terms of the Tax Administration Act 1994, Council is required to retain tax records for several years. To assist in archiving and the subsequent retrieval of relevant tax records, Council will separately file each tax return and supporting computation and advisory correspondence based on the year of assessment and tax type.

In addition, Council will maintain a detailed index of the relevant tax files to enable their efficient retrieval should they be requested by Inland Revenue in later years. Specifically, the index should contain details relating to the file reference, relevant tax period, tax type, subject of the document on file and location of the file, and evidence of review by the Group Manager Corporate Services. This index should be maintained irrespective of whether the information is in electronic or hard copy format.

3.8. Regular reviews

The tax risks of Council potentially increase over time through a combination of personnel and legislative changes. To ensure the tax compliance procedures of Council are kept up to date and accurate, an independent external review of GST, PAYE/Withholding Taxes and FBT should be undertaken every three years. This review will tend to be undertaken in a 'rolling' format, with a different tax type being reviewed each year.

3.9. Penalties and voluntary disclosures

Wherever possible Council should endeavour to minimise any penalties and Use of Money Interest. Accordingly, any tax discrepancies identified should be addressed and disclosed to Inland Revenue as soon as possible. Unless the discrepancy has been identified pursuant to a (current) tax investigation, Council (in

consultation with the Audit and Risk Committee) should always consider making a Voluntary Disclosure as a means of minimising any potential penalties.

3.10. Tax policies

To assist staff with the day to day tax treatment of issues specific to Council and to ensure a consistent tax treatment of items across the organisation, Council subscribes to PwC's Online Tax Policies. PwC maintains PAYE, GST, FBT, and KiwiSaver tax policies, and are regularly updated for legislative changes. These tax policies will provide an outline of common tax issues arising and how they should be treated in the various tax returns of Council.

4. Tax governance framework - adoption

Tax Governance Framework – version 1.2	
Approved:	
.....
Name:	Name:
Position:	Position:
Date:	Date:

DRAFT



Timaru District Council (“Council”)

Tax Risk Governance Framework

FOR ADOPTION BY THE AUDIT AND RISK SUBCOMMITTEE

1. Purpose

This document establishes the tax governance framework for Council's Audit and Risk Subcommittee.

1.1 BACKGROUND

Council is a large, high profile, organisation that is responsible for providing services to the New Zealand public. As such, Council must maintain exemplary governance and tax compliance standards.

Although Council is largely exempt from paying corporate income tax, it is required to correctly account for Goods and Services Tax, Fringe Benefit Tax, PAYE, and a range of other withholding taxes. These taxes make up a significant portion of the New Zealand Government's annual tax take. Accordingly, the tax obligations of Council cannot be taken lightly.

Inland Revenue has signalled its expectation that all large organisations should have tax risk management incorporated within their governance framework. This is consistent with international best practice; tax authorities in foreign jurisdictions, including Australia and the United Kingdom, have been advocating this approach is taken by large Public and Private sector organisations.

1.2 RISK MANAGEMENT

The Audit and Risk Subcommittee is, along with other responsibilities, tasked to:

- ▶ Assist the Council to determine its appetite for risk.
- ▶ Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks.
- ▶ Consider whether appropriate action is being taken by management to mitigate Council's significant risks.
- ▶ Ensure that management is kept apprised of the Council's governance body's views on uncontrolled risk.
- ▶ Ensure management are keeping the Audit and Risk Subcommittee fully apprised of all independent sources of assurance, via the risk management framework.

Proactive tax risk management can facilitate mitigation of:

- ▶ Operational risk – by way of reducing the potential for reputational damage befalling Council as a result of non-compliance, and the possible negative impacts on various stakeholders, such as employees and suppliers.
- ▶ Financial risk – through minimising the financial impact of non-compliance, and the costs associated with over- or under-paying tax by Council.
- ▶ Compliance risk – in terms of ensuring areas of non-compliance are identified, thereby minimising any penalties or interest being imposed by Inland Revenue and reducing the risk of Council being subject to an Inland Revenue audit.

2.0 Tax Risk Profile

Council has an obligation to fulfil its tax compliance obligations as required by tax legislation, including the Income Tax Act 2007, Goods and Services Tax Act 1985 and Tax Administration Act 1994.

Given the high profile and public nature of Council, there is a need to adopt a conservative approach towards tax compliance. Accordingly, Council will adopt a "LOW" tax risk profile such that it has an open and honest working relationship with Inland Revenue.

3.0 Tax Risk Management Strategies

The following strategies will be adopted by Council to ensure that it maintains a low tax risk profile and effectively manages its tax obligations and potential tax risks.

Council will develop a tax risk management plan to be formally adopted by the Audit and Risk Subcommittee. The plan will be reviewed *at least* every three years. The plan will:

- ▶ Identify key areas of tax compliance risk that are faced by Council;
- ▶ Establish the steps required to effectively manage or mitigate each risk area;
- ▶ Provide clear and realistic time frames to carry out the steps.

3.1 RESPONSIBILITY FOR TAX ISSUES

The Group Manager Corporate Services has overall responsibility for the management of the tax issues of Council. As appropriate, the Group Manager Corporate Services may delegate responsibility for tax issues to another appropriately qualified person.

3.2 REPORTING TAX RISKS TO AUDIT AND RISK COMMITTEE

Any 'significant tax risks' will be reported in the first instance to the Group Manager Corporate Services as soon as they are identified and where appropriate, to the chair of the Audit and Risk Subcommittee within two weeks of being identified.

A 'significant tax risk' to Council may be where an incorrect interpretation is made that results in:

- ▶ A situation where penalties and interest could be imposed against Council;
- ▶ A situation where a tax liability is required to be settled that is in excess of \$20,000;
- ▶ A situation where Council could be subject to prosecution; and
- ▶ A situation where an accusation of tax avoidance could be levied.

Council will report on all tax risk management matters to the Audit and Risk Subcommittee at least once a year. As part of that report, a summary should be prepared and presented to the Audit and Risk Subcommittee setting out key issues, and may include the following:

- ▶ Key financial information including any outstanding taxes due, and any interest or penalties imposed during the year;
- ▶ Particulars of any proposed legislative tax changes which could impact on Council;

- ▶ Details of any significant outstanding taxes in dispute with Inland Revenue;
- ▶ The annual budget for resolving tax risk issues, amount spent to date and estimate of costs for remainder of the financial year;
- ▶ Details of advice sought and future matters to consider;
- ▶ A table of tax tools and services used and whether each aligns with Council's 'LOW' risk tax profile i.e. Strategy vs Achievement; and
- ▶ A schedule of:
 - Key areas of potential tax compliance risk;
 - An estimate of "worst case" tax cost arising for each risk;
 - An assessment of likelihood of risk occurring based on a scale of 1 - 10;
 - Steps recommended to manage or mitigate each risk; and
 - Realistic time frames to resolve each risk.

3.3 TAX AWARENESS AND TRAINING

Council will ensure that all relevant staff are provided with adequate training and resources to effectively identify and manage its tax obligations and risks. Where appropriate, this may involve sending selective staff on external courses or engaging an external speaker to conduct in-house training.

3.4 MEETINGS AND CORRESPONDENCE WITH INLAND REVENUE

Council will endeavour to maintain strong working relationships with Inland Revenue, other government bodies, and related third parties. All dealings with external parties will be undertaken in a professional and timely manner.

Apart from routine PAYE, FBT and GST returns and payments, all other correspondence, meeting requests or queries from Inland Revenue must be immediately referred to the Group Manager Corporate Services. The Group Manager Corporate Services is the only person authorised to correspond or meet with Inland Revenue to discuss the tax matters of Council – although they may delegate this responsibility to others where appropriate.

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Council will maintain detailed information and computations supporting all tax return filing positions. If there is any uncertainty in respect of a filing position where the amount of tax exceeds \$10,000, Council will seek written advice from external tax advisors.

In some instances, the degree of uncertainty over a particular tax issue may warrant seeking a Binding Ruling from Inland Revenue. No approach should be made for a Binding Ruling without the prior approval of the Group Manager Corporate Services. However, the Group Manager Corporate Services may obtain agreement from the Audit and Risk Subcommittee, if considered appropriate.

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correct based on current law. Notwithstanding this, Council will endeavour to ensure that the most tax efficient position is adopted. The PAYE returns are prepared by the Payroll Officer and reviewed and authorised by the Management Accountant. The GST and FBT returns are prepared by the Management Accountant and reviewed and authorised by the Finance Manager.

Any tax payments must be authorised by either the Group Manager Corporate Services, the Finance Manager, or the Management Accountant respectively. Tax payments must be supported by detailed tax computations and explanations.

3.7 FILING AND RECORD KEEPING

In terms of the Tax Administration Act 1994, Council is required to retain tax records for several years. To assist in archiving and the subsequent retrieval of relevant tax records, Council will separately file each tax return and supporting computation and advisory correspondence based on the year of assessment and tax type.

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3.8 REGULAR REVIEWS

The tax risks of Council potentially increase over time through a combination of personnel and legislative changes. To ensure the tax compliance procedures of Council are kept up to date and accurate, an independent external review of GST, PAYE/Withholding Taxes and FBT should be undertaken every three years. This review will tend to be undertaken in a 'rolling' format, with a different tax type being reviewed each year.

3.9 PENALTIES AND VOLUNTARY DISCLOSURES

Wherever possible Council should endeavour to minimise any penalties and Use Of Money Interest. Accordingly, any tax discrepancies identified should be addressed and disclosed to Inland Revenue as soon as possible. Unless the discrepancy has been identified pursuant to a (current) tax investigation, Council (in consultation with the Audit and Risk Subcommittee) should always consider making a Voluntary Disclosure as a means of minimising any potential penalties.

3.10 TAX POLICIES

To assist staff with the day to day tax treatment of issues specific to Council and to ensure a consistent tax treatment of items across the organisation, Council subscribes to TaxTeam's Online Tax Policies. TaxTeam maintains PAYE, GST, FBT, and KiwiSaver tax policies, and are regularly updated for legislative changes. These tax policies will provide an outline of common tax issues arising and how they should be treated in the various tax returns of Council.

4.0 Tax Governance Framework - Adoption

Tax Governance Framework – version 1.1	
Approved:	
.....
Name:	Name:
Position:	Position:
Date:	Date:

6.5 Draft Risk Management Framework and Risk Management Policy**Author:** Ernest Bernard, Risk and Assurance Manager**Authoriser:** Donna Cross, Group Manager Commercial and Strategy**Recommendation**

That the report be received and to endorse the revised Risk Management Policy and the Draft Risk Management Framework and for them to be recommended to Council for adoption.

Background

- 1 Following up on the action points from the Audit and Risk Committee meeting on 12 October 2020, Risk and Assurance has updated the Draft Risk Management Framework and Risk Management Policy.

Attachments

1. **Draft Risk Management Framework** [↓](#) 
2. **Risk Management Policy - Updated November 2020** [↓](#) 

Draft Risk Management Framework

Document Control					
Version No.	Date	Revision Details	Author	Endorsed	Approved
1.0		Draft for consultation	Ernest Bernard		
1.1		Draft incorporating changes following consultation			
1.2		Final version			

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Acknowledgements

Risk and Assurance acknowledge those who created and implemented the existing Risk Management Framework, processes and tools at the Timaru District Council. These have created the foundation and context of this framework.

Further, the 'Risk management – Principles and guidelines', ISO AS/NZS 31000:2018 resource documents have been relied on for development of this framework.

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1. Purpose

The purpose of the Risk Management Framework is to provide the basis for the development and maintenance of a coordinated set of activities to respond to risks that may affect the ability of the Timaru District Council (TDC) to achieve its Long Term Plan (LTP) and strategic objectives.

The framework outlines the plans, relationships, accountabilities, resources, processes, and activities that need to be undertaken to manage risk.

The framework is based on ISO 31000:2018 and aims to establish a framework that follows the principles that risk management is:

- Integrated – Risk Management is an integral part of all organisational activities.
- Structured and Comprehensive – A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- Customized – The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives
- Inclusive – Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- Dynamic – Risks can emerge, change or disappear as an organization's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in appropriate and timely manner.
- Best available information – The inputs of risk management are based on historical and current information, as well as on future expectations. Risk Management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.

2. Scope

This framework applies to all areas of TDC's business, including its infrastructure, community services, administrative, project and commercial activities. All business units are responsible for their own risk management activities and provide reports on the status of risk to TDC's Audit & Risk Committee periodically (every two-monthly) and on the request of the Committee.

3. Benefits

The Risk Management Framework and associated activities:

- Link risk management to TDC's planning processes – this provides a structured approach to the identification and management of risks that could impact on TDC's strategic and operational objectives.
- Improves the quality of decision making by providing methods and approaches for the exploration of threats and opportunities.

- Supports a culture of openness that encourages staff to identify risks and respond appropriately.
- Contributes to a robust and ethical culture of excellence in corporate governance.
- Provides assurances to the Councilors, Mayor, Chief Executive and SLT that critical risks are being managed.
- Helps to ensure that suppliers and contractors are aware of TDC's expectations regarding risk.

4. Risk Governance

Risk governance refers to the culture and arrangements developed by TDC to manage the risk to its LTP and strategic objectives. It includes leadership, accountabilities and oversight and is an essential part of TDC's overall governance responsibilities.

Effective risk governance:

- Guides required risk management behaviours.
- Establishes consistent processes.
- Drives informed decision making.

The alignment of corporate and business planning to the Risk Management Framework is an essential component of good governance and provides value to decision makers as it will:

- Identify what could impact TDC's objectives.
- Provide an opportunity to develop strategies to minimise the impact.
- Support decisions on how much risk can be taken to achieve an objective.

4.1 Risk Appetite

TDC's risk appetite is the shared view of the Councillors, its Committees and the senior leadership team, and refers to the type and amount of risk that TDC is prepared to accept or avoid to achieve its strategic objectives.

The risk appetite influences and guides decision making, clarifies strategic intent and helps to ensure choices align with the capacities and capabilities of TDC. **Ideally it will be aligned to the strategic objectives.**

In pursuing its vision, mission and strategic objectives TDC will accept a level of risk proportionate to the expected benefits to be gained, and the impact or likelihood of damage.

The Council has a high appetite for taking risk to achieve its aspirational objectives and low appetite for taking risk where there is a likelihood of significant financial damage, harm to the public and our staff, or breach of regulatory obligations.

TDC shall seek to formally identify and appropriately manage all potentially major and significant risks. Thresholds for identifying and managing less significant risks shall take account of the time and resources required for such activities.

The risk appetite established helps determine the criteria and scales for assessing the consequence of the risk and hence the risk rating (refer Appendix 4).

4.2 The Three Lines of Defence

The Three Lines of Defence Model is designed to ensure the effective and transparent management of risk by making accountabilities clear. Each of the three lines has a distinct role in TDC’s governance and oversight. The Council, its Committees and senior management are the primary stakeholders that are served by the established lines and are in a position to ensure that the three lines of defence are reflected in TDC’s risk management control processes.

- First line of defence - TDC Operations and operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.
- Second line of defence - consists of oversight and support functions such as Risk Management, Compliance, Quality, Finance.
- Third line of defence - Internal Audit, External Audit, regulators and other independent assurance providers who independently challenge both the first and second lines of defence.

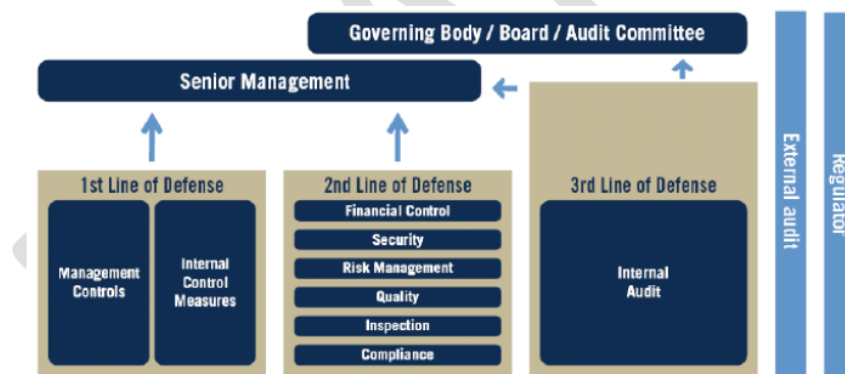


Figure 2: The Three Lines of Defence model¹

4.3 Audit & Risk Committee

At each meeting of the Audit & Risk Committee, a high-level status report and commentary on risk management will be provided as part of standard reporting to the Committee. A key focus of the Committee will be assurance that:

- Risks are clearly understood and managed to appropriate levels of exposure
- New and emerging risk are identified and assessed

¹ The Institute of Internal Auditors. (2013) *The Three Lines of Defence in Effective Risk Management and Control*. Almonte Springs. IIA Global

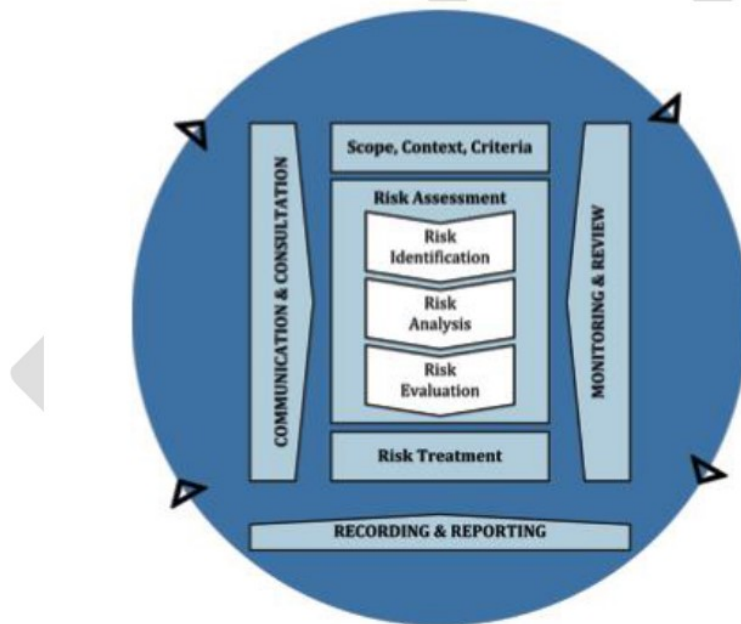
In addition, risks assessed as high or very high will be reported to the Committee via the Corporate Risk Register. The Corporate Risk Register will include significant and aggregated risks drawn from subsidiary registers maintained for Groups, Projects, Health & Safety, and Legal Compliance.

4.4 Risk Management Policy

The Risk Management Policy outlines the intent of TDC with respect to risk management and describes governance arrangements and expectations. It provides guidance and helps to clarify expectations regarding attitude, awareness and accountabilities relating to risk management. A copy of the Risk Management Policy is located in the XXXX on TDC’s website.

5. The Risk Management Process

The risk management process is best summarised in the following diagram drawn from ISO 31000:2018 Risk Management Guidelines. The *principles* of risk management are incorporated into a *framework* that employs a structured *process* for the identification, treatment and communication of risk.



ISO 31000:2018 Risk management process

5.1 Establish the Context

The objectives, scope and parameters of the activity where the risk management process is to be applied, should be established. The context may vary according to the activity under review and may involve an evaluation of the following:

External Context

- The social, cultural, political, legal, regulatory, financial, technological, economic, natural, and competitive environment in which the activity occurs.
- Key drivers and trends.
- Stakeholder interests and perceptions.

Internal Context

- Strategic and/or operational objectives of TDC and activity.
- TDC's structure, culture, roles and responsibilities.
- Policies, procedures, and guidelines.
- Capabilities and resources.
- Information flows and decision-making processes (both formal and informal).
- Reports, surveys, questionnaires, business plans, audits, records or people that could provide expert judgement or knowledge.

5.2 Risk Identification

The aim of the risk identification process is to generate a comprehensive list of risks based on events that might enhance, prevent, accelerate or delay the achievement of strategic or operational objectives. The identification process should include all significant risks, regardless of whether or not the source of the risk is under the control of TDC.

Where **appropriate risk identification should** include sources of quantitative or qualitative data in the identification process to assist in the analysis of the risk and the application of risk ratings i.e. past records, industry practice, knowledge experts, and performance indicators.

Common approaches to identifying risks include:

- Workshops
- Brainstorming sessions
- Benchmarking
- Questionnaires
- Interviews and meetings with stakeholders

Risk descriptions should be specific and avoid broad statements and “types” of risk i.e. Health & Safety, Information Technology. Such descriptions are less informative and may make the identification of controls and risk mitigation strategies difficult. Incidents or issues are not risks – they are risks that have materialised and treatment plans would focus on managing the incident or the issue itself (rather than on proactively preventing the incident or issue from occurring).

The broad categories of risk provided in **Appendix 3** may assist with the identification and subsequent aggregation of risks.

5.3 Risk Analysis

Risk analysis and risk evaluation (refer part 5.4) are separate activities but are usually undertaken together.

Risk analysis involves developing a greater understanding of a risk and provides the basis upon which subsequent decisions regarding treatment options are made. The causes and sources of risk and the potential impact of the risk occurring are considered together with the likelihood of an event occurring.

Step 1 – Inherent (unmanaged) risk – Consequence and Likelihood

The consequence of the risk occurring should be assessed on the basis that there are no controls in place. The tables in Appendix 4 provide guidelines for this assessment.

The likelihood of the more severe consequence occurring should then be assessed on the basis that there are no controls in place using the tables provided in Appendix 5.

This establishes the 'inherent' or unmanaged risk rating.

Step 2 – Assess Existing Controls

The effectiveness of existing controls to mitigate risk is then assessed during this analysis. The best person to provide advice on controls is usually the **risk owner** (providing their assessment is objective), although specialist advice may be required depending on the nature of the risk.

To determine the effect of existing controls, look at what systems, procedures or practices currently exist to control the risk in question. there are a wide range of mechanisms that can be used.

Examples of common controls include:

- Delegations
- Committees
- Reporting
- Policies, procedures and guidance material
- Qualifications
- Insurance
- Employment screening
- Training and required learning
- Position descriptions
- Code of conduct
- Reconciliations
- Segregation of duties
- Audits, reviews and investigations
- Checklists, templates
- Personal protective equipment
- Physical access controls

- IT firewalls
- Passwords
- Independent checks

Step 3 - Residual (Managed) Risk

The effectiveness of existing controls will influence the consequence and/or likelihood ratings to determine the level of residual risk.

A simple and reasonable approach is to consider whether the controls are:

- Effective and can be relied upon.
- Partially effective and can be relied upon in most circumstances.
- Ineffective and cannot be relied upon.

In reality it may not be possible to accurately assess the effectiveness of the existing controls and the residual risk rating may be an intuitive assessment by those most familiar with the risk.

The level of detail produced during the analysis phase may vary, depending on the risk and the purpose of the analysis. The analysis can also be qualitative or quantitative and should involve key stakeholders and knowledge experts where appropriate.

5.4 Risk Evaluation

The purpose of risk evaluation is to assess which risks can be accepted as is and which risks require treatment. It also determines priorities for implementing risk treatments. Priorities should be made in accordance with legal and regulatory requirements and include a consideration of available resourcing and TDC's appetite for risk, particularly in terms of potential financial and reputational impact and the provision of critical services to the community.

Risk evaluation should also take into account the degree of control over each risk and the cost impact, benefits and opportunities presented by the risk.

5.5 Risk Treatment

Risk treatment involves selecting one or more options for modifying risks, and implementing those options.

Options for treating risks are not mutually exclusive and may include the following approaches:

- Avoid – do not start or continue with the activity that gives rise to the risk.
- Transfer or share risk – through contracts, partnerships, risk financing, insurance etc.
- Reduce – implement controls and other treatments to reduce the impact or likelihood of an event.
- Accept – retain the risk by informed decision and develop a contingency plan if appropriate to minimise the impacts should they arise.

The following questions may also help to decide the options to treat risks:

- What is the feasibility of each treatment option?

- What is the cost of implementing versus the benefits?
- What is the extent of risk treatment versus the benefits?
- What are the resources needed (staff, funds, technical)?
- Do the risk treatments comply with legal requirements, government and organisational policies including those concerning access, equity, ethics and accountability?
- What opportunities are created by the risk?

After careful consideration, risk treatments may also involve decisions to take or increase the risk in order to pursue an opportunity for TDC.

The most appropriate treatment option involves balancing costs against benefits together with due regard to legal, regulatory and other requirements such as social responsibility, the mission and the strategic objectives of TDC and the safety of staff and students.

If, after treatment, there remains an unacceptably high residual risk, a decision should be taken about whether to retain this risk, repeat the risk treatment process, continue to monitor and review the risk or **even cease the activity which gives rise to the risk.**

The actions required based on the residual risk ratings can also be found in the Risk Rating/Classification table in Appendix 3.

Risk Treatment Plans

For significant risk issues it may be appropriate to develop a detailed risk treatment plan that outlines the treatment options and the priority in which they will be implemented. The plans should ideally include:

- Proposed treatment actions.
- Responsibilities for approving the plan and implementing the plan.
- Resourcing requirements.
- Reporting and monitoring requirements.
- Timeframes for completion including the frequency of review of the treatment plan.

Where possible treatment options should be embedded into existing day-to-day practices or processes.

Contingency Plans

A contingency plan is an action or set of activities that will be implemented once a trigger is reached and it is used to help manage a risk as it shifts towards being an issue. A trigger may be an event, a threshold, a date or other item that indicates that it is time to put backup plans into action. **Typically these are events such as earthquakes or significant floods.**

Contingency plans may be developed for risks that are unlikely or rare but if realised, would have a catastrophic impact on TDC, a project or the health and safety of staff, students or contractors.

The plans should ideally include:

- Trigger, timeline and actions.
- Realistic goals/objectives and the purpose of the plan.

- Actions and proposed responses.
- Responsibilities of nominated staff.

5.6 Communication and Consultation

Communication and consultation with internal and external stakeholders should take place at all stages of the risk management process and plans to communicate risks, causes, impacts, and treatments should be developed. This will help to:

- Ensure the interests of stakeholders are understood.
- Bring different areas of expertise together to better analyse risk and reduce uncertainty.
- Assist with the development of risk criteria.
- Secure endorsement and support for the treatment of risk.

Stakeholders are people who are (or perceive themselves to be) directly affected by a decision or activity and can supply essential information and valuable feedback during the risk analysis process.

Stakeholders are likely to make judgments about risk based on their perceptions. These can vary due to differences in values, needs, assumptions and concerns as they relate to the risks or the issues under discussion. Since the views of stakeholders can have a significant impact on the decisions made, it is important to identify and document their differing perception of risks and benefits.

Communication is essential if a risk is to be well understood and this understanding is essential if people are to appreciate the role they play in managing a risk

Communications Plan

A Communications Plan can be used to ensure that:

- All stakeholders have been identified.
- Consistent messages are sent to relevant stakeholder groups.
- Risk messages are sent out at times and with a frequency that supports business objectives and follows business planning cycles.

The template provided in Appendix 7 can be used to develop a communication approach. The plan should link to the risk mitigation strategies and provide a summary of key risk management communications planned over a period, typically 1 year.

Communications could include:

- Regular reports on the status of the risk management process for the Council, Audit & Risk Committee, senior management.
- Reports to Project Teams and other stakeholders identified when establishing the context (the first step in the risk management process).
- Invitations to periodic risk assessment workshops/meetings.
- Articles to be included in staff newsletters, intranet etc.
- Risk management progress reports included in annual reports.

5.7 Risk Monitoring and Control

Monitoring and review is an essential and ongoing component of the risk process and is undertaken in order to:

- Detect any changes in the internal or external context.
- Identify emerging risks.
- Assess the performance of treatment options.
- Assess if a risk has changed and requires escalation, or is no longer valid and can be archived.

The reviews may be self-initiated or undertaken by independent assessors such as internal or external auditors.

Ideally, active risks should be a standing item on Business Units, Group, Corporate and Committee/Council meeting agendas.

5.8 Risk Management Process Summary

Process Step	Step Summary	Tools & Resources
Step 1 Establish the Context	<ul style="list-style-type: none"> • Establish the external, internal and risk management context in which the rest of the process will take place. Reference risk categories, such as, legal or regulatory requirements and the objectives to be achieved. 	<ul style="list-style-type: none"> • Operational or Strategic Plans • Financial data • Stakeholder input • Subject matter experts • Workshops • Risk Categories • Environmental scan
Step 2 Risk Identification	<ul style="list-style-type: none"> • Identify where, when, why and how events could prevent, delay or enhance the achievement of operational or strategic objectives. 	<ul style="list-style-type: none"> • Risk categories • Reports, audits and reviews • Historical data/trends • Stakeholder input • Subject matter experts • Workshops
Step 3 Risk Analysis	<ul style="list-style-type: none"> • Analyse identified risks to determine the level of inherent risk. • Identify and evaluate existing controls. • Revise likelihood and impact ratings to gauge the level of residual risk. 	<ul style="list-style-type: none"> • Risk Classification Table • Risk Matrix
Step 4 Risk Evaluation	<ul style="list-style-type: none"> • Evaluate risks by comparing the level of risk found during the risk analysis process with the risk categories established. • Consider resources required to address or pursue risk. 	<ul style="list-style-type: none"> • Cost/benefit assessments • Risk appetite statement • Risk Categories
Step 5 Risk Treatment	<ul style="list-style-type: none"> • Develop and implement specific strategies/controls and action plans to mitigate/pursue risk. 	<ul style="list-style-type: none"> • Risk Register • Risk Treatment Plan • Contingency Plan

<p>Steps 6 Communicate and Consult</p>	<p>Continual Process: Monitor and review the effectiveness of all steps taken in the risk management process. Communicate and consult with internal and external stakeholders.</p>	<ul style="list-style-type: none"> • Stakeholders • Communications Plan • Workshops • Interviews
<p>Steps 7 Monitor and Review</p>	<p>Continual Process: Monitor and review the effectiveness of all steps taken in the risk management process. Monitor, record and report on risks and the effectiveness of treatment measures to ensure that changing circumstances do not alter priorities.</p>	<ul style="list-style-type: none"> • Reports, audits and reviews • Risk Registers

6. Related Assurance Frameworks and Plans

The Risk Management Framework is the means by which intelligence regarding risk across the entire TDC is identified and aggregated. This information is used to support the achievement of TDC’s mission and strategic objectives by proactively responding to threats and providing an additional source of guidance when pursuing opportunities. There are a number of key frameworks and activities at TDC that identify and respond to risk that support the development and implementation of TDC’s framework:

6.1 Project Risk and Issues Management Framework

The Project Risk and Issues Management Framework has been designed to ensure TDC has an effective system in place to manage risks within the project environment.

The framework provides a management tool to project participants conducting projects on behalf of TDC. It has the following goals that align with TDC’s Risk Management Framework:

- Facilitate the achievement of TDC’s strategic and project goals by managing risks that could otherwise create barriers.
- Apply risk management practices as part of long term and day-to-day project planning and decision making.
- Develop a culture of openness that encourages project participants to quickly identify risks and to respond appropriately.
- Facilitate continual improvement of TDC project activities.
- Create a robust and ethical culture of excellence in corporate and project governance.
- Provide assurance to the Chief Executive, Council and the Project Control Group (PCG) that critical risks are being managed effectively.

A Risk Register is maintained for each major project.

6.2 Workplace Health & Safety

TDC is committed to providing a safe and healthy workplace for workers, students and visitors. Accordingly, TDC actively seeks to comply with the relevant Workplace Health and Safety legislation, codes of practice, guidelines, and standards.

The health and safety management structure supports and facilitates the development of health and safety policies, risk registers, risk control strategies, hazard management processes, defines responsibilities, and ensures open communication on health and safety issues.

TDC also maintains an online Health and Safety management system. The system allows all staff, contractors and visitors to TDC premises to report any health and safety related event on site.

Further information regarding workplace health and safety management systems can be accessed on TDC's website or by contacting the Health and Safety Officer.

6.3 Legal Compliance Framework

A Legal Compliance Framework is currently under development, further information can be obtained from the Risk and Assurance.

6.4 Emergency Management Planning

The Emergency Management Plan sets out the arrangements for a co-ordinated action by TDC in response to an emergency.

These emergencies cover a very wide field of possible events that include:

- Natural disasters such as flooding, earthquake, or storms.
- Hazardous substance, leaks, or spills.
- Terrorism.
- Violence.
- Criminal activity and unrest.

TDC's main objectives in its initial response to all emergencies are:

- To protect human life and alleviate suffering, and, as far as possible, protect property and reputation.
- To support the continuity of everyday activity and the restoration of disrupted services at the earliest possible time.

The Emergency Management Plan supports these objectives by providing a clear and organised response strategy supported by pre-defined response procedures **and agreed priorities**.

Further information regarding emergency management planning can be accessed on TDC's website or by contacting the Emergency Management Advisor.

6.5 Business Continuity Management

TDC's Business Continuity Management Framework is currently being developed, further information can be obtained from the Group Manager People and Digital.

6.6 Disaster Recovery Planning

The Disaster Recovery Plan provides guidance on how to respond to Information Technology Services disasters where critical information technology services are physically damaged due to fire, flood, electrical failure, sabotage by personnel, malicious attack or some other harmful event. The Plan is designed to help ensure TDC is able to:

- Ensure the availability of services.
- Minimise loss and facilitate recovery of core IT infrastructure assets.
- Preserve TDC's public image and reputation within the community.
- Prevent the disaster from threatening TDC's long term stability and viability.
- Heighten organisational awareness, allow for advanced preparation and workforce education and training.

For further information regarding Disaster Recovery Planning contact Information Technology Services.

6.7 Internal and External Assurance/Audit

TDC management is responsible for ensuring that satisfactory systems of internal control are in place to ensure that the financial information produced is reliable, that TDC assets are safeguarded and that TDC resources are used efficiently and effectively.

One of the mechanisms for ensuring that these objectives are achieved is the establishment of an independent Internal Audit function. The Internal Assurance/Audit function reviews accounting records, management information systems and other administrative policies and practices throughout TDC and reports outcomes to the Audit & Risk Committee. The role includes the identification and recommendation of measures to achieve greater effectiveness, efficiency and economy. It also assesses non-compliance with policies or regulatory requirements and contribute to measures to prevent fraud and corruption.

The integrity of internal controls is also routinely assessed by TDC's external auditors when undertaking financial statement audits.

Risk and Assurance reviews TDC's insurance strategy on an annual basis, taking into account the risk profile, the prevailing status of the insurance market and TDC's risk appetite

6.8 Financial Management Assurance

The Financial Services Unit contributes to the mitigation of financial risks through its maintenance of financial planning, performance and reporting systems. Significant strategic and operational matters relating to budgets, business cases and forecasting are managed by its financial and management accounting functions. The Finance Office also:

- Mitigates risk associated with procurement.
- Prepares the annual financial statements.

7. Emerging Risks

In order to identify unwelcome trends and emerging risks, TDC will develop and maintain a Risk Data Management (RDM) system. The database will be populated with information arising from incidents and near miss events that are routinely reported from across all areas of TDC i.e.

- Workplace Health & Safety - reportable incidents and aggregated data (Vault system).
- Key Risk Indicators – metrics established when significant risks are first identified or when the negative impact of a risk significantly increases.

- Services - complaints and issues reported from both internal and external sources.
- Learning from Adverse Events - the outcomes of investigations, audits, reviews and organisational learning processes.
- Governance - in the course of their business it is anticipated that the various Council Committees and controlled entities will identify **new and emerging risks**.
- Data analysis –other metrics relating to performance, workforce, finance and quality extracted from major corporate IT systems (Finance, Human Resource).

This data will be aggregated and reviewed by Risk and Assurance and the outcomes used to co-ordinate a proactive response to emerging risk.

8. Training and Support

To ensure that adequate risk management competency levels are achieved and maintained, TDC will provide regular training courses in the risk management process and its application in TDC.

Specific risk management training sessions will also be held with business units on a regular basis, aimed at providing an overview of the Risk Management Framework. The training will be facilitated by Risk and Assurance. Additional ad-hoc training will also be provided as required/on request.

9. Roles and Responsibilities

The roles and responsibilities of the Council, Audit and Risk Committee and staff are detailed in the Risk Management Policy which can be accessed on TDC website. Additional roles include:

Risk and Assurance Manager

- Undertakes regular independent reviews of the adequacy and effectiveness of the Risk Management Framework and related risk management processes.
- Reports outcomes to the Audit & Risk Committee.

Risk Owner

- Monitors the status of their assigned risks.
- Advises the owner of the Risk register on the appropriateness of responses to the risk and control measures.
- Confirms that control and risk mitigation measures are in place and working effectively.

Action Owners

- Inform the relevant Risk Owner of any issues relating to the implementation of assigned actions.
- Manages and allocates resources to ensure that the mitigating actions they are responsible for are undertaken and completed within the time frame specified.
- Updates their assigned risks in the Risk Register located in RM8 when they occur or at the time of quarterly reporting to the Audit & Risk Committee.

10. Risk Escalation and Reporting

10.1 Escalation

Risks recorded in the subsidiary Risk Registers maintained for Groups Project Management, Legal and Health & Safety may be escalated and included in the Corporate Risk Register. This will occur if the risk represents an issue that has the potential to hinder achievement of the strategic objectives detailed in Long Term Plan and the underlying activities. The decision to escalate a risk will invariably be based on professional judgement. However, if there is any uncertainty staff are encouraged to refer the matter to Risk and Assurance Manager.

Risk and Assurance also reviews risks rated as High and Extreme risks in subsidiary risk registers with a view to escalation where:

- There has been a significant adverse change in the status of a significant risk.
- To reflect the aggregated significance of similar risks presenting on several risk registers.

10.2 Reporting

The Subsidiary and Corporate Risk Registers should be regularly reviewed and updated, ideally on at least a monthly basis. A full review will be undertaken on a quarterly basis and outcomes will form part of progress reports to the Audit & Risk Committee. Reporting deadlines will be communicated to staff at the commencement of each calendar year.

Reports to the Audit & Risk Committee will include:

- All High and Very High corporate risks.
- An executive summary of significant changes in TDC risk profile.
- Commentary on significant residual risks and associated mitigation efforts.

10.3 Closing of Risks

A risk should only be closed when the circumstances which give rise to the risk cease.

Where a risk is managed to a level that is no longer serious it does not mean that the risk has ceased, simply that it is well managed. If the risk is closed, the management activities might be reduced and the risk could become serious again.

The Audit & Risk Committee is to be formally notified when closing High and Extreme risks maintained in the Corporate Risk Register. This notification will form part of regular risk reports to the Committee at each Committee meeting. It is envisaged that this would be rare.

10.4 Risk Registers

The Risk Registers will be located RM8 which is accessible from TDC's website and instructions for accessing the Registers can be obtained from Risk and Assurance.

The registers have been designed to capture risks, facilitate an enterprise-wide response to risk and provide a means for recording risks and the active mitigation of risk.

Access to RM8 is controlled and, whilst the information it contains is not strictly confidential, it is for internal use only and access should be on a needs-to-know basis only.

Please note that workplace health and safety issues should still be reported separately in accordance with TDC's Health & Safety Policy. The Health & Safety Officer will in turn determine which health and safety issues will be escalated from its system to the Corporate Risk Register.

With the exception of workplace health and safety, all Groups are required to maintain registers on RM8– any exceptions should be communicated to Risk and Assurance.

11. Contact Information

For further information regarding the Risk Management Framework contact Risk and Assurance

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Glossary of Terms

Context - the internal and external environment that is considered when commencing a risk assessment, it helps define the scope of activities and is used to define risk criteria.

Controls - the measures that modify or reduce risk. Controls include any process, policy, device, practice or other action that reduces negative risks or contains them to an acceptable level.

Corporate Risks - those that may have a major impact on the strategic objectives of TDC in the delivery of its objectives or the achievement of performance measures. Corporate risks are listed in the Corporate Risk Register, which is the responsibility of the Group Managers

Group Risks - those which would seriously inhibit the achievement of the aims and objectives of a Group.

Governance - the framework by which an organisation is directed and controlled.

Issue - an event that has happened or which has a high likelihood of happening that may impede the achievement of objectives if not resolved. Issues are not risks.

Inherent Risk - the initial assessment of the impact and likelihood of a risk prior to considering any existing controls, i.e., in the absence of controls.

Impact (or consequence) - the outcome of an event which impact objectives either positively or negatively. The impact may be certain or uncertain and may be expressed qualitatively or quantitatively.

Legal Compliance Programme - system for identifying and monitoring compliance with legislation that raises employee awareness of legal obligations and aims to embed a compliance culture in the organisation.

Likelihood - the chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively.

RM8 - TDC's electronic document and records management system.

Residual Risk - the risk remaining after risk treatment/application of controls.

Risk - an uncertain event or condition that, if it occurs, has a positive or negative effect on objectives. It is often expressed in terms of a combination of the impact of an event and the associated likelihood of occurrence.

Risk Appetite - the amount and type of risk that an organisation is willing to pursue or retain.

Risk Assessment - the overall process of identifying, analysing, and evaluating risks. It may also be referred to as 'risk profiling' and may involve a qualitative and/or quantitative assessment.

Risk Attitude - refers to TDC's approach to assess and eventually pursue, retain, take, or turn away from risk.

Risk Management - coordinated activities to direct and control an organisation with regard to risk.

Risk Management Framework - the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Risk Matrix - a tool for ranking and displaying risks by defining ranges for impacts and likelihood.

Risk Owner - the person or entity with the accountability and authority to manage a risk.

All risks in the risk register are 'owned' by a single named individual on the understanding that it may take shared responsibility to mitigate the risk successfully. Ownership of corporate risks is assigned by the Chief Executive. Ownership of Group risks is assigned by the Group Manager.

Risk Profile - description of any set of risks. It is a structured approach to the identification and assessment of risk. The output of the risk identification and assessment process is a completed risk profile i.e. a Risk Register or in a graphical/chart format.

Risk Register - a document containing the results of the qualitative risk analysis, quantitative risk analysis, and risk response planning. The register includes identified risks, descriptions, category, cause, likelihood of occurring, impact on objectives, mitigation strategies, owners, and status. The risk register facilitates standardised reporting of risks within the approved TDC governance framework.

Stakeholder - a person or organisation that can affect, be affected by or perceive themselves to be affected by a decision or activity.

Note: Definitions are in some instances, paraphrased from the **Joint Australian New Zealand International Standard Risk Management**, pp 2-5 [ISO 31000:2018].

Appendices

1. Risk Management Principles
2. Risk Appetite Summary and Statement
3. Categories and Descriptors of Consequence
4. Categories of Likelihood
5. Risk Rating/Classification Table
6. Risk Response
7. Communication Plan Template

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Appendix 1 : Risk Management Principles

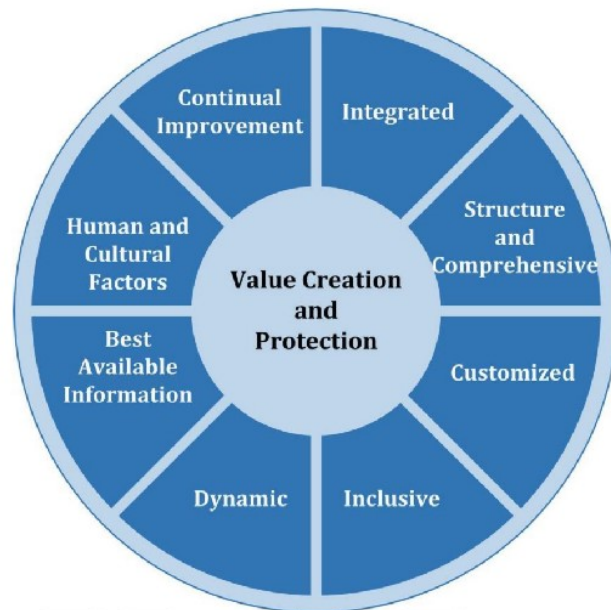


Figure 2 — Principles

Effective risk management requires the elements of Figure 2 and can be further explained as follows:

- a) **Integrated**
Risk management is an integral part of all organizational activities.
- b) **Structured and comprehensive**
A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- c) **Customised**
The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives.
- d) **Inclusive**
Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.

e) Dynamic

Risks can emerge, change or disappear as an organization's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.

f) Best available information

The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.

g) Human and cultural factors

Human behavior and culture significantly influence all aspects of risk management at each level and stage.

h) Continual improvement

Risk management is continually improved through learning and experience.

(Source: ISO 31000:2018)

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Appendix 2 : Risk Appetite Summary and Statement

Risk Appetite Summary									
	Low Appetite			Moderate Appetite			High Appetite		
	Accept little or zero risk, taking a cautious approach towards taking risk			A balanced and considered approach is adopted to taking risk			A more assertive or aggressive approach to taking risk is accepted to realise strategic objectives		
Strategic Growth									
Financial									
Compliance									
Health & Safety									
Reputation									

Area	TDC Risk Appetite Description
Strategic Growth	We want to be nimble, try new things and staff need to feel safe to fail in the environment we set for them.
Financial	As a publicly funded entity there is a need to ensure sound financial decision making that takes between a cautious to balanced approach towards taking risk.
Compliance	There is a low risk appetite for compliance areas which will result in a breach of regulation or have flow on implications to public health and safety. A moderate risk appetite where there is flexibility in the decision and we don't want to slow down business or community activity.
Health & Safety	A strong need to ensure a safe environment for staff, contractors and the community.
Reputation	A realisation that Councils have to make tough decisions in the short term for the benefit of long-term objectives, however it is important to ensure a strong and positive community engagement.

Appendix 3 : Categories and Descriptors of Consequence

1	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Extreme
Achievement of the Vision and Community Outcomes	No impact on the Vision and Community Outcomes	Inconvenience or delay in achieving the Vision and Community Outcomes	Significant difficulty introduced to achievement of the Vision and Community Outcomes Lost opportunity to contribute positively to one or more of the Vision and Community Outcomes	Failure to achieve a specific community Outcome Lost opportunity to significantly advance a specific Community Outcome	Failure to achieve multiple Community Outcomes Lost opportunity to significantly advance multiple Community Outcomes
Financial	Financial impact of less than \$50,000	Financial impact of between \$50,000 and \$250,000 Financial impact of between 1% and 2% of the Council's total opex	Financial impact of between \$250,000 and \$1m Financial impact of between 2% and 5% of the Council's total opex	Financial impact of between \$1m and \$5m Financial impact of between 5% and 10% of the Council's total opex	Financial impact of more than \$5m Financial impact of more than 10% of the Council's total opex
Health and Safety (customers, staff, contractors)	Minor injury, first aid not required	First aid or minor treatment	Medical treatment required	Serious harm, for example broken bones, hospitalisation	Loss of life; multiple serious harms; permanent severe disability
Service delivery to community	Short-term reduction in service delivery which is easily restored and does not compromise the community's health and wellbeing	Reduced service delivery that does not compromise the community's health and wellbeing	Key service not available to some of the community for ten hours or more Continued service degradation for two days or more	Key service not available to a significant portion of the community for two days or more Continued severe service degradation for one week or more	Key service not available to a large proportion of the community for one week or more Continued severe service degradation for one month or more

	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Extreme
Organisational capability and capacity	Temporary problem with organisational capability resulting in no impact on external service delivery	Loss of organisational capability in some areas resulting in sub-optimal support to external delivery activities	<p>Organisation unable to function for less than 10 hours</p> <p>Serious reduction in organisational capability for one week or more</p>	<p>Organisation unable to function for more than 10 hours</p> <p>Serious reduction in organisational capability for two weeks or more</p>	<p>Organisation unable to function for more than two days</p> <p>Serious reduction in organisational capability for one month or more</p>
Reputational	<p>Negative feedback from individuals</p> <p>Short-term 'letters to the editor' (or online equivalent) commentary</p>	<p>Short-term loss of confidence among small sections of the community</p> <p>Regional adverse political or media comment for one or two days</p> <p>Sustained 'letters to the editor' (or online equivalent) commentary in usual sources</p>	<p>Short-term and manageable loss of community confidence</p> <p>Regional adverse political or media comment for more than two days</p> <p>Significant social media commentary or campaign from new sources</p>	<p>Loss of community confidence requiring significant time to remedy</p> <p>National adverse political or media comment for more than two days</p> <p>Regional adverse political or media comment for more than one week</p> <p>Requirement for (televised) public explanation</p>	<p>Insurmountable loss of community confidence</p> <p>National adverse political or media comment for more than one week</p> <p>Requirement for (televised) public apology or defence</p> <p>Adverse comments or questions in Parliament</p>

	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Extreme
Legislative / regulatory compliance	One-off minor regulatory or legislative non-compliance with no direct impact on the community's health or wellbeing	One-off minor regulatory or legislative non-compliance with potential impact on the community's health or wellbeing	Complaint to the Ombudsman, Auditor-General or other statutory office Multiple related minor non-compliances due to an underlying systemic issue Significant breach or non-compliance resulting in regulatory scrutiny	Significant breach or non-compliance, or multiple breaches or non-compliances, resulting in regulatory action and/or restrictions on Council activities	Court proceeding or criminal action for breach or non-compliance; potential for imprisonment of elected member or staff Judicial review on a matter of rates or other funding, or on a matter with significant financial impact

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Appendix 4 : Risk Rating/Classification Table

Categories of Likelihood Descriptors

Almost certain	5	<p>90% or greater chance of occurring in next 12 months</p> <p>Certain to occur at least once in next 5 years</p> <p>It would be unusual if this didn't happen</p>
Likely	4	<p>60% to 90% chance of occurring in next 12 months</p> <p>Expected to occur at least once in next 5 years</p> <p>Will occur more often than not</p>
Possible	3	<p>25% to 60% chance of occurring in next 12 months</p> <p>Likely will occur at least once in next five years (>80% chance)</p> <p>Occurrence is always possible</p>
Unlikely	2	<p>2% to 25% chance of occurring in next 12 months</p> <p>Expected to occur once every 5 to 20 years</p> <p>As potential to occur</p>
Rare	1	<p>Up to 2% chance of occurring in next 12 months</p> <p>Could occur once every 50 or more years</p> <p>Will only occur in exceptional circumstances</p>

Appendix 5 : Risk Map – Diagrammatic Representative of the Risk Rating

LIKELIHOOD	Almost certain					
	Likely					
	Possible					
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Extreme
CONSEQUENCE						

SEVERITY RATING

LOW	MEDIUM	HIGH	EXTREME
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Appendix 6 : Risk Rating/Classification Table

Overall Risk (L X C)	Likelihood (L)	Consequence (I)	Risk Rating/Classification - Corporate/Groups	Risk Response
Extreme	Almost Certain	Very Serious	<ul style="list-style-type: none"> • Failure to achieve multiple Community Outcomes. Lost opportunity to significantly advance multiple Community Outcomes • Potential financial impact of more than \$5million. Financial impact of more than 10% of the Council's total opex • Detrimental impact on operations or major projects • Sustained loss in reputation • Key service not available to a large proportion of the community for one week or more. Continued service degradation for one month or more • Loss of public confidence with the Council • Contractual, legislative, or regulatory non-compliance with certain litigation • Loss of life; multiple serious harms; permanent severe disability 	<ul style="list-style-type: none"> • Immediate notification to Audit & Risk Committee • Requires immediate CE/ Senior Management attention • Requires a detailed risk treatment plan within 30 days • Immediate notification to relevant Group Manager • Advise Group Manager Commercial and Strategy to allow tracking of risk.
High	Likely	Major	<ul style="list-style-type: none"> • Failure to achieve a specific Community Outcome. Lost opportunity to significantly advance a specific Community Outcome • Financial impact of between \$1 million and \$5 million. Financial impact of between 5% and 10% of the Council's total opex • Major impact on operations or major projects • Serious loss in reputation • Key service not available to a significant portion of the community for two days or more. Continued severe service degradation for one week or more • Probable loss of public confidence with the Council • Contractual, legislative, or regulatory non-compliance with probable litigation • Serious harm for example broken bones, hospitalisation 	<ul style="list-style-type: none"> • Requires prompt senior management action/ attention • Requires a detailed risk treatment plan within 60 days • Reported to Audit & Risk Committee • Notification to relevant Group Manager. • Advise Group Manager Commercial and Strategy to allow tracking of risk.
Medium	Possible	Moderate	<ul style="list-style-type: none"> • Significant difficulty introduced to achievement of the Vision and Community Outcomes. Lost opportunity to contribute positively to one or more of the Vision and Community Outcomes 	<ul style="list-style-type: none"> • Requires ongoing management of control effectiveness

Overall Risk (L X C)	Likelihood (L)	Consequence (I)	Risk Rating/Classification - Corporate/Groups	Risk Response
			<ul style="list-style-type: none"> • Financial impact of between \$250,000 and \$1 million. Financial impact of between 2% and 5% of the Council’s total opex • Moderate impact on operations or major projects • Short-term loss in reputation • Serious reduction in organisational capability for one week or more • Possible loss of public confidence with the Council • Contractual, legislative, or regulatory non-compliance with potential for litigation • Medical treatment required 	<ul style="list-style-type: none"> • Manage by specific monitoring or response procedures • May require a risk treatment plan • Included on management-level risk registers • Group Manager Commercial and Strategy to review risk registers periodically.
Low	Unlikely	Minor	<ul style="list-style-type: none"> • Inconvenience or delay in achieving the Vision and Community Outcomes • Potential financial impact of \$50,000 and \$250,000. Financial impact of between 1% and 2% of the Council’s total opex • Minor impact on operations or major projects • No loss in reputation • Minor impact on services or quality • No loss of public confidence with the Council • Contractual, legislative, or regulatory non-compliance but litigation unlikely • First aid or minor treatment 	<ul style="list-style-type: none"> • Manage by routine procedures • Monitor control effectiveness by local management • May require a risk treatment plan • Included on management-level risk register. • Group Manager Commercial and Strategy to review risk registers periodically
	Rare	Insignificant	<ul style="list-style-type: none"> • Financial impact less than 50,000 • No Impact on the Vision and Community Outcomes • Minor injury, first aid not required 	<ul style="list-style-type: none"> • Impact to be absorbed by daily business running costs or managed through routine procedures

Risk Rating Health and Safety

Overall Risk	Likelihood (L)	Consequence (C)	Health and Safety
Extreme	Almost Certain	Extreme	Life threatening: <ul style="list-style-type: none"> • Loss of life(s) • Major health and safety incident involving staff or members of the public • Permanent disability • Permanent ill-health
High	Likely	Major	Extensive injuries: <ul style="list-style-type: none"> • Loss of life • Significant health and safety incident involving staff or members of the public • Multiple serious injuries • Long term illness/disability

Risk Rating Project Management

Overall Risk	Likelihood (L)	Consequence (C)	Project Management
Extreme	Almost Certain	Extreme	<ul style="list-style-type: none"> • Capital cost impact – 25% above budget with a minimum of \$25k. • Significant project delay resulting in a legislative deadline not met and / or 40% or more of the project isn't completed within the financial year of planned completion • Consenting unobtainable • Catastrophic impact on project objectives, identified benefits, deliverables • Irreversible injury/illness, permanent disability or fatality • Level of Service not met • Dispute resulting in mediation and law suit (often as a result from omission of key matters in the contractual agreement)
High	Likely	Major	<ul style="list-style-type: none"> • Capital cost impact – 20% above budget with a minimum of \$20k. • 25% or more of the project isn't completed within the financial year of planned completion • Consenting obtainable but late and /or with onerous conditions • Significant impact on project objectives, identified benefits, deliverables • Level of Service not met • Serious injury/illness – lost time of more than 4 days • Dispute resulting from omission of key matters in the contractual agreement resulting in mediation and law suit (often as a result from omission of key matters in the contractual agreement)

Overall Risk	Likelihood (L)	Consequence (C)	Health and Safety	Overall Risk	Likelihood (L)	Consequence (C)	Project Management
Medium	Possible	Moderate	Minor injuries: <ul style="list-style-type: none"> • Possible hospitalisation • Numerous days lost • Short term illness 	Medium	Possible	Moderate	<ul style="list-style-type: none"> • Capital cost impact – 15% above budget • Consenting obtainable late and /or with onerous conditions • Project 85% completed within the financial year of completion • Some impact on project objectives, identified benefits, deliverables
Low	Unlikely	Minor	Potential for injury: <ul style="list-style-type: none"> • Medical/ First Aid treatment required • Some days lost 	Low	Unlikely	(Minor)	<ul style="list-style-type: none"> • Minor cost impact • Project almost completed (90%+) within the financial year of completion • Small impact on project objectives, identified benefits, deliverables
Near Miss	Rare	Insignificant	No injuries: <ul style="list-style-type: none"> • Report, record and review. 	1 - 2	Rare	Insignificant	<ul style="list-style-type: none"> • Capital cost impact – specific to project • Other negligible impact on project objectives, benefits, deliverables.

Appendix 7 : Risk Response

Overall risk rating	Action	Reporting
<p style="text-align: center;">Extreme</p>	<p>Urgent and active management required.</p> <p>Risk treatment plan must be implemented immediately to reduce the risk exposure to an acceptable level.</p> <p>Regular reporting required.</p>	<p>Immediate notification to relevant Group Manager</p> <p>Advise Group Manager Commercial and Strategy to allow tracking of risk.</p>
<p style="text-align: center;">High</p>	<p>Management attention is required.</p> <p>Risk treatment plan required.</p> <p>Regular reporting required.</p>	<p>Notification to relevant Group Manager.</p> <p>Advise Group Manager Commercial and Strategy to allow tracking of risk.</p>
<p style="text-align: center;">Medium</p>	<p>Management responsibility to monitor.</p> <p>Focus on ensuring internal controls are effective and monitoring the ongoing risk.</p>	<p>Included on management-level risk registers</p> <p>Group Manager Commercial and Strategy to review risk registers periodically.</p>
<p style="text-align: center;">Low</p>	<p>Can be monitored using routine practices.</p> <p>Focus on ensuring internal controls are effective.</p>	<p>Included on management-level risk register.</p> <p>Group Manager Commercial and Strategy to review risk registers periodically.</p>

Appendix 8 : Communication Plan

Stakeholders/ Target Audience	Purpose / Objective of Communication	Key Message / Content	Communication Channel/ Method	Timing/ Date	Frequency	Communication Prepared By	Communication Approved By	Status
Internal:								
Council								
Chief Executive								
Management								
Project Team/s								
All Staff								
Specific Business Units/Groups								
External:								
Clients								
Business Partners /Suppliers								
Other Councils								
Media								

Risk Management



Document No.	
Approved by	
Effective Date	
Next Review	

1.0 Purpose

Policy Objectives

To provide a consistent process to enhance efficient operations, effective processes and successful strategies that increase the likelihood of achieving the best outcomes for the district and the Council by:

- Ensuring risk-based information is available to support good decision-making
- Providing assurance that risks are being appropriately addressed and managed, and
- Ensuring compliance with applicable legislation and regulation.

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives. The principles are outlined in the Risk Management Framework and provides detailed guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose. The principles are the foundation for managing risk and should be considered when establishing the organization's risk management framework and processes. These principles should enable an organization to manage the effects of uncertainty on its objectives.

2.0 Background

Principles

The Council's approach to risk management is consistent with the [Joint Australian New Zealand International Standard ISO 31000:2018 Risk management guidelines Risk Management—Principles and Guidelines \(AS/NZS-ISO-31000:2018\)](#). That Standard states that effective risk management should be: provides the following principles of risk management:

- Integrated
Risk management is an integral part of all organizational activities
- Structured and comprehensive

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A structured and comprehensive approach to risk management contributes to consistent and comparable results.

- Customized
The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives.
- Inclusive
Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- Dynamic
Risks can emerge, change or disappear as an organization's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
- Best available information
The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
- Human and cultural factors
Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
- Continual improvement
Risk management is continually improved through learning and experience.

Objectives

Risks are defined in relation to relevant objectives.

At the highest level, Council's objectives are expressed through its Vision of:

- Fantastic sustainable lifestyle second to none
- Thriving and innovative economy where opportunities abound
- Strong and enviable reputation and identity
- Inspiring, people-focused leadership

In addition, the Council's Community Outcomes are:

- High quality infrastructure to meet community and business needs
- Smart, diversified economic success and growth supported and enabled
- Communities that are safe, vibrant and growing
- People enjoying a high quality of life
- A strong identity forged and promoted
- A valued, healthy and accessible environment

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Risks

Risks can be positive or negative.

Risks can also be 'risks to Council' or 'risks to the district'.

Positive risks, or opportunity risks, should be embraced, in a cost-effective manner, to the extent that they help Council or the district to meet its objectives.

Negative risks should be managed in a cost-effective manner so that they do not detract from Council or the district meeting its objectives.

In tabular form these concepts can be shown as follows:

	Negative risk	Positive risk
District risks	<p>3</p> <p>Understanding risks to for the district achieving its strategic objectives and assessing Council's role in managing those risks</p>	<p>4</p> <p>Understanding opportunities for the district and assessing Council's role in developing those opportunities</p>
Council risks	<p>1</p> <p>Understanding and managing risks to for Council and its immediate stakeholders achieving strategic objectives</p>	<p>2</p> <p>Understanding and exploiting opportunities for Council</p>

Council's initial approach will be to focus on quadrant 1 while remaining aware of the responsibilities and possibilities under quadrants 2, 3 and 4.

Council is establishing a comprehensive formal risk management framework that principally focuses on quadrant 1 risks. This approach will be reviewed in time.

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3.0 Key Definitions

- **Control** is a process, policy, device, practice or other action that reduces the likelihood of a risk event occurring or reduces the potential consequence of that risk event ~~before should~~ the risk event occurs.
- **Council** means the entity known as the Timaru District Council and includes the governing body and the organisation.
- **Governing body** means the ~~M~~mayor and ~~C~~councillors.
- **Mitigation** is a process, policy, device, practice or other action that is intended to reduce the consequence of a risk event after the risk event has occurred.
- **Organisation** means the operations, processes and staff of Timaru District Council led by the Chief Executive.
- **Residual risk** is the risk remaining after risk treatment. (AS/NZS ISO 31000/2018)
- **Risk** is the effect of uncertainty on objectives. (AS/NZS ISO 31000/2018)
- **Committee responsible for risk** means the Audit and Risk Subcommittee, or a subsequent Committee of Council established with similar roles, responsibilities and powers.
- **Risk event** is an occurrence or a change in a particular set of circumstances that gives rise to ~~or modifies~~ a risk.
- **Risk management** is the coordinated activities to direct and control an organisation with regard to risk. (AS/NZS ISO 31000/2018)
- **Risk management framework** is the combined suite of tools and processes, including this policy and supporting procedures, by which Council manages risk.
- **Risk Register** is a schedule that records risks and the controls, mitigations, risk treatments, and accountabilities associated with those risks.
- **Risk treatment** is the process to modify risk. (AS/NZS ISO 31000/2018)

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4.0 Policy

Commitment to risk management

Council recognises that early and systematic identification, analysis and assessment of risks and the development of plans for ~~controlling and mitigating~~ managing risk are necessary to achieve its desired objectives. As such, Council is committed to identifying, analysing, assessing and appropriately managing the risks to achieving its objectives.

Risk management is the responsibility of everyone.

Council encourages intelligent and informed risk-taking and risk-acceptance in pursuit of its objectives.

It is the Policy of Timaru District Council to ensure ~~that the~~ risks that it is exposed to are either avoided or if it is not possible or practicable to avoid those risks that they are controlled-managed to an acceptable level of exposure.

Identification of risks

All staff members are empowered, and expected, to identify and communicate risks. Identified risks will be recorded in a risk management plan register.

Where, for whatever reason, direct reporting lines are not able to be used to communicate identified risks, alternative methods will be made available. These will include, but not be restricted to, direct notification to Group Managers or the Chief Executive.

Analysis of risks

Risks will be analysed to determine potential causes, the likelihood of occurrence, and the potential consequences if they do occur.

The causes, likelihood and consequence will be recorded in a risk management plan the risk register.

In accordance with the principle that risk management is tailored to the organisation, the analysis of risks will reflect the relevant objectives of the Council, organisation, group, unit or project.

For the high-level 'corporate risk management plan:

~~—The potential consequences if a risk event occurs will be assessed in accordance with the Consequence Table included as Attachment 12.~~

- ~~The likelihood of a risk event occurring will be assessed in accordance with the Likelihood Table included as Attachment 21.~~
- ~~The potential consequences if a risk event occurs will be assessed in accordance with the Consequence Table included as Attachment 2.~~
- The assessments of the likelihood of a risk event occurring and the potential subsequent consequences will be considered together in accordance with the Risk Matrix included as Attachment 3.

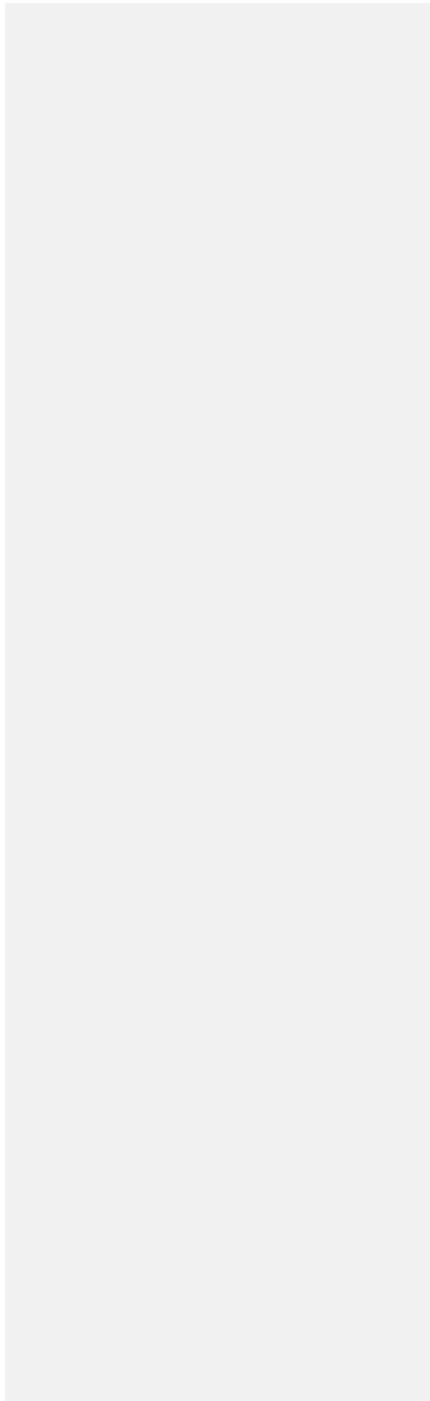
The analysis of risks at subsidiary levels will be undertaken in a manner consistent with the above but may be tailored to suit the relevant circumstances.

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Evaluation of risks

Analysed risks will be evaluated against criteria to determine whether a risk is tolerable in its current state or whether further action is required.

The evaluation of risks will consider established risk tolerances for such risks, as well as any risk-specific factors.

In the first instance the evaluation of risk will include reference to the Risk Response table included as [Attachment 4](#).

Treatment of risks

Where residual risk is considered to be too high, risk treatments will be applied to reduce the residual risk to an acceptable level.

In considering risk treatments consideration will be given to both the costs and effort involved in the treatment and the potential benefit from the risk reduction.

Risk treatment can involve:

Avoiding a risk by deciding not to start or continue with the activity that gives rise to the risk.

- Taking or increasing risk in order to pursue an opportunity
- Removing the risk source
- Changing the likelihood of the risk occurring
- Changing the consequence if the risk occurs
- Sharing the risk with another party or parties, or
- Retraining the risk by informed decision.

Recording of risks

Risks, controls and mitigations will be recorded in a Corporate Risk Register.

A high level organisation-wide 'corporate risk register' will be maintained to record and report on risks of Council-wide significance.

Subsidiary risk registers will be prepared as appropriate throughout the organisation. These may include, but will not be limited to:

- Group risk registers
- Activity risk registers (within Activity Management Plans)
- Asset risk register (if appropriate to be separate from Activity Management Plans)
- Specialists risk register (for example, health and safety)
- Project risk registers, and
- Any other risk registers relevant to helping Council achieve its objectives.

Subsidiary risk management plans will be prepared as appropriate throughout the organisation. These may include, but will not be limited to:

- Group risk management plans
- Activity risk management plans (within Activity Management Plans)
- Asset risk management plans (if appropriate to be separate from Activity Management Plans)
- Specialists risk management plans (for example, health and safety)
- Project risk management plans, and

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- Any other risk management plan relevant to helping Council achieve its objectives.

Reporting of risks

Identified risks, and the associated controls, mitigations and accountabilities, will be reported in accordance with the Risk Response table included as Attachment 4.

Risk management plans will be reported regularly to both the Management Team and the Committee responsible for risk.

Accountability for risks

Specific accountability for each risk, control and mitigation will be identified and recorded in a risk management plan.

Roles and responsibilities

Assigning specific responsibilities to specific roles provides clarity and strengthens the overall risk management framework.

Governance	Responsibility
Council	To be assured that an effective risk management framework is in place and that risks are being appropriately managed. Establish Councils risk appetite statement/tolerance to risk.
Committee responsible for risk	Subject to the governing body's delegated authority, the Committee responsible for risk has responsibility to: <ul style="list-style-type: none"> • Review the risk management framework • Recommend the Council's appetite for risk • Oversee the management of risk • Consider matters related to the quality assurance and internal controls in the organisation including by enquiry and monitoring of risk matters • Advise the governing body on matters of risk and provide objective advice and recommendations for the governing body's consideration

Management	Responsibility
Chief Executive	Approve the risk management framework and recommend it to the Committee responsible for risk. Lead and promote a risk aware culture across the organisation. Implement the risk management framework across the organisation. Ensure risks are appropriately managed

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Management	Responsibility
Management Team	<p>Endorse the risk management framework and champion it to the organisation.</p> <p>Monitor effective implementation of the risk management framework across the organisation.</p> <p>Receive and consider risk management plans registers - on a quarterly basis</p> <p>Receive and consider other risk-related reports on an as-required basis.</p> <p>Provide direction on risk tolerance at a general and risk-specific level.</p> <p>Periodically review the risk management framework to ensure it remains appropriate.</p>
Group Managers	<p>'Own' risks relevant to, or arising from, their groups.</p> <p>Lead and promote a risk aware culture within their groups.</p>
Group Manager Commercial and Strategy	<p>Develop and maintain the risk management framework.</p> <p>Facilitate the population and ongoing review of the high level 'corporate risk management plan'.</p> <p>Manage the interface between subsidiary risk management plans and the high level 'corporate risk management plan'.</p> <p>Advise on potential risk treatments for identified risk.</p> <p>Consider and, where necessary, challenge the risks, controls, mitigations and accountabilities included (or not included) in risk management plans across the organisation.</p> <p>Support unit managers to implement the risk management framework in their divisions and teams.</p> <p>Lead the integration of risk management principles into other Council decision-making processes.</p>
Unit Managers	<p>Develop, populate and manage the risk management plan for their unit in accordance with the risk management framework.</p> <p>'Own' risks relevant to or arising from, their teams.</p> <p>Lead and promote a risk aware culture within their units.</p>
Staff and Contractors	<p>Provide support in identifying risk.</p> <p>As appropriate, 'own' risks, controls or mitigations.</p>

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Relevant Delegations

The Chief Executive or his/her nominee has delegated authority for the implementation of this policy.

References and Relevant Legislation

~~Joint Australian New Zealand International~~ [ISO 31000:2018](#) Risk Management – Principles and Guidelines (~~AS/NZS ISO 31000:2018~~).

- Attachments:
- ~~1 Likelihood Table~~
 - 1 [Consequence Table](#)
 - 2 [Likelihood Table](#)
 - 3 Risk Matrix
 - 4 Risk Response Table

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Attachment 1

Categories of Likelihood

Almost certain	<p>90% or greater chance of occurring in next 12 months</p> <p>Expected to occur in 9 or next 10 years</p> <p>Certain to occur at least once in next 5 years</p> <p>It would be unusual if this didn't happen</p>
Likely	<p>60% to 90% chance of occurring in next 12 months</p> <p>Expected to occur at least once in next 5 years</p> <p>Will occur more often than not</p>
Possible	<p>25% to 60% chance of occurring in next 12 months</p> <p>Expected to occur in 4 or next 10 years</p> <p>Likely will occur at least one in next five years (>80% chance)</p> <p>Not likely, but don't be surprised</p>
Unlikely	<p>2% to 25% chance of occurring in next 12 months</p> <p>Expected to occur a maximum of once every 5 to 20 years</p> <p>50% chance of occurring in next 5 years</p> <p>A surprise, but not beyond the bounds of imagination</p>
Rare	<p>Up to 2% chance of occurring in next 12 months</p> <p>Could occur once every 50 or more years</p> <p>Less than 10% chance of occurring in next 5 years</p> <p>Will only occur in exceptional circumstances</p>

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Attachment 12

Categories and Descriptors of Consequence

	1	2	3	4	5
	Less than minor	Minor	Moderate	Major	Extreme
Achievement of the Vision and Community Outcomes	No impact on the Vision and Community Outcomes	Inconvenience or delay in achieving the Vision and Community Outcomes	Significant difficulty introduced to achievement of the Vision and Community Outcomes Lost opportunity to contribute positively to one or more of the Vision and Community Outcomes	Failure to achieve a specific Community Outcome Lost opportunity to significantly advance a specific Community Outcome	Failure to achieve multiple Community Outcomes Lost opportunity to significantly advance multiple Community Outcomes
Financial	Financial impact of less than \$50,000	Financial impact of between \$50,000 and \$250,000 Financial impact of between 1% and 2% of the Council's total opex	Financial impact of between \$250,000 and \$1 million Financial impact of between 2% and 5% of the Council's total opex	Financial impact of between \$1 million and \$5 million Financial impact of between 5% and 10% of the Council's total opex	Financial impact of more than \$5 million Financial impact of more than 10% of the Council's total opex
Health and Safety (customers, staff, contractors)	Minor injury, first aid not required	First aid or minor treatment	Medical treatment required	Serious harm, for example broken bones, hospitalisation	Loss of life; multiple serious harms; permanent severe disability
Service delivery to community	Short-term reduction in service delivery which is easily restored and does not compromise the community's health and wellbeing	Reduced service delivery that does not compromise the community's health and wellbeing	Key service not available to some of the community for ten hours or more Continued service degradation for two days or more	Key service not available to a significant portion of the community for two days or more Continued severe service degradation for one week or more	Key service not available to a large proportion of the community for one week or more Continued severe service degradation for one month or more

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	1	2	3	4	5
	Less than minor	Minor	Moderate	Major	Extreme
Organisational capability and capacity	Temporary problem with organisational capability resulting in no impact on external service delivery	Loss of organisational capability in some areas resulting in sub-optimal support to external delivery activities	Organisation unable to function for less than 10 hours Serious reduction in organisational capability for one week or more	Organisation unable to function for more than 10 hours Serious reduction in organisational capability for two weeks or more	Organisation unable to function for more than two days Serious reduction in organisational capability for one month or more
Reputational	Negative feedback from individuals Short-term 'letters to the editor' (or online equivalent) commentary	Short-term loss of confidence among small sections of the community Regional adverse political or media comment for one or two days Sustained 'letters to the editor' (or online equivalent) commentary in usual sources	Short-term and manageable loss of community confidence Regional adverse political or media comment for more than two days Significant social media commentary or campaign from new sources	Loss of community confidence requiring significant time to remedy National adverse political or media comment for more than two days Regional adverse political or media comment for more than one week Requirement for (televised) public explanation	Insurmountable loss of community confidence National adverse political or media comment for more than one week Requirement for (televised) public apology or defence Adverse comments or questions in Parliament
Legislative / regulatory compliance	One-off minor regulatory or legislative non-compliance with no direct impact on the community's health or wellbeing	One-off minor regulatory or legislative non-compliance with potential impact on the community's health or wellbeing	Complaint to the Ombudsman, Auditor-General or other statutory office Multiple related minor non-compliances due to an underlying systemic issue Significant breach or non-compliance resulting in regulatory scrutiny	Significant breach or non-compliance, or multiple breaches or non-compliances, resulting in regulatory action and/or restrictions on Council activities	Court proceeding or criminal action for breach or non-compliance; potential for imprisonment of elected member or staff Judicial review on a matter of rates or other funding, or on a matter with significant financial impact

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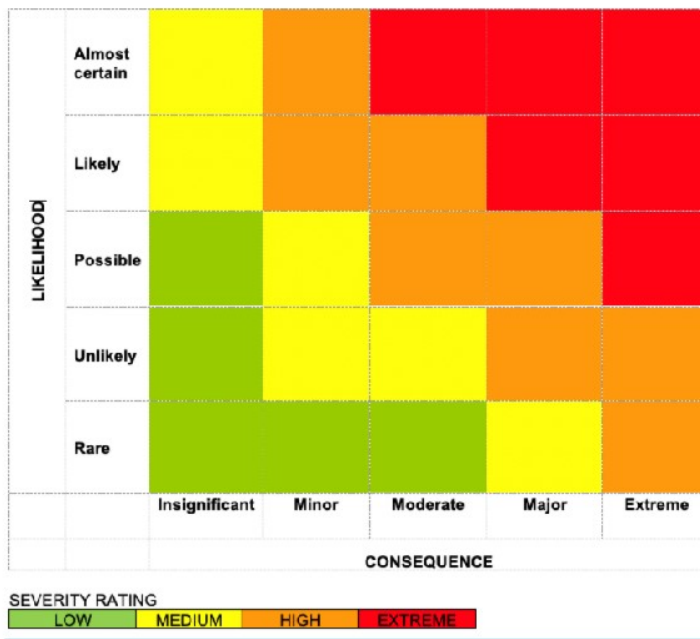
Attachment 2

Categories of Likelihood

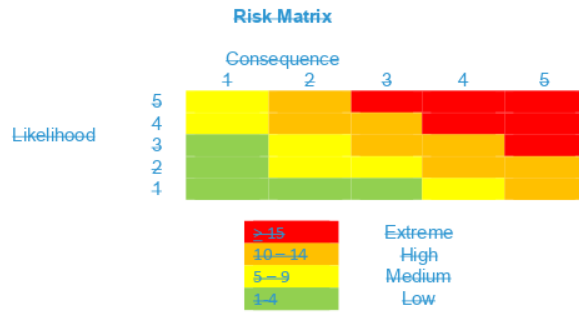
<u>Almost certain</u>	<p><u>90% or greater chance of occurring in next 12 months</u></p> <p><u>Certain to occur at least once in next 5 years</u></p> <p><u>It would be unusual if this didn't happen</u></p>
<u>Likely</u>	<p><u>60% to 90% chance of occurring in next 12 months</u></p> <p><u>Expected to occur at least once in next 5 years</u></p> <p><u>Will occur more often than not</u></p>
<u>Possible</u>	<p><u>25% to 60% chance of occurring in next 12 months</u></p> <p><u>Likely will occur at least once in next five years (>80% chance)</u></p> <p><u>Occurrence is always possible</u></p>
<u>Unlikely</u>	<p><u>2% to 25% chance of occurring in next 12 months</u></p> <p><u>Expected to occur once every 5 to 20 years</u></p> <p><u>As potential to occur</u></p>
<u>Rare</u>	<p><u>Up to 2% chance of occurring in next 12 months</u></p> <p><u>Could occur once every 50 or more years</u></p> <p><u>Will only occur in exceptional circumstances</u></p>

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Attachment 3
[Risk Rating Matrix](#)



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Attachment 4

Risk Response

Overall risk rating	Action	Reporting
Extreme	<p>Urgent and active management required.</p> <p>Risk treatment plan must be implemented immediately to reduce the risk exposure to an acceptable level.</p> <p>Regular reporting required.</p>	<p>Immediate notification to relevant Group Manager</p> <p>Advise Group Manager Commercial and Strategy to allow tracking of risk.</p>
High	<p>Management attention is required.</p> <p>Risk treatment plan required.</p> <p>Regular reporting required.</p>	<p>Notification to relevant Group Manager.</p> <p>Advise Group Manager Commercial and Strategy to allow tracking of risk.</p>
Medium	<p>Management responsibility to monitor.</p> <p>Focus on ensuring internal controls are effective and monitoring the ongoing risk.</p>	<p>Included on management-level risk registers</p> <p>Group Manager Commercial and Strategy to review risk registers periodically.</p>
Low	<p>Can be monitored using routine practices.</p> <p>Focus on ensuring internal controls are effective.</p>	<p>Included on management-level risk register.</p> <p>Group Manager Commercial and Strategy to review risk registers periodically.</p>

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6.6 Internal Audit and Assurance Programme

Author: Ernest Bernard, Risk and Assurance Manager

Authoriser: Donna Cross, Group Manager Commercial and Strategy

Recommendation

That the report be received and noted.

Purpose of Report

To provide the Committee with an update on the progress with the 20/21 Internal Audit (IA) Programme.

Background

- 1 The Council maintains a programme of internal audits designed to provide assurance that internal controls across a wide range of activities are in place and operating effectively. These reviews are also designed to assess the effectiveness and efficiency of operations and compliance with policies and legislative obligations. The IA has been approved by Council.

Progress status of IAs planned for Q2

2 GST, PAYE and FBT tax compliance review

The audit was planned to be carried out from the 17 December 2020 to 19 December 2020 but due the external audit and ongoing LTP priorities, the Group Manager Commercial & Strategy has requested for the review to be deferred to January 2021.

3 Accounts Payable and banking transactions control

The audit planning will be carried out in December 2020 and audit field work in January 2021.

Attachments

1. Updated Detailed Internal Audit Plan 20/21  

Detailed Internal Audit Plan 2020/21

	Review Name	Review Description	Area	Risk Category	Number of Hours	When
1	GST, PAYE and FBT tax compliance review	<p>The objective is to assess the extent to which the processes and procedures used by Council facilitates GST, PAYE and FBT compliance and the extent tax legislation and Inland Revenue practice. In particular, the evaluation will:</p> <ul style="list-style-type: none"> • Ascertain areas of risk, and provide practical recommendation to mitigate those risks; • Provide Council management with a high level independent assessment of council's level of GST, PAYE and FBT compliance; and • Identify any areas of non-compliance by Council that have not yet been addressed, and provide recommendations as how this should best be remedied 	Commercial & Strategy	Legislation /Regulatory	Outsource	Q2 moved to Q3
2.	Accounts payable, banking and transaction controls.	<p>The objective of the review is to provide assurance to:</p> <ul style="list-style-type: none"> • Ensure adequate internal controls exist over the AP, banking and transactions processes and that those controls are operating effectively. • Evaluate AP, banking and transactions processes for operating efficiencies and 	Commercial and Strategy	Financial	120	Q2 (Will begin in Q2 and report issued in Q3)

		applicability of best practices.				
3.	Payroll	<p>To provide assurance that there are effective controls in place carrying out Payroll activities by:</p> <ul style="list-style-type: none"> • Reviewing current process (Inc. pay runs, time sheeting, adding, editing and terminating employees from payroll system) • Assessing process to best practice • Transactional testing (where required) • Application of payroll policy • Leave policy and process review and application • Review and reporting 	People and Digital	Human Resources	80	Q3
4.	Contract management.	<p>To review the processes for forming a contract, variations to a contract, contract management/monitoring, budget monitoring and management information. Identify and test controls are in place within these processes. Areas of business will be selected and tested.</p>	Infrastructure	Operations	120	Q3 to Q4
5	Animal control - billing, issuing, & enforcement	<p>The objective of the review was to assess the effectiveness of TDC's animal control processes to ensure that they are undertaken in accordance with overarching Policies, Plans and Bylaws and risks are managed appropriately.</p>	Environmental Services	Animal Control	80	Q4

Total Hours	400 hours
Available hours for one person: (2080 hours less AL, SL, PH and Training and less Q1 480 hours)	1280 hours
Resourcing (560/1280)	0.3 FTE

Strategy to carry out the above audits.

- 1. Risk and Assurance Manager will carry out 4 of the audits**
- 2. 1 of the audits will be outsourced**

6.7 Probity Report

Author: Ernest Bernard, Risk and Assurance Manager

Authoriser: Bede Carran, Chief Executive

Recommendation

That the report be received and noted.

Purpose of Report

- 1 This report is to note that there have been no incidents of wrong doing brought to the attention of the Chief Executive or other senior executives in Council.

Assessment of Significance

- 2 This matter is considered to be of low significance in terms of Council's Significance and Engagement Policy.

Discussion

- 3 This report is part of providing assurance to the public that Council staff, contractors and consultants are adhering to high ethical standards and that there are policies, systems, processes and controls in place to prevent fraud, corruption and serious wrongdoing by Council officers, its contractors and consultants. In line with Council's commitment to provide development and learning opportunities to all team members, we will be running training sessions across Council to explore how we continue to build and sustain a strong ethical culture at Timaru District Council.
- 4 The training is to explore the decisions officers are required to make in their roles that require judgements that can be difficult or ambiguous in how to balance the interest of a ratepayer, a consent applicant or individual member of the public against the wider interests of the general public and community. At other times officers are required to have difficult conversations and interactions with customers and users of our facilities which can end with disappointed, disgruntled or angry members of the public. As advised in our previous probity report we have engaged an independent facilitator, Nick Dangerfield, to facilitate and lead interactive case study based sessions which will help Council officers recognise these situations and provide the tools to manage them. The sessions will focus on our values, behaviours and any ethical challenges officers are required to resolve when performing their functions. The sessions are 2 hours long during the week starting 14 December.
- 5 Council currently has a working group leading work to establish Council's Procurement Framework. We are about to commence a project to establish a Council-wide procurement framework across all activities. The aim is to ensure that procurement methods and risk are assessed and managed at the appropriate level in the organisation. While the approach is still being finalised, this is likely to include developing "category plans" for different units, reviewing contract forms, identifying upcoming projects and identifying most effective procurement methods. The framework will also include assigning a priority level (e.g. A, B or C) for each potential contract, which will then inform who needs to approve it, regular

reporting requirements to Group Manager and Chief Executive, whether a procurement plan is required and probity requirements. The priorities will not just be based on cost, they will take into account multiple factors such as whether an activity has been procured before, if there have been issues with this type of procurement, and other risk factors.

Attachments**Nil**

6.8 Timaru District Triennial Rating Revaluation**Author: Sandy Hogg, Management Accountant****Authoriser: Donna Cross, Group Manager Commercial and Strategy****Recommendation**

That the report be received.

Purpose of Report

- 1 This report is to update the Committee on the 2020 triennial District rating revaluation.

Discussion

- 2 The Council is required to undertake a valuation of its roll for rating purposes every three years. The last valuation was 1 September 2017. The valuation is used as a basis for the allocation of land value based rates for the 2021/22-2024/25 Annual Plans.
- 3 The valuation is carried out by Council's valuation service provider Quotable Value (QV).
- 4 The revaluation was carried out during September 2020 with the new valuations becoming effective for rating purposes from 1 July 2021.
- 5 The Office of the Valuer General (OVG) performs an audit on the valuation.
- 6 A pre audit entry meeting was recently held between the OVG, QV and Council staff, in relation to the audit of the 2020 Triennial Rating Revaluation undertaken by QV.
- 7 The audit occurred over the week of 16 November 2020.
- 8 Following the audit QV has been tasked with providing further detailed information and validation to support the proposed revaluation, before the OVG is able to give certification and signoff.
- 9 QV intends to complete all unresolved issues and submit the revaluation back to the OVG by 23 December 2020.
- 10 This means that the timeframe for notification of the property valuations (which provides ratepayers an opportunity to object to the valuation in relation to their property) will occur later than anticipated.
- 11 At this stage there is not a confirmed timeframe in regards when QV will receive audit approval from the OVG, but is expected to take place between mid and late January. QV will present to Council on the revaluation at its first meeting in the new calendar year. Updated notices of property valuations will be lodged and forwarded to all property owners.
- 12 QV is able to provide in December proposed values for LTP modelling purposes pending the outcome of the final audit and ratepayer objection process.
- 13 The effective date for the valuation is 1 September 2020 (but would not impact rates until the new rates year, commencing 1 July 2021) – also, this is subject to the consultation process below.

- 8 An increase in a property's land value does not necessarily result in an increase in rates. Consideration is given to the increase in an individual property value relative to the average property value increase. The rating impact on individual sectors of the community, such as primary, residential and commercial, as a result of the revaluation will be considered by Council as part of the Long Term Plan process.

Attachments**Nil**

7 Consideration of Urgent Business Items

8 Consideration of Minor Nature Matters

9 Exclusion of the Public

Recommendation

That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
<p>10.1 - Public Excluded Minutes of the Audit and Risk Committee Meeting held on 12 October 2020</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p> <p>s7(2)(i) - The withholding of the information is necessary to</p>	<p>To protect a person’s privacy</p> <p>Commercial sensitivity</p> <p>Due to an obligation of confidence and to protect the public interest</p> <p>To protect all communications between a legal adviser and clients from being disclosed without the permission of the client.</p> <p>To enable commercial activities</p> <p>To enable commercial or industrial negotiations</p>

	enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	
10.2 - Issues Watch Register	<p>s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret</p> <p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p>	<p>To prevent disclosing a trade secret</p> <p>Commercial sensitivity</p> <p>To protect all communications between a legal adviser and clients from being disclosed without the permission of the client.</p>
10.3 - Insurance	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>Commercial sensitivity</p> <p>To enable commercial activities</p>
10.4 - Outstanding Items Raised by Audits	s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	To enable commercial activities
10.5 - Cyber Security Report	s7(2)(b)(ii) - The withholding of the information is necessary to	Commercial sensitivity

	protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	
10.6 - Employee Matters	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person’s privacy
10.7 - Timaru District Council Draft Annual Report 2019/20	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	Commercial sensitivity To enable commercial activities
10.8 - Committee and Auditor only time (agenda placeholder)	s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	Due to an obligation of confidence and to protect the public interest To enable commercial activities

<p>10.9 - Committee and Chief Executive only time (agenda placeholder)</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(h) - The withholding of the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	<p>To protect a person's privacy</p> <p>To enable commercial activities</p>

10 Public Excluded Reports

- 10.1 Public Excluded Minutes of the Audit and Risk Committee Meeting held on 12 October 2020**
- 10.2 Issues Watch Register**
- 10.3 Insurance**
- 10.4 Outstanding Items Raised by Audits**
- 10.5 Cyber Security Report**
- 10.6 Employee Matters**
- 10.7 Timaru District Council Draft Annual Report 2019/20**
- 10.8 Committee and Auditor only time (agenda placeholder)**
- 10.9 Committee and Chief Executive only time (agenda placeholder)**

11 Readmittance of the Public