

Audit and Risk Management Committee

AGENDA

Notice of Meeting:

An ordinary meeting of the Audit and Risk Management Committee will be held on:

Date: Friday 5 April 2024
Time: 9.30 am
Venue: Committee Room 1, Level 2, Civic Offices,
53 Hereford Street, Christchurch

Membership

Chairperson	Mr Michael Wilkes
Deputy Chairperson	Councillor Jake McLellan
Members	Councillor Tyrone Fields
	Councillor Sam MacDonald
	Councillor Tim Scandrett
	Mr Bruce Robertson
	Mrs Hilary Walton

2 April 2024

Principal Advisor

Jane Parfitt
General Manager Infrastructure
Planning & Regulatory
Tel: 941 8999

Luke Smeele
Democratic Services Advisor
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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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<https://www.ccc.govt.nz/the-council/meetings-agendas-and-minutes/>

What is important to us?

Our Strategic Framework is a big picture view of what the Council is aiming to achieve for our community

Our focus this Council term 2022–2025

Strategic Priorities



Be an inclusive and equitable city which puts people at the centre of developing our city and district, prioritising wellbeing, accessibility and connection.



Champion Ōtautahi-Christchurch and collaborate to build our role as a leading New Zealand city.



Build trust and confidence in the Council through meaningful partnerships and communication, listening to and working with residents.

Adopted by the Council on 5 April 2023



Reduce emissions as a Council and as a city, and invest in adaptation and resilience, leading a city-wide response to climate change while protecting our indigenous biodiversity, water bodies and tree canopy.



Manage ratepayers' money wisely, delivering quality core services to the whole community and addressing the issues that are important to our residents.



Actively balance the needs of today's residents with the needs of future generations, with the aim of leaving no one behind.

Our goals for this Long Term Plan 2024–2034

Draft Community Outcomes



Collaborative and confident

Our residents have the opportunity to actively participate in community and city life, have a strong sense of belonging and identity, and feel safe.



Green and liveable

Our neighbourhoods and communities are accessible and well connected, supporting our goals to reduce emissions, build climate resilience and protect and regenerate the environment, especially our biodiversity, water bodies and tree canopy.

To be adopted by the Council as part of the Long Term Plan 2024–2034



A cultural powerhouse

Our diverse communities are supported to understand and protect their heritage, pursue their arts, cultural and sporting interests, and contribute to making our city a creative, cultural and events 'powerhouse'.



Thriving and prosperous

Our city is a great place for people, business and investment where we can all grow our potential, where enterprises are innovative and smart, and where together we raise productivity and reduce emissions.

Our intergenerational vision

A place of opportunity for all.

Open to new ideas, new people,
new investment and new ways
of doing things – a place where
anything is possible.



Ngāi Tahu has rangatiratanga over its takiwā – the Council is committed to partnering with Ngāi Tahu to achieve meaningful outcomes that benefit the whole community

AUDIT AND RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE NGĀ ĀRAHINA MAHINGA

Chair	Mr Michael Wilkes (Independent)
Deputy Chair	Councillor McLellan
Membership	Councillor Fields Councillor MacDonald Councillor Scandrett External Members: Mrs Hilary Walton Mr Bruce Robertson
Quorum	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd.
Meeting Cycle	Quarterly and as required
Reports To	Council

Purpose

To assist the Council to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of risk management systems, process and practices;
- internal and external audit;
- accounting policy and practice;
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities; and
- the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

The foundations on which this Committee operates, and as reflected in this Terms of Reference, includes: independence; clarity of purpose; competence; open and effective relationships and no surprises approach.

Procedure

- In order to give effect to its advice the Committee should make recommendations to the Council and to Management.
- The Committee should meet the internal and the external auditors without Management present as a standing agenda item at each meeting where external reporting is approved, and at other meetings if requested by any of the parties.
- The external auditors, the internal audit manager and the co-sourced internal audit firm should meet outside of formal meetings as appropriate with the Committee Chair.

- The Committee Chair will meet with relevant members of Management before each Committee meeting and at other times as required.

Responsibilities

Internal Control Framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security.
- Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.
- Review the processes or systems in place to capture and effectively investigate fraud or material litigation should it be required.
- Seek confirmation annually and as necessary from internal and external auditors, attending Councillors, and management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.

Risk Management

- Review and consider Management's risk management framework in line with Council's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council.
- Assist the Council to determine its appetite for risk.
- Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by management to treat Council's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework.
- Consider emerging significant risks and report these to Council where appropriate.

Internal Audit

- Review and approve the annual internal audit plan, such plan to be based on the Council's risk framework. Monitor performance against the plan at each regular quarterly meeting.
- Monitor all internal audit reports and the adequacy of management's response to internal audit recommendations.
- Review six monthly fraud reporting and confirm fraud issues are disclosed to the external auditor.
- Provide a functional reporting line for internal audit and ensure objectivity of internal audit.
- Oversee and monitor the performance and independence of internal auditors, both internal and co-sourced. Review the range of services provided by the co-sourced partner and make recommendations to Council regarding the conduct of the internal audit function.
- Monitor compliance with the delegations policy.

External Reporting and Accountability

- Consider the appropriateness of the Council's existing accounting policies and practices and approve any changes as appropriate.
- Contribute to improve the quality, credibility and objectivity of the accounting processes, including financial reporting.
- Consider and review the draft annual financial statements and any other financial reports that are to be publicly released, make recommendations to Management.
- Consider the underlying quality of the external financial reporting, changes in accounting policy and practice, any significant accounting estimates and judgements, accounting implications of new and significant transactions, management practices and any significant disagreements

between Management and the external auditors, the propriety of any related party transactions and compliance with applicable New Zealand and international accounting standards and legislative requirements.

- Consider whether the external reporting is consistent with Committee members' information and knowledge and whether it is adequate for stakeholder needs.
- Recommend to Council the adoption of the Financial Statements and Reports and the Statement of Service Performance and the signing of the Letter of Representation to the Auditors by the Mayor and the Chief Executive.
- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Request visibility of appropriate management signoff on the financial reporting and on the adequacy of the systems of internal control; including certification from the Chief Executive, the Chief Financial Officer and the General Manager Corporate Services that risk management and internal control systems are operating effectively;
- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.
- Review and consider the Summary Financial Statements for consistency with the Annual Report.

External Audit

- Annually review the independence and confirm the terms of the audit engagement with the external auditor appointed by the Office of the Auditor General. Including the adequacy of the nature and scope of the audit, and the timetable and fees.
- Review all external audit reporting, discuss with the auditors and review action to be taken by management on significant issues and recommendations and report to Council as appropriate.
- The external audit reporting should describe: Council's internal control procedures relating to external financial reporting, findings from the most recent external audit and any steps taken to deal with such findings, all relationships between the Council and the external auditor, Critical accounting policies used by Council, alternative treatments of financial information within Generally Accepted Accounting Practice that have been discussed with Management, the ramifications of these treatments and the treatment preferred by the external auditor.
- Ensure that the lead audit engagement and concurring audit directors are rotated in accordance with best practice and NZ Auditing Standards.

Compliance with Legislation, Standards and Best Practice Guidelines

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines.

Appointment of Independent Members

- Identify skills required for Independent Members of the Audit and Risk Management Committee. Appointment panels will include the Mayor or Deputy Mayor, Chair of Finance & Performance Committee and Chair of Audit & Risk Management Committee. Council approval is required for all Independent Member appointments.
- The term of the Independent members should be for three years. (It is recommended that the term for independent members begins on 1 April following the Triennial elections and ends 31 March three years later. Note the term being from April to March provides continuity for the committee over the initial months of a new Council.)
- Independent members are eligible for re-appointment to a maximum of two terms. By exception the Council may approve a third term to ensure continuity of knowledge.

Long Term Plan Activities

- Consider and review the Long Term and Annual Plans before adoption by the Council. Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting.

Audit and Risk Management Committee Forward Work Programme 2024

2024	Feb 8	Apr 5	Jun 20	Aug 9	Oct 17	Dec 6
Update Reports	<ul style="list-style-type: none"> LTP Process Update 	<ul style="list-style-type: none"> Risk and Assurance Procurement Cyber Security Health and Safety 	<ul style="list-style-type: none"> Risk and Assurance Major Litigation Health and Safety 	<ul style="list-style-type: none"> Risk and Assurance Procurement 	<ul style="list-style-type: none"> Risk and Assurance Cyber Security Health and Safety 	<ul style="list-style-type: none"> Risk and Assurance Procurement Major Litigation Health and Safety
Other Reports			<ul style="list-style-type: none"> Te Kaha Update Parakiore Update 			
Annual Report	<ul style="list-style-type: none"> Audit NZ Management Report 	<ul style="list-style-type: none"> External Reporting and Audit Programme for 2023/24 Update 	<ul style="list-style-type: none"> Audit NZ Management Letter for current year interim audit Audit Plan - Audit NZ 		<ul style="list-style-type: none"> Financial Statements and Annual Report Update on critical judgments, estimates & assumptions 	
Annual Plan	<ul style="list-style-type: none"> Draft LTP 		<ul style="list-style-type: none"> Final LTP 			

Part A	Matters Requiring a Council Decision
Part B	Reports for Information
Part C	Decisions Under Delegation

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1. Apologies Ngā Whakapāha

At the close of the agenda no apologies had been received.

2. Declarations of Interest Ngā Whakapuaki Aronga

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

3. Confirmation of Previous Minutes Te Whakaāe o te hui o mua

That the minutes of the Audit and Risk Management Committee meeting held on [Thursday, 8 February 2024](#) be confirmed (refer page 10).

4. Public Forum Te Huinga Whānui

There were no public forum requests received at the time the agenda was prepared

5. Deputations by Appointment Ngā Huinga Whakaritenga

There were no deputations by appointment at the time the agenda was prepared.

6. Petitions Ngā Pākikitanga

There were no petitions received at the time the agenda was prepared.

Audit and Risk Management Committee
OPEN MINUTES

Date: Thursday 8 February 2024
Time: 9.35 am
Venue: Committee Room 1, Level 2, Civic Offices,
53 Hereford Street, Christchurch

Present
Chairperson Mr Michael Wilkes
Deputy Chairperson Councillor Jake McLellan
Members Councillor Tyrone Fields
Councillor Sam MacDonald
Mrs Hilary Walton

Acting Principal Advisor
Russell Holden
General Manager - Resources /
CFO
Tel: 941 8999

Luke Smeele
Democratic Services Advisor
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- Part A** **Matters Requiring a Council Decision**
Part B **Reports for Information**
Part C **Decisions Under Delegation**
-

The agenda was dealt with in the following order.

1. Apologies Ngā Whakapāha

Part C

Committee Resolved ARCM/2024/00001

That the apology received from Tim Scandrett for absence be accepted.

Councillor McLellan/Councillor MacDonald

Carried

2. Declarations of Interest Ngā Whakapuaki Aronga

Part B

There were no declarations of interest recorded.

3. Confirmation of Previous Minutes Te Whakaāe o te hui o mua

Part C

Committee Resolved ARCM/2024/00002

That the minutes of the Audit and Risk Management Committee meeting held on Thursday, 7 December 2023 be confirmed.

Mrs Walton/Councillor Fields

Carried

4. Public Forum Te Huinga Whānui

Part B

There were no public forum presentations.

5. Deputations by Appointment Ngā Huinga Whakaritenga

Part B

There were no deputations by appointment.

6. Presentation of Petitions Ngā Pākikitanga

Part B

There was no presentation of petitions.

7. LTP 2024-34 Update

Committee Resolved ARCM/2024/00003

Officer Recommendation Accepted without Change

Part C

That the Audit and Risk Management Committee:

1. Receive the information in the Long-Term Plan 2024-34 Update Report.

Mr Wilkes/Councillor McLellan

Carried

8. Consideration of the Council's Draft Long-term Plan LTP 2024-34 process

Committee Comment

1. The Committee accepted the Staff Recommendation and noted that as of the 8 February 2024 the Council has elected not to have the Consultation Document audited by Audit New Zealand.

Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Notes it has reviewed key documentation in respect of the information that provides the basis for adoption of the Draft Long-term Plan (LTP) 2024-34 by Council, including drafts of the:
 - a. Consultation Document;
 - b. Financial Strategy;
 - c. Infrastructure Strategy;
 - d. General checklists and sign-offs by management, including significant forecasting assumptions; and
 - e. An early (work in progress) draft of the Draft LTP 2024-34 adoption report to Council. This must remain public excluded until the Council agenda goes live on 9 February 2024.
2. Recommends to the Council that in the Committee's opinion an appropriate process has been followed in the preparation of Long-Term Plan 2024-34 information.

Committee Resolved ARCM/2024/00004

Part C

That the Audit and Risk Management Committee:

1. Notes it has reviewed key documentation in respect of the information that provides the basis for adoption of the Draft Long-term Plan (LTP) 2024-34 by Council, including drafts of the:
 - a. Consultation Document;

- b. Financial Strategy;
- c. Infrastructure Strategy;
- d. General checklists and sign-offs by management, including significant forecasting assumptions; and
- e. An early (work in progress) draft of the Draft LTP 2024-34 adoption report to Council. This must remain public excluded until the Council agenda goes live on 9 February 2024.

Mrs Walton/Councillor McLellan

Carried

Committee Decided ARCM/2024/00005

Part A

That the Audit and Risk Management Committee recommends that the Council:

- 2. Be advised that in the Committee's opinion an appropriate process has been followed in the preparation of Long-Term Plan 2024-34 information and notes that at this point in time (8 February 2024) the Council has elected not to have the Consultation Document audited.

Mrs Walton/Councillor McLellan

Carried

9. Resolution to Exclude the Public Te whakataunga kaupare hunga tūmatanui

Committee Resolved ARCM/2024/00006

Part C

That Chantelle Gernetzky and Anna Jones of Audit New Zealand and Bruce Robertson of RBRobertson Limited, remain after the public have been excluded for Items 10-11 of the public excluded agenda as they have knowledge that is relevant to those items and will assist the Council.

AND

That at 10.52am the resolution to exclude the public set out on page 69 of the agenda be adopted.

Councillor McLellan/Councillor MacDonald

Carried

The public were re-admitted to the meeting at 11.24am.

Meeting concluded at 11.24am.

CONFIRMED THIS 5th DAY OF APRIL 2024

MICHAEL WILKES
CHAIRPERSON

7. Procurement and Contracts Unit FY24 Q2 Report

Reference / Te Tohutoro: 23/2098912

Report of / Te Pou
Matua:

Luke Stevens, Acting Head of Procurement and Contracts

General Manager /
Pouwhakarae:

Bede Carran, General Manager Resources/Chief Financial Officer

1. Nature of Information Update and Report Origin

- 1.1 Quarterly Audit and Risk Management Committee Report.
- 1.2 Procurement and Contract Management Compliance Monitoring and Reporting.
Report to Audit and Risk Management Committee every quarter on monitoring compliance.

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receive the information in the Quarterly Procurement Report for the months of October, November, and December 2023 (FY2024 Q2 Report).

3. Long Term Plan Activity Reports

- 3.1 For a summary of the Procurement and Contract Unit Long Term Plan Activity reporting, refer to [Attachment A](#).
- 3.2 The Procurement and Contracts Unit has led and completed 28 sourcing projects and 83 contract management activities in FY24 Q2. 35 sourcing projects and 132 contract management activities in FY24.
- 3.3 **LTP/AP22: 13.1.21.1** Procurement and Contract Management is managed as a shared service delivery - Performance.
Return on Investment (ROI) = total Cost Reduction/Avoidance
 - 3.3.1 21 financial benefits were captured from the 28 sourcing projects and 26 contract management activities that could attract a financial benefit in FY24 Q2.
 - 3.3.2 Below a summary of the captured financial benefits for FY24.

Capex Cost Avoidance \$7.74K 4.92% vs (10%) % vs Target	Opex Cost Avoidance \$1.51M 8.91% vs (5%) % vs Target
Capex Cost Reduction \$7.33M 20.4% vs (5%) % vs Target	Opex Cost Reduction (Blank) vs (2%) % vs Target

3.3.3 Project actual savings are an average of all projects completed in FY23 to date and are calculated as per the below:

- A cost reduction is when the awarded amount is lower than the pre-tender estimate.
- A cost avoidance is when the awarded amount is larger than the estimated amount, but lower than the tendered amount.

3.4 **LTP/AP22: 13.1.21.2** Procurement and Contract Management is managed as a shared service delivery

Non-financial return through procurement activity - 85% of sourcing activity and contract management activity to achieve Non-Financial outcomes annually.

Sustainable return through procurement activity - 85% of sourcing activity and contract management activity to achieve sustainable outcomes annually.

3.4.1 Non-financial return through procurement activity for FY24 Q2 was 114%, 108% for FY24. Multiple non-financial benefits such as Process Improvement initiatives, Risk Mitigation, KPI Improvement, amongst others may be captured in one procurement activity.

3.4.2 Sustainable return through procurement activity for FY24 Q2 was 83%, and 66% for FY24. This includes only Social, Environmental and Economic benefits reported through a Procurement activity.

3.4.3 There has been an improvement in reporting on benefits since the last quarter.

3.4.4 See below a summary of the Non-Financial and Sustainable return through Procurement for FY24.

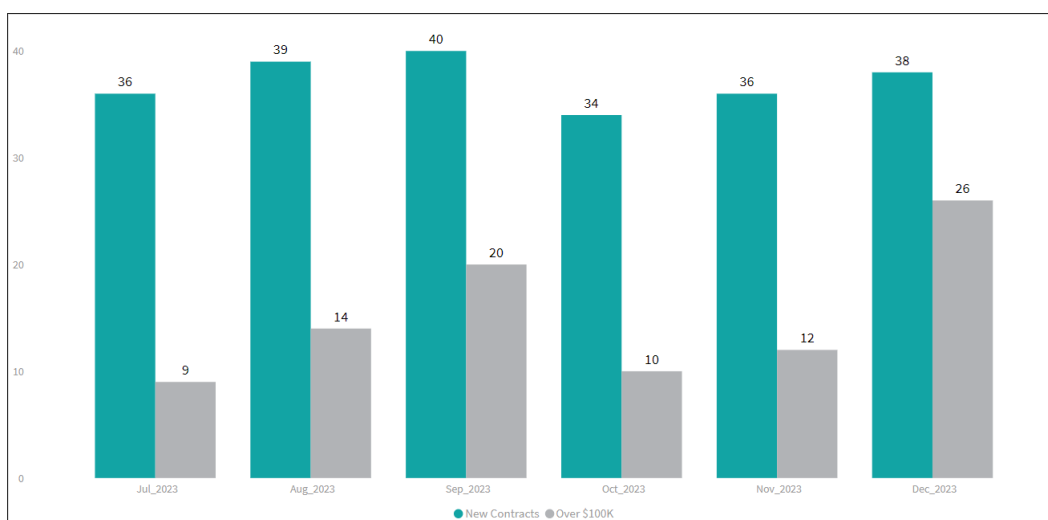
Non Price Benefits for Reporting Period	
Relevant Contract Management Activity	132
Sourcing Activity	35
Total Relevant Procurement Activity	167
# Non Price Benefits	180
% of Target	108%
# Activities That Attract A Sustainable Benefit	140
Sustainable Benefits	93
% of Target	66%

3.5 **LTP/AP22: 13.1.22.1** Procurement and Contract Management is managed as a shared service delivery.

95% of all procurement activity more than \$100k (Excl. GST) put to market through RFP/T.

3.5.1 100% of all the procurement activity over \$100k in FY24 followed the Council Procurement Framework and was put to market through a Request for Proposal (RFP) or a Request for Tender (RFT). There were 108 contracts awarded with an expected value of over \$100k in FY24 Q2.

The table below shows a summary of new contracts created in FY24.



3.6 **LTP/AP22: 13.1.22.3** Procurement and Contract Management is managed as a shared service delivery - Conformance.

100% of Procurement & Contract recommended Departures have valid procurement plans/strategies and risk assessment.

3.6.1 There were 25 departures submitted and 24 departures approved in FY 2024 Q2. 100% of all Departures submitted had a valid procurement plan and a risk assessment. There is 100% compliance on this activity.

3.6.2 The rationale for not going to market is justified based on the Office of the Auditor General Procurement Guidance for Public Entities.

4. Other Council Procurement Information

4.1 Off-Contract Spend

4.1.1 There has been a decrease of \$7.11M in off-Contract spend compared to Q2 FY23. The average off contract spend for FY24 Q2 represents 9.78% of total spend. The average has decreased by 1.38% since the last reporting period. We expect to see a continued reduction in off-contract spend, as the Procurement and Contract Unit together with Finance are currently carrying out multiple in-person trainings across all Council Units.

4.2 Purchase Orders raised after Invoice

4.2.1 The average on purchase orders raised after invoice has decreased by 2.8% compared to the last reporting period. An average of 3.18% of Purchase Orders created have been created after receiving the invoice in FY24 Q2.

4.2.2 We expect to drive this number close to zero through training and the SAP Improvement Programme. Invoices without a Purchase Order number will not be able to be paid under the new Accounts Payable process which went live in December 2023, unless the purchase is related to an emergency procurement.

4.3 SAP Improvement programme

4.3.1 SAP improvement programme contracts update has gone live as of 4 March 2024.

4.3.2 Council staff will be managing two frameworks for purchasing and financial data until the completion of the assets section of this programme. The significant contracts that

will not be transitioned include our major maintenance contracts for facilities management, roading and 3 Waters assets.

- 4.3.3 Supplier analysis and spend analysis will be difficult until we have only one data framework for spending.

Attachments / Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Attachment A LTP Activity Report FY24	24/25382	19

In addition to the attached documents, the following background information is available:

Document Name – Location / File Link
Not applicable

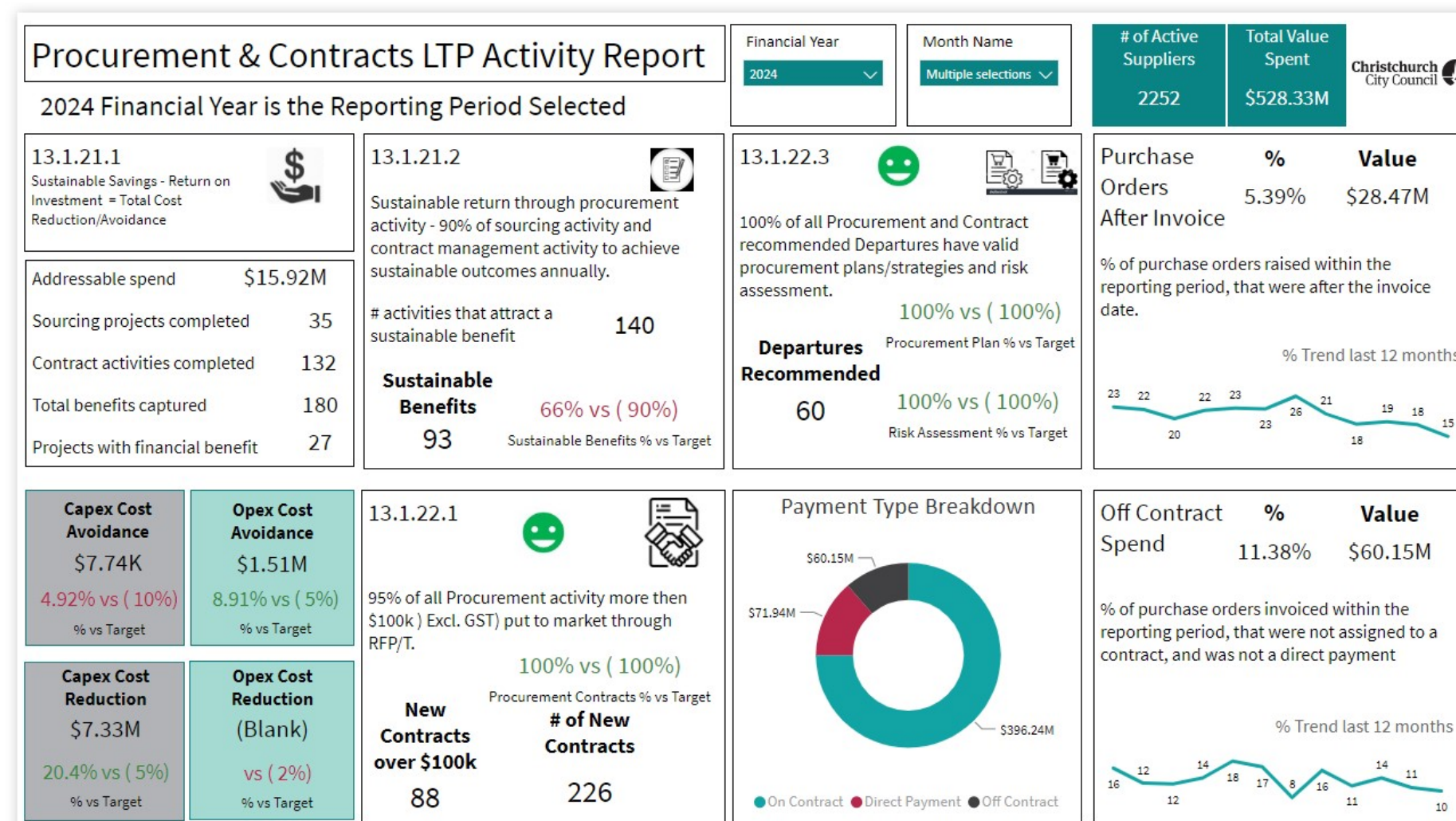
Confirmation of Statutory Compliance / Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

- (a) This report contains:
- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
 - (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
- (b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Authors	Elizabeth Espin - Team Leader Procurement Special Projects Chris Banks - Senior Procurement Reporting Analyst Luke Stevens - Manager Procurement Anna Preston - Procurement Manager
Approved By	Luke Stevens - Manager Procurement Bede Carran - General Manager Resources/Chief Financial Officer



8. Alignment with Health, Safety & Wellbeing Committee

Reference / Te Tohutoro: 24/411587

Report of / Te Pou
Matua:

Nicholas Hill, Head of Risk & Assurance

Senior Manager /
Pouwhakarae:

Jane Parfitt, Interim General Manager Infrastructure, Planning and
Regulatory Services

1. Purpose and Origin of Report Te Pūtake Pūrongo

- 1.1 The Health, Safety & Wellbeing Committee suggested that their Chair meet with the Chair of the Audit and Risk Management Committee to discuss the Terms of Reference of each committee to ensure they are aligned, processes are efficient, and any duplication is identified and removed.
- 1.2 The decision in this report is low significance in relation to the Christchurch City Council's Significance and Engagement Policy.

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Requests staff to consider the Terms of Reference of the ARMC and those of the Health, Safety and Wellbeing Committee with a view to identifying any overlaps, mis-alignments and/or process efficiencies.
2. Requests that a meeting is set up between the Chairs of both committees, including relevant staff, to discuss and agree any changes required to ensure that there is alignment and efficient processes between the two committees.

3. Reason for Report Recommendations Ngā Take mō te Whakatau

- 3.1 To ensure clarity and efficiency in the working relationship between the Audit and Risk Management Committee (ARMC) and Health, Safety and Wellbeing Committee (HSWC).

4. Detail Te Whakamahuki

- 4.1 During the Health, Safety and Wellbeing Committee on 7 March 2024, it was proposed that the Chairs of Audit and Risk Management Committee and Health, Safety and Wellbeing Committee meet to discuss alignment and efficient process between the Committees.
- 4.2 The HSWC receives and discusses information about organisational strategy and performance relating specifically to Health, Safety and Wellbeing, this is also pertinent to the ARMC due to the significance of Health, Safety and Wellbeing risks to our people and Council operations. Previously staff have provided the same, or similar, information to both the ARMC and HSWC. Agreement between the Committee Chairs on what information goes where, and how the two Committees can ensure they each discharge their duties under the Terms of Reference, will ensure assurance is gained by Council on key risk topics important to both Committees.

5. Policy Framework Implications Ngā Hīraunga ā- Kaupapa here

Strategic Alignment Te Rautaki Tīaroaro

- 5.1 This report supports the [Council's Long Term Plan \(2021 - 2031\)](#):
- 5.2 Not in Plan
 - 5.2.1 Activity: Not in Plan
 - Level of Service: Not in Plan

Policy Consistency Te Whai Kaupapa here

- 5.3 The decision is consistent with Council's Plans and Policies.

Impact on Mana Whenua Ngā Whai Take Mana Whenua

- 5.4 The decision does not involve a matter of interest to Mana Whenua and will not impact on our agreed partnership priorities with Ngā Papatipu Rūnanga.

Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi

- 5.5 The proposals in this report are unlikely to contribute significantly to adaptation to the impacts of climate change or emissions reductions.

Accessibility Considerations Ngā Whai Whakaaro mā te Hunga Hauā

- 5.6 N/A

6. Resource Implications Ngā Hīraunga Rauemi

Capex/Opex Ngā Utu Whakahaere

- 6.1 N/A

Other He mea anō

- 6.2 N/A

7. Legal Implications Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report Te Manatū Whakahaere Kaupapa

- 7.1 N/A

Other Legal Implications Ētahi atu Hīraunga-ā-Ture

- 7.2 N/A

8. Risk Management Implications Ngā Hīraunga Tūraru

- 8.1 Alignment between Health, Safety & Wellbeing Committee and the Audit & Risk Management Committee will support better alignment in Governance oversight of risk management topics.

9. Next Steps Ngā Mahinga ā-muri

- 9.1 Staff review the Terms of Reference and associated processes of both committees then set up a meeting between the Chairs to discuss and agree any changes.

Attachments Ngā Tāpirihanga

There are no attachments to this report.

In addition to the attached documents, the following background information is available:

Document Name – Location / File Link
Not applicable

Confirmation of Statutory Compliance Te Whakatūturutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).
(a) This report contains:
(i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
(ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.
(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories Ngā Kaiwaitohu

Author	Nicholas Hill - Head of Risk & Assurance
Approved By	Jane Parfitt - Interim General Manager Infrastructure, Planning and Regulatory Services

9. LTP 2024/2034 update

Reference Te Tohutoro: 24/487934

Responsible Officer(s) Te Pou Matua: Peter Ryan, Head of Corporate Planning & Performance

Accountable ELT Member Pouwhakarae: Lynn McClelland, Assistant Chief Executive Strategic Policy and Performance

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to provide an update on progress against the approved LTP work programme to the Audit and Risk Management Committee (ARMC), including any enterprise-level risks or impediments to the project and its key workstreams.
- 1.2 Consideration and review of the Long Term and Annual Plan processes is specified in the ARMC Terms of Reference.

2. Officer Recommendations Ngā Tūtohu

That the Audit and Risk Management Committee:

1. Receive the information in the LTP 2024/2034 update Report.

3. Background/Context Te Horopaki

- 3.1 The ARMC has requested updates on the implementation of the LTP 2024-34 development project plan workstreams, including an update on key risks and their mitigations.
- 3.2 At the meeting of 7th December 2023 ARMC received:
 - 3.2.1 An LTP 2024-34 Project Update and LTP 2024-34 Project Risks, including how these are reported and managed.
 - 3.2.2 On 8 February 2024 ARMC provided advice to Council that the process followed for the development of the draft LTP was fit for purpose.
- 3.3 Since then Council provisionally adopted a draft LTP on 14 February, and then (upon receipt of the Audit NZ report) adopted a Consultation Document (CD) and final Draft LTP on 14 March 2024.
- 3.4 The Audit NZ report followed review by the local audit team as well as 'hot review' by the Office of the Auditor-General. It found no qualifications for the Consultation Document or supporting LTP documents. This is a notable achievement given the complexity of the planning documents and the rigor of the review process.
- 3.5 However, Audit NZ did identify a single Emphasis of Matter (EOM) around uncertainties surrounding central government funding of transport projects. This EOM is likely to affect all local authorities with an interest in transport, at least until the policy decisions of the new central government are explicit.

4. Considerations Ngā Whai Whakaaro

- 4.1 This latest LTP 2024 progress report summarises that status of the project (at a high level) as well as updating enterprise-level risks.

- 4.2 With the adoption of the CD and Draft LTP in March, project milestones have reduced, and enterprise risks have changed.
- 4.3 **Project Status** - the LTP project is currently on track to adopt a final LTP in June. However, the one-month delay to adopting the CD and Draft LTP means that some timeframes will be significantly tighter than usual.
- 4.4 Whilst the consultation period remains at 5 weeks, to offset the delay changes have been made to the post-consultation period to ensure parallel processing of the remaining phases of the LTP. A copy of the revised process timetable (which was intensively workshoped by the LTP Project Team on 25 March) is at **Attachment A**.
- 4.5 There are some clear implications to the updated process, the main one being that the window for Council to workshop guidance (which must fall between the end of community feedback and the start of the Audit NZ audit process) has been reduced.
- 4.6 Seven Council workshops are proposed for this period, which is slightly more than most LTPs have required.
- 4.7 Audit NZ has proposed an audit period commencing on 3 June, finalising 20 June.

Process Risks

There are now four key process risks facing the successful adoption of the final LTP by end June 2024. They are:

- 4.8 **Failure to adopt a final LTP by due date** – in any LTP there is a risk that Council may fail to agree upon and adopt a final document within the financial year. If this were to occur there are critical risks that must be understood early.

In line with legislation, Council would normally adopt its final LTP in late June, followed by the rates strike in July.

If the Council cannot provide clear direction during the proposed May/June workshops, it will not be possible for staff to prepare final budgets and documents against deadlines. In turn Audit NZ would not be able to provide an opinion (which is legally required for adoption on 25 June.) This would mean that the LTP would need to be adopted in the next financial year.

Failure to reach agreement at the meetings of 25 and 27 June would have the same effect.

While it is technically the case that Council could seek a significant extension (ie more than 1-2 weeks) of its LTP adoption under provisions offered this year by central government, there would be three negative consequences.

The first is that until the new LTP is approved and the new rate struck, the rate which could be struck and collected would be significantly lower than what is currently proposed in the CD and Draft LTP. CCC rates are also co-issued with Environment Canterbury (ECan.) If ECan were to insist upon its rates issue (and CCC has not struck new rates) billing would occur at CCC's lower rate for that quarter with a 'catch-up' rate required when the LTP is adopted, and the new rate struck. The catch-up rate would be the amount required to be collected over the remaining 3 rates instalments sufficient to fund the full year less the lower amount collected in the first instalment.

This means significant risk to CCC's revenue collection.

The second consequence of a late LTP is impact on major corporate processes around the Annual Report and Annual Plan, which commence planning and reporting from July. Both of these processes rely upon the same key staff as the LTP.

The third is that there would also be impacts on business-as-usual delivery of services as operational staff continue to support LTP development.

In short, a significantly late LTP, while perhaps legally viable, will realise major risks around both CCC revenue and staff capacity.

4.9 Due to volume and complexity not all submissions are able to be coded, responded to, or included in submissions analysis in time to support Council decision-making.

Mitigation – instead of waiting for coding (grouping) to occur, those submissions that have been received and verified will be passed to councillors the day after submissions close (22 April.) Coded submissions will be provided on 30 April.

Staff are also providing advice to any submitters identified as using non-standard submission processes. However, if this advice is not heard or others crop up unexpectedly, then additional staff resources will need to be found to ensure coding, staff responses and submissions analysis are not delayed.

It should be noted that core services (Three Waters. Transport, Parks etc) do not have additional resources to hand to cope with high submission levels.

4.10 Loss of submission response workflow due to a scheduled systems migration

Mitigation – this has been closely investigated by the Digital team and steps are being taken to minimise risk of functionality being lost. The systems migration will be delayed to offset risk.

4.11 Audit review for final LTP is not completed in time to enable final plan to be adopted either 25 or 27 June.

This is a corollary of 4.8. Audit NZ have identified the period 3-20 June to complete their review. All final documents, including revised financials, must be available to audit purposes during this period.

Mitigation – Clear communication to management and staff at the start of the councillor workshops that deliberations must conclude in advance of the audit period.

It is critical that scope be left between the end of deliberations and the start of the audit process for the generation of new financial documents. The Finance team is working through a detailed process map of the production of content during this interval.

Content Risks

There are now two key content risks facing the successful adoption of the final LTP by end June 2024. They are:

4.12 Quality of advice compromised by volume and complexity of Councillor information requests and amendments.

The most important element in the final stage of the LTP is that Council receives quality advice on which to base its decisions. There is a risk that, due to truncated timelines, the volume and complexity of councillor-requested information/amendments for the final LTP cannot adequately be serviced by staff and Audit NZ. (This is a separate risk from submissions.)

The draft LTP had a record level of questions and amendments. There are no additional resources available to staff to cover this, should it be repeated, and there will be impacts on BAU operational work. This includes investigation of different options from those adopted in the draft LTP.

History suggests this leads to requests for additional briefing dates, which may not be possible with truncated timeframes.

Mitigation – a) communicate this risk and its implications clearly at the start of the process, and b) detailed planning is underway at activity level for adequate resourcing (including policy support) of staff responses to questions/amendments.


- 4.13 **If extensive or fundamental LTP content changes are required** there is risk around balancing the extensive changes with HOS and ELT workloads.

There is also risk - foreshadowed in the legal advice provided for the draft LTP - that fundamental changes proposed for the final LTP may not have been adequately consulted upon in the draft (in terms of their specific implications, rates impact etc.)

Mitigation – senior staff, including Legal Services staff, will keep Council informed of the impact/risk of changes being proposed.

Fundamental changes raised for the final LTP but not sufficiently consulted upon in the draft lack transparency and may need to be deferred to the next Annual Plan, or to a separate consultation process after LTP approval.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Draft Timeline for Final LTP 2024	24/499959	29

In addition to the attached documents, the following background information is available:

Document Name – Location / File Link
Not applicable

Signatories Ngā Kaiwaitohu

Authors	Boyd Kedzlie - Senior Corporate Planning & Performance Analyst Peter Ryan - Head of Corporate Planning & Performance
Approved By	Peter Ryan - Head of Corporate Planning & Performance Lynn McClelland - Assistant Chief Executive Strategic Policy and Performance Bede Carran - General Manager Resources/Chief Financial Officer

Draft Timeline for final LTP 2024

14 March	Council meeting – draft LTP adoption meeting	
18 March	Consultation period opens	
30 March	Council adoption report – initial draft prepared	
21 April	Consultation period closes midnight 21/4.	
22 April	Provide (processed but uncoded) submissions to councillors	
18 Mar-28 Apr	Submissions coding	
18 Mar-6 May	Managers/ Delegates read coded submission points and draft Officer Responses	
22 April	Prepare ARMC sign-offs for final adoption (Process and SFA)	
30 April	Option: Coded submissions report provided to Councillors (including only coded submission content, not officer responses)	
2 May-16 May	Hearings on LTP (dates and times to be scheduled)	
6 May	Launch ARMC sign-offs (Process and SFA)	
6 May	All Officer Responses finalised and provided to GM for approval	
13 May	GM approved responses provided to coding team	
14 May	Supply Council with requested staff reports and responses to questions from draft adoption meeting	
16 May	Supply Council with final coded submissions and responses report	
20 May	Supply Council with Thematic Analysis of submissions and Hearings	
21 May	Council Workshop 1 –brief thematic analysis of submissions/hearings, summary final coded submissions and staff responses. Financial update. Cr. amendments process opens.	1/7
22 May	Council Workshop 2 (9-12 pm)	2/7
23 May	Council Workshop 3 (10.30-1 pm)	3/7
27 May	Council Workshop 4 (9.30-12 pm)	4/7
28 May	Council Workshop 5	5/7
30 May	Council Workshop 6 (9-11 am)	6/7
4 June	Commence supply of final LTP documents to Audit NZ	
7 June	ARMC sign-offs completed (Process and SFA)	
7 June	Draft of Council report reviewed and ready for ELT	CPP, Finance, PMO, Legal
10 June	ELT review of report and papers to ARMC	
11 June	Council Workshop 7 – Councillor amendments	7/7
13 June	ARMC report and attachments agenda run	
20 June	ARMC meeting (930am)	
20 June	Council adoption report and attachments agenda run	
25 June	Council adoption meeting – final adoption meeting date	
25 June	AuditNZ Independent Auditor's Report received on the day (tbc)	
27 June	Council adoption meeting – back-up meeting date	

PTO

tbc	Action items identified and distributed	
tbc	Updated documents completed for final publication	Finances + Capital Prog +
tbc	Proof final LTP	
tbc	Print production run	
tbc	Go Live online	
By 25 July	Final LTP24 publication completed - online and hard-copies delivered (emailed and hard copies to Wellington, hard copies available in libraries etc.	

To be confirmed: detailed Audit NZ timings, sign offs by ELT.



10. Committee Forward Work Programme 2024

Reference Te Tohutoro: 24/480479
Responsible Officer(s) Te Luke Smeele, Democratic Services Advisor
Pou Matua: Luke.Smeele@ccc.govt.nz
Accountable ELT Lynn McClelland, Assistant Chief Executive Strategic Policy and
Member Pouwhakarae: Performance

1. Purpose and Origin of the Report Te Pūtake Pūrongo

- 1.1 The purpose of this report is to provide the Audit and Risk Management Committee an opportunity to review, discuss and amend the forward work programme for 2024.

2. Officer Recommendations Ngā Tūtohu

- That the Audit and Risk Management Committee:
1. Receive the information in the Committee Forward Work Programme 2024 Report.

3. Background/Context Te Horopaki

- 3.1 The Committee’s forward work programme is appended to the Terms of Reference in each meeting agenda.

Attachments Ngā Tāpirihanga

There are no attachments to this report.

In addition to the attached documents, the following background information is available:

Document Name – Location / File Link
Not applicable

Signatories Ngā Kaiwaitohu

Author	Luke Smeele - Democratic Services Advisor
Approved By	Jane Parfitt - Interim General Manager Infrastructure, Planning and Regulatory Services

11. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

Note

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

“(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

- (a) Shall be available to any member of the public who is present; and
- (b) Shall form part of the minutes of the local authority.”

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE REVIEWED FOR POTENTIAL RELEASE
12.	PUBLIC EXCLUDED AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES - 8 FEBRUARY 2024			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	
13.	QUARTERLY RISK AND ASSURANCE UPDATE	S7(2)(J)	PREVENTION OF IMPROPER ADVANTAGE	TO PREVENT THE USE OF INTERNAL AUDIT FINDINGS AND IDENTIFIED CONTROL WEAKNESSES FROM BEING USED FOR IMPROPER ADVANTAGE. TO PREVENT IMPROPER USE OR MISINTERPRETATION OF RISK INFORMATION.	24 JANUARY 2025 DUE TO THE NATURE AND SENSITIVITY OF THIS INFORMATION, IT IS NOT ANTICIPATED THAT THERE BE A SPECIFIC DATE OR EVENT THAT ALLOWS FOR THE RELEASE OF THIS INFORMATION. THE INFORMATION WILL BE RELEASED IN FULL OR IN PART AS APPROPRIATE UPON PERIODICAL REVIEW BY THE HEAD OF RISK AND ASSURANCE TO CONFIRM WHEN IT IS NO LONGER DEEMED TO REQUIRE PUBLIC EXCLUSION.

14.	INFRASTRUCTURE AS A SERVICE (IAAS) OUTCOME	S7(2)(C)(I)	PROTECTION OF SOURCE OF INFORMATION	THE INFORMATION MAY RAISE ADVERSE MEDIA OR MARKET REACTIONS.	20 MARCH 2025 FOLLOWING A JOINT ANNOUNCEMENT FROM COUNCIL AND KEY PARTNERS.
15.	CYBER SECURITY PROGRAMME UPDATE AND REPORT	S7(2)(C)(I)	PROTECTION OF SOURCE OF INFORMATION	DISCLOSURE OF OUR APPROACH TO CYBER SECURITY WILL INCREASE THE RISK OF COUNCIL BEING A TARGET, RESULTING IN POTENTIAL SERVICE DISRUPTIONS AND / OR INFORMATION BREACHES THAT WILL NOT BE IN THE PUBLIC INTEREST.	16 JANUARY 2025 THIS REPORT MAY ONLY BE RELEASED IF THE CHIEF EXECUTIVE HAS DETERMINED THAT THERE ARE NO LONGER ANY REASONS UNDER THE LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETING ACT TO WITHHOLD THE INFORMATION.
16.	EXTERNAL REPORTING AND AUDIT PROGRAMME FOR 2023/24	S7(2)(A), S7(2)(C)(I)	PROTECTION OF PRIVACY OF NATURAL PERSONS, PROTECTION OF SOURCE OF INFORMATION	THE CONTENT OF THIS REPORT CONTAINS SENSITIVE INFORMATION RELATING TO SEVERANCE PAY AND FUTURE AUDIT FEES.	28 NOVEMBER 2024 THE PUBLICATION OF THE ANNUAL REPORT ON THE 28 NOVEMBER 2024. THE INFORMATION WILL BE RELEASED IN FULL OR IN PART AS APPROPRIATE UPON REREVIEW BY THE HEAD OF FINANCE TO CONFIRM

					WHEN IT IS NO LONGER DEEMED TO REQUIRE PUBLIC EXCLUSION.
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