

**Notice of Meeting:**

I hereby give notice that an ordinary meeting of the Audit and Risk Subcommittee will be held on:

**Date:** Thursday 4 July 2024  
**Time:** 12.30 pm  
**Venue:** Council Chamber, Dunedin Public Art Gallery, The Octagon,  
Dunedin

Sandy Graham  
Chief Executive Officer

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**Audit and Risk Subcommittee  
PUBLIC AGENDA**

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**MEMBERSHIP**

<b>Chairperson</b>	Warren Allen	
<b>Deputy Chairperson</b>	Janet Copeland	
<b>Members</b>	Cr Christine Garey Mayor Jules Radich	Cr Cherry Lucas Cr Lee Vandervis
<b>Senior Officer</b>	Carolyn Allan, Chief Financial Officer	
<b>Governance Support Officer</b>	Wendy Collard	

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Wendy Collard  
Governance Support Officer

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**Note:** Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.



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**1 APOLOGIES**

An apology has been received from Cr Lee Vandervis.

That the Subcommittee:

**Accepts** the apology from Cr Lee Vandervis.

**2 CONFIRMATION OF AGENDA**

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

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## DECLARATION OF INTEREST

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### EXECUTIVE SUMMARY

1. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected or independent representative and any private or other external interest they might have.
2. Elected and Independent members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.

### RECOMMENDATIONS

That the Subcommittee:

- a) **Notes/Amends** if necessary the Elected or Independent Members' Interest Register attached as Attachment A; and
- b) **Confirms/Amends** the proposed management plan for Elected or Independent Members' Interests.

### Attachments

	<b>Title</b>	<b>Page</b>
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## CONFIRMATION OF MINUTES

### AUDIT AND RISK SUBCOMMITTEE MEETING - 2 MAY 2024

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#### RECOMMENDATIONS

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 02 May 2024 as a correct record.

#### Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">A↓</a>	Minutes of Audit and Risk Subcommittee meeting held on 2 May 2024	12

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## Audit and Risk Subcommittee MINUTES

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Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Council Chambers, 2nd Floor, 30 The Octagon, Dunedin on Thursday 02 May 2024, commencing at 2.05 pm

### PRESENT

**Chairperson** Warren Allen  
**Deputy Chairperson** Janet Copeland

**Members** Cr Christine Garey Cr Cherry Lucas  
Cr Lee Vandervis

### IN ATTENDANCE

Carolyn Allan (Chief Financial Officer), Robert West (General Manager Corporate Services), David Ward (General Manager 3 Waters and Transition), Richard Davey (Treasury Manager, Dunedin Treasury Ltd) and Hayley Knight (Quality, Compliance and Business Assurance Advisor)

**Governance Support Officer** Wendy Collard

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### 1 APOLOGIES

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

**Accepts** the apology from Mayor Jules Radich.

**Motion carried (AR/2024/007)**

### 2 CONFIRMATION OF AGENDA

Moved (Cr Lee Vandervis/Cr Cherry Lucas):

That the Subcommittee:

**Confirms** the agenda with the following alteration:

Item 7, Waipori Fund – Quarter Ending December 2023 Report and Item 9, DCC Policy Update Report be taken before item 5

**Motion carried (AR/2024/008)**

### **3 DECLARATIONS OF INTEREST**

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

Cr Cherry Lucas provided an update to her register of interests.  
Janet Copeland provided an update to her register of interests.

Moved (Cr Cherry Lucas/Cr Lee Vandervis):

That the Subcommittee:

- a) **Amends** the Elected or Independent Members' Interest Register; and
- b) **Confirms** the proposed management plan for Elected or Independent Members' Interests.

**Motion carried (AR/2024/009)**

### **4 CONFIRMATION OF MINUTES**

#### **4.1 AUDIT AND RISK SUBCOMMITTEE MEETING - 30 NOVEMBER 2023**

Moved (Cr Lee Vandervis/Cr Cherry Lucas):

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 30 November 2023 as a correct record.

**Motion carried (AR/2024/010)**

**PART A REPORTS**

**8 WAIPORI FUND - QUARTER ENDING DECEMBER 2023**

The report from Dunedin City Treasury Limited provided information on the results of the Waipori Fund for the quarter ended 31 December 2023 which was presented to Council at its meeting held on 27 February 2024.

The Treasury Manager (Richard Davey) spoke to the report and responded to questions.

Moved (Warren Allen/Cr Lee Vandervis):

That the Subcommittee:

- a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 31 December 2023.

**Motion carried (AR/2024/011)**

**9 DCC POLICY UPDATE REPORT**

The report from Finance provided an update on DCC policies as identified in the Audit and Risk Subcommittee (ARS) Workplan and ongoing audit and business improvement activities.

The Chief Financial Officer (Carolyn Allan) and the Treasury Manager, Dunedin Treasury (Richard Davey) responded to questions on the Treasury Risk Management Policy 2023.

Following discussion, the Subcommittee recommended that the Treasury Risk Management Policy 2023 be reviewed in twelve months.

The Audit and Risk Subcommittee requested that following the review of the Treasury Risk Management Policy, it be presented to the Subcommittee for their feedback prior to being presented to Council for approval.

Moved (Warren Allen/Cr Lee Vandervis):

That the Subcommittee:

- a) **Notes** the Treasury Risk Management Policy 2023
- b) **Recommends** that the Treasury Risk Management Policy be reviewed within 12 months
- c) **Requests** that the Treasury Risk Management Policy be presented to the Subcommittee prior to being presented to Council for their feedback.

**Motion carried (AR/2024/012)**

Following discussion on the Conflict of Interest (Council Officers) Policy, the Subcommittee recommended some amendments as follows:

Conflicts of Interest Policy

3.2 e) – engaged or contracted under a contract for services to do work for the DCC to be 2.1.4.

3.4 to read - *“General Manager refers to members of the ELT, and includes the Chief Financial Officer, .....*

3.5 Retain the “Conflict of Interest” definition details.

4.14 to read – *In such instances, a Conflict of Interest Management Plan must be completed and approved by the relevant General Manager or CEO, and reviewed annually*

The General Manager Corporate Services (Robert West) and the Quality, Compliance and Business Assurance Advisor (Hayley Knight) responded to questions.

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

- a **Notes** the Conflicts of Interest (Council Officers) Policy March 2024 with the Subcommittee’s suggested amendments

**Motion carried (AR/2024/013)**

There was discussion on the revocation of the Electronic Communications Email Quarantine Policy.

The General Manager Corporate Services (Robert West) and the Quality, Compliance and Business Assurance Advisor (Hayley Knight) responded to questions.

Moved (Warren Allen/Cr Lee Vandervis):

That the Subcommittee:

- a) **Notes** the Policy Update Report – March 2024 with the suggested amendments
- b) **Notes** the revoking of the Electronic Communications Email Quarantine Policy

**Motion carried (AR/2024/014)**

The meeting adjourned at 3.23 pm and reconvened at 3.27 pm

## **5 AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2024/2025**

A report from Civic provided a copy of the Audit and Risk Subcommittee Work Plan for 2024/2025 which has been aligned with work programmes scheduling and decision making.

The Chief Financial Officer (Carolyn Allan) and Quality, Compliance and Business Assurance Advisor (Hayley Knight) responded to questions.

Moved (Cr Lee Vandervis/Cr Christine Garey):

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan for 2024/2025

**Motion carried (AR/2024/015)**

## **6 AUDIT AND RISK SUBCOMMITTEE UPDATES REPORT**

A report from Finance provided updates on the progress of various sundry matters that have been noted by the Subcommittee.

The Chief Financial Officer (Carolyn Allan) and the Quality, Compliance and Business Assurance Advisor (Hayley Knight) spoke to the report and responded to questions.

Moved (Warren Allen/Cr Cherry Lucas):

That the Committee:

- a) **Notes** the Audit and Risk Subcommittee Updates Report.

**Motion carried (AR/2024/016)**

## **7 FINANCIAL RESULT - PERIOD ENDED 31 DECEMBER 2023**

A report from Finance provided the financial results for the period ended 31 December 2023 and the financial position as at that date which was presented to the Council meeting held on Tuesday, 27 February 2024.

The Chief Financial Officer (Carolyn Allan) spoke to the report and responded to questions.

Moved (Mr Warren Allen/Cr Lee Vandervis):

That the Subcommittee:

- a) **Notes** the Financial Performance for the period ended 31 December 2023 and the Financial Position as at that date.

**Motion carried (AR/2024/017)**

## **10 HEALTH AND SAFETY MONTHLY REPORTING FOR JANUARY 2024**

A report from Health and Safety provides the monthly Health and Safety reporting for January 2024 is attached for consideration.

The General Manager Corporate Services (Robert West) spoke to the report and responded to questions.

Moved (Mr Warren Allen/Cr Cherry Lucas):

That the Subcommittee:



- a) **Notes** the monthly Health and Safety report for January 2024.

**Motion carried (AR/2024/018)**

**RESOLUTION TO EXCLUDE THE PUBLIC**

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

<b>General subject of the matter to be considered</b>	<b>Reasons for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>	<b>Reason for Confidentiality</b>
C1 Audit and Risk Subcommittee meeting - 30 November 2023 - Public Excluded	<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)(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 it is in the public interest that such information should continue to be supplied.</p>		

C2 Treasury Risk  
 Management  
 Compliance Report

**S7(2)(h)**  
 The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

**S7(2)(g)**  
 The withholding of the information is necessary to maintain legal professional privilege.

**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)(a)**  
 The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

**S6(b)**  
 The making available of the information would be likely to endanger the safety of a person.

**S7(2)(h)**  
 The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

**S48(1)(a)**  
 The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason

<p>C3 DCC Risk 'Deep Dive' - Business Continuity Planning: 3 Waters Example</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 it is in the public interest that such information should continue to be supplied.</p>	<p>for withholding exists under section 7.          S48(1)(a)          The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>
<p>C4 DCC Internal Audit Actions Update</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 it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a)          The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>
<p>C5 Report to the Council on the Audit of Dunedin City Council for the year end 30 June 2023</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</p>	<p>S48(1)(a)          The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason</p>

C6 Internal Audit Workplan Update	<p>prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <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>for withholding exists under section 7.</p> <p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</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 it is in the public interest that such information should continue to be supplied.</p>	
	<p>S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p>	
C7 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	<p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for</p>

<p>C8 Protected Disclosure Register - April 2024</p>	<p>likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p>	<p>which good reason for withholding exists under section 7.</p> <p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>
<p>C9 Investigation Register - April 2024</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 it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</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</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

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 it is in the public interest that such information should continue to be supplied.

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, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.

**Motion carried (AR/2024/019)**

The meeting entered non-public at 4.08 pm and concluded at 4.50 pm.

.....  
CHAIRPERSON

## **PART A REPORTS**

### **AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2024/2025**

Department: Civic

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#### **EXECUTIVE SUMMARY**

- 1 This report provides a copy of the Audit and Risk Subcommittee Work Plan for 2024/2025 which has been aligned with work programmes scheduling and decision making.
- 2 It should be noted that items without ticks shown have not been scheduled for action.
- 3 As this is an administrative report only, the Summary of Considerations is not required.

#### **RECOMMENDATIONS**

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan for 2024/2025

#### **Signatories**

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Clare Sullivan - Manager Governance

#### **Attachments**

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**Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Waipori Fund - March 2024 Quarterly Report	31

**SUMMARY OF CONSIDERATIONS**

***Fit with purpose of Local Government***

This decision enables democratic local decision making and action by, and on behalf of communities.

***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	✓
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	✓

Reporting on the performance of the Waipori Fund does not contribute directly to the Strategic Framework.

***Māori Impact Statement***

Investment returns from the Waipori Fund impact on the level of rates payable, and therefore impact across all Dunedin communities including Māori.

***Sustainability***

There are no impacts for sustainability.

***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

A review of the SIPO for the Waipori Fund will be taken into account when developing a Financial Strategy for the 9 year plan 2025-34.

***Financial considerations***

Financial considerations are presented in the Waipori Fund report for the March 2024 quarter.

***Significance***

This report is considered to be of low significance in terms of the Council's Significance and Engagement Policy.

***Engagement – external***

There has been no external engagement.

***Engagement - internal***

There has been no internal engagement.

***Risks: Legal / Health and Safety etc.***

There are no identified risks.

**SUMMARY OF CONSIDERATIONS**

***Conflict of Interest***

There are no known conflicts of interest.

***Community Boards***

There are no implications for Community Boards.











## FINANCIAL REPORT - PERIOD ENDED 31 MAY 2024

Department: Finance

### EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 31 May 2024 and the financial position as at that date.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

### Financial Overview For the period ended 31 May 2024

\$ Million	Actual YTD	Budget YTD	Variance YTD		Last Year YTD
Revenue	340.446	329.717	10.729	F	322.390
Expenditure	382.358	372.474	(9.884)	U	356.549
Net Surplus/(Deficit) excluding Waipori	(41.912)	(42.757)	0.845	F	(34.159)
Waipori Fund Net	4.269	3.086	1.183	F	5.056
Net Surplus/(Deficit) including Waipori	(37.643)	(39.671)	2.028	F	(29.103)
<b>Capital Expenditure</b>	192.485	192.517	0.032		184.557
<b>Debt</b>					
Term Loans	590.473	588.973	(1.500)	U	455.273
<b>Total Debt</b>	590.473	588.973	(1.500)	U	455.273

### RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the Financial Performance for the period ended 31 May 2024 and the Financial Position as at that date.

## **BACKGROUND**

- 3 This report provides the financial statements for the period ended 31 May 2024. It includes reports on financial performance, financial position, cashflows and capital expenditure. Summary information is provided in the body of this report with detailed results attached. The operating result is also shown by group, including analysis by revenue and expenditure type.

## **DISCUSSION**

- 4 This report includes a high-level summary of the financial information to 31 May 2024. Please refer to Attachment A for the detailed financial update.

### **Statement of Financial Performance**

- 5 Revenue was \$340.446 million for the year or \$10.729 million greater than budget.
- 6 External revenue was favourable \$3.726 million mainly due to Waste and Environmental Services revenue being greater than budget due to an increase in waste volume entering the Green Island Landfill. Waste levy revenue from the Ministry for the Environment was also greater than budgeted. These favourable variances were offset by lower-than-expected revenue from the Parking, Property and Building Services activities.
- 7 Grants revenue was favourable \$4.196 million due to \$6.350 million of additional roading funding reflecting a higher level of maintenance and capital delivery. This was offset by unfavourable variances due to the timing of revenue grants relating to the FIFA Women's World Cup and the new kerbside bins.
- 8 Expenditure was \$382.358 million for the year to date, or \$9.884 million greater than budget.
- 9 Operational expenditure was greater than expected due to additional Transport and Three Waters maintenance expenditure and costs to meet consent conditions for landfills.
- 10 These unfavourable variances were partially offset by savings in interest and depreciation costs.
- 11 Despite the overall year to date favourable variance, the volatility of world markets continues to impact the performance of the Waipori Fund. Following the negative results in the previous month, both equities and fixed interest investments saw further decreases in value during May.

### **Statement of Financial Position**

- 12 Capital expenditure was \$192.482 million or 100% of YTD budget, which is down from 103% of YTD budget in April 24. Expenditure on the Retail Quarter upgrade was ahead of budget reflecting the project being ahead of the original programme for both the central carriageway and enabling works. The result also reflects the purchase of the Forbury Park property. This expenditure is offset by an underspend in Parks and Recreation.
- 13 Attachment I includes a chart showing actual group and DCC debt for the years ending June 2003-2023. It provides forecast information for the years ending June 2024-2026 based on the current Statements of Intent (SOI). Please note that the chart will be updated for future reports to reflect the SOIs approved by Council on 25 June 2024.

**OPTIONS**

14 As this is an administrative report only, there are no options provided.

**NEXT STEPS**

15 Financial Result Reports continue be presented to future meetings of either the Finance and Council Controlled Organisation Committee or Council.

**Signatories**

Author:	Lawrie Warwood - Financial Analyst
Authoriser:	Hayden McAuliffe - Financial Services Manager Carolyn Allan - Chief Financial Officer

**Attachments**

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## **AUDIT AND RISK SUBCOMMITTEE UPDATES REPORT**

Department: Corporate

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### **EXECUTIVE SUMMARY**

- 1 This report provides updates on the progress of various sundry matters that have been noted by the Subcommittee.

### **RECOMMENDATIONS**

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Updates Report.

### **DISCUSSION**

#### **Insurance Renewal 2024/25 Financial Year**

- 2 The main insurance renewal is due 30 June 2024 and incorporates the following policies:
  - Material Damage Above Ground
  - Business Interruption Above Ground
  - Material Damage Below Ground Infrastructure
  - Annual Contract Works
  - Fine Arts
  - Civil Engineering – Taieri River Water Supply Viaduct Bridge
  - Motor Vehicle
  - Liability Policies – Internet, Crime, Directors, and Officers
  - Travel and Personal Accident
- 3 AON have presented renewal terms for the insurance policies specified above. At the time of writing these are indicative pending final adjustments and peer review. A verbal update will be provided to the Sub-Committee regarding the policy placement.
- 4 The following pieces of additional work that are underway will likely require a post-renewal adjustment to cater for changes. These include:
  - Above ground property valuations
  - Infrastructure/below ground valuations

- Valuation of the Main Pipeline (drinking water) and gantry across Deep Stream
  - Business Interruption review
- 5 Council also has a loss modelling tranche of work underway for 3 waters infrastructure to understand what the insurance loss limits should look like. This is expected to be completed in the coming months.

**2023/24 Annual Report - Update**

- 6 The interim audit was completed in May. All audit requests have been submitted and there are no outstanding requests.
- 7 Asset valuations have been scheduled for four departments with the following valuers:
- Transport – Beca
  - Parks and Reserves – WSP
  - Property – AON
  - Three Waters - Beca
- 8 Audit New Zealand will be engaging WSP as an auditors' expert to assist with their audit of the Three Waters valuation. There will be a strong focus within both the Finance team and other departments to understand the rationale for valuation adjustments.
- 9 The final audit fieldwork will be commencing on the week of 16th September. The Finance Team will have the financial statements for Core Council delivered to Audit New Zealand prior to this date. The group consolidated financial statements will be delivered by 7th October after the completion of the DCHL audit.
- 10 The Communications and Marketing Team have been engaged to improve the readability and presentation of the Annual Report document.

**2024/25 Annual Plan - Update**

- 11 At its meeting on 25 June 2024, Council adopted the 2024/25 Annual Plan.
- 12 The Water Services Acts Repeal Act that was enacted on 16 February 2024, enabled the option of preparing an enhanced 2024/25 Annual Plan, rather than preparing a 10 year plan 2024-34.
- 13 An enhanced Annual Plan includes information additional to the Local Government Act 2002 requirements for an Annual Plan, such as financial statements and statement of service performance information for each group activity. This information has been included in the 2024/25 Annual Plan document at Attachment A.
- 14 The Annual Plan provides an update of year 4 of the 10 year plan 2021-31. A draft Annual Plan was consulted on, with the engagement period running between 28 March to 24 April 2024, and between 8 May to 15 May 2024. The Council met in May 2024 to hear submissions, deliberate, and make final decisions on the draft 2024/25 budgets.
- 15 The Annual Plan reflects the resolutions made by the Council during its meetings in March and May 2024. The rates increase is 17.5%.

- 16 The Annual Plan 2024/25 sets projected operating revenues at a level that will not meet projected operating expenses. Although councils should have a balanced budget under section 100(1) of the LGA, Council may set an unbalanced budget under section 100(2) of the LGA, where Council considers that it is financially prudent to do so.
- 17 Depreciation expense has increased by \$36.569 million compared to year 4 of the 10 year plan 2021-31. This is mainly due to reticulation assets within 3 Waters. Previously the DCC valued its 3 Waters assets based on historical replacement costs indexed annually to reflect the cost/valuation for accounting purposes. Since the June 2022 financial year, it was concluded that this methodology was no longer appropriate, and a methodology based on current replacement cost was applied. This change in methodology has seen an increase in cost/valuation for accounting purposes and comes with an increased level of depreciation.
- 18 The rates increase for 2024/25 is 17.5% which is higher than the 6.0% provided for in year 4 of the 10 year plan. It is also higher than the Financial Strategy rate limit of 6.5%. This increase provides for the new 4 bin kerbside waste collection service and maintains our current level of service, reflecting the rate of inflation is higher than what was forecasted in the 10 year plan 2021-31.
- 19 As part of the development of the 9 year plan 2025–34, the review of both the Financial Strategy and the Revenue and Financing Policy will take into consideration the inconsistencies that have arisen through the decision to not fully fund the increase in depreciation.
- 20 This provides a pragmatic balance between managing the pressures on current ratepayers and ensuring the Council remains financially sustainable into the future, whereby the actions of today do not impact unfairly on ratepayers in the future. Funding the operating deficit would mean a rates increase of 32%.
- 21 The financial statements are extrapolated from the 2022/23 Annual Report and a forecast year end position as at 30 June 2024.
- 22 The financial statements include capital expenditure of \$206.883 million as approved by Council at its meeting held on 28 May 2024.
- 23 Debt is forecast to increase to \$709.473 million in the 2024/25 year. Authority has been given to the Chief Executive to drawdown debt up to a maximum of \$735 million.

### **9 Year Plan – Update**

- 24 Following completion of the 2024/25 Annual Plan, staff will now develop a work programme for completing the 9-year plan 2025-34. The new work programme will be presented to Council for its consideration.

### **Aurora Proposal – Update**

- 25 The Council decided to consult with the community on a potential sale of Aurora Energy Limited, using the Special Consultative Procedure. The consultation period opened on 28 March 2024 and closed at 12 noon on 2 May 2024. Hearings took place 14-16 May, followed by deliberations on 28 – 30 May.
- 26 There is an Elected Members’ workshop scheduled for Monday, 1 July 2024. No decisions will be made in the workshop. There will be a subsequent report to Council so that it can consider

its options and decide how it wants to proceed. The timing for the report to Council is undecided as yet.

### **3 Waters Reform – Update**

#### *New direction for water services delivery*

- 27 In February 2024 the Government announced the three-stage process and timetable for the implementation of the Local Water Done Well programme including:
- a) First Stage (now completed) – Repeal of current legislation relating to water service entities resulting in the passing of the Water Services Acts Repeal Act 2024 on 16 February 2024 which included:
    - i. Repealing the Water Services Entities Act 2022, Water Services Legislation Act 2023 and Water Services Economic Efficiency and Consumer Protection Act 2023.
    - ii. Providing support options to help councils complete and include water services in their 2024-34 long-term plans.
    - iii. An option to defer the LTP by 12 months and have an enhanced Annual Plan for the 2024/25 year.
  - b) Second Stage (underway) – Establish framework and transitional arrangements by introducing and enacting Bill 2, Local Government Water Services Preliminary Arrangements Bill. This bill was introduced to the Finance and Expenditure Committee on 30 May 2024. The DCC has provided a submission (Attachment B) and talked to this on 24 June 2024. The aim of the bill is to:
    - i. Provide councils with a self-determined future service delivery arrangement via a water services delivery plan;
    - ii. Establish foundational information disclosure requirements; and
    - iii. Streamline existing council-controlled organisations to enable councils to start shifting delivery of water services into more financially sustainable configurations, should they wish to do so.
  - c) Third Stage – Establish enduring settings and begin transition by introducing a bill in December 2024 and enacting the bill in mid-2025 to:
    - i. Set long-term requirements for financial sustainability.
    - ii. Provide a range of structural and financing tools.
    - iii. Ensure regulatory regime is efficient, effective, and fit for purpose.
    - iv. Provide for a complete economic regulation regime.
    - v. Establish regulatory backstop powers.
    - vi. Refine water service delivery system settings.

28 Staff are separately considering potential delivery models for regional/inter-regional delivery of 3 Waters services. This will progress as and when further information is introduced.

**Signatories**

Author:	Hayley Knight - Quality, Compliance and Business Assurance Advisor
Authoriser:	Carolyn Allan - Chief Financial Officer

**Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Annual Plan 2024/25	67
<a href="#">↓B</a>	DCC Submission on Local Government Water Services Preliminary Arrangements Bill	194



**SUMMARY OF CONSIDERATIONS**

***Fit with purpose of Local Government***

This report provides an update on the progress made by Council to deliver upon the activities identified by the Audit and Risk Subcommittee, which is a regulatory function and considered good quality and cost effective.

***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy		<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The work of the Audit and Risk Subcommittee seeks to underpin the ongoing critical review and improvement of Council business activities, governance mechanisms and support the realisation of its strategic objectives.

***Māori Impact Statement***

There are no known impacts for Māori.

***Sustainability***

There are no implications for sustainability.

***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

There are no known implications.

***Financial considerations***

No financial implications have been identified.

***Significance***

This report is considered low in terms of the Council’s Significance and Engagement Policy.

***Engagement – external***

No external engagement has been undertaken.

***Engagement - internal***

Activities noted herein include cross Council engagement and collaboration.

***Risks: Legal / Health and Safety etc.***

No risks have been identified.

***Conflict of Interest***

No conflicts of interest have been identified.

**SUMMARY OF CONSIDERATIONS**

***Community Boards***

There are no known implications for the Community Boards.

















































































































































































































































































































## DCC POLICY UPDATE REPORT

Department: Corporate

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### EXECUTIVE SUMMARY

- 1 This report provides an update on DCC policies as identified in the Audit and Risk Subcommittee (ARS) Workplan and ongoing audit and business improvement activities.

### RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the Policy Update Report – July 2024.
- b) **Notes** the updated Procurement and Contract Management Policy (clean Attachment A, track changes Attachment B).
- c) **Notes** the updated Leave Management Policy (clean Attachment C, track changes Attachment D).

### DISCUSSION

- 2 The following policies are undergoing review:
  - a) Koha Policy
  - b) Information Management Policy
  - c) ICT Acceptable Use Policy
  - d) Risk Management Policy
  - e) Internal Audit Policy
  - f) Fraud, Bribery and Corruption Prevention Policy
  - g) Sensitive Expenditure
- 3 After the review process, updated copies of DCC policies will be provided to the Subcommittee for either feedback or noting.

### Procurement and Contract Management Policy

- 4 The Procurement and Contract Management Policy (PCMP) has undergone review and is provided as Attachments A (clean) and B (track changes).
- 5 There have been no major changes to legislation on government directives on procurement since the light touch review in 2022 and the reviewed PCMP remains compliant.

6 As part of the review, the Procurement and Contracts department engaged with the following departments:

3Waters, Health and Safety, Zero Carbon, Transport, Waste and Environmental, Parks and Recreation, BIS, City Development, Audit and Risk, Legal, Compliance Solutions, PPSO, Māori Partnerships. Property and Procurement.

7 Key changes to the PCMP include:

- a) Addition of several definitions including a definition of a Local Business definition which was developed with the input of Enterprise Dunedin.
- b) The inclusion of references to the Contract Management Framework and Te Taki Haruru.
- c) Introduction of section 7.11 to allow clarity that gifts or hospitality should not be accepted when involved in a sourcing event.
- d) Uplift of the direct source threshold from \$10,000 to \$25,000.
- e) Requirement for a formal, written contract from \$50,000 rather than \$25,000 to reflect the changes in the thresholds.
- f) Reference to the Contract Management Framework in section 10 and removal of operational guidance which is now covered in the framework.
- g) Addition of section 12.3 to ensure staff undertake reviews of safety plans if there is a change to the contracted work.

8 The reviewed policy was approved by the Executive Leadership Team on 13<sup>th</sup> May 2024.

**Leave Management Policy**

9 The Leave Management Policy has undergone review and is provided as Attachments C (clean) and D (track changes).

10 This review has been conducted with representatives from People and Capability.

11 Changes have been made regarding the Christmas Leave / Annual leave entitlements. All references to Christmas Leave are removed. The new Annual Leave entitlements are reflected.

12 The reviewed policy was approved by the Executive Leadership Team on 20<sup>th</sup> June 2024.

**NEXT STEPS**

13 Any feedback provided by ARS on policies presented will be incorporated into the policy, which will then go to the Executive Leadership Team for final review and approval.

**Signatories**

Author:	Hayley Knight - Quality, Compliance and Business Assurance Advisor
Authoriser:	Carolyn Allan - Chief Financial Officer

**Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Procurement and Contract Management Policy June 2024 - Clean	207
<a href="#">↓B</a>	Procurement and Contract Management Policy June 2024 - Track Changes	219
<a href="#">↓C</a>	Leave Management Policy May 2024 - Clean	235
<a href="#">↓D</a>	Leave Management Policy May 2024 - Track Changes	239

**SUMMARY OF CONSIDERATIONS**

***Fit with purpose of Local Government***

This report provides an update on Council Policy documents as identified by the Audit and Risk Subcommittee Workplan, which is a regulatory function considered good quality and cost effective.

***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	✓	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	✓

The Audit and Risk Subcommittee monitors and provides assurance for the effective review and management of core Council Policies – thereby supporting business controls and delivery, governance and the realisation of strategic objectives.

***Māori Impact Statement***

There are no know impacts for mana whenua.

***Sustainability***

There are no implications for sustainability.

***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

There are no known implications.

***Financial considerations***

No financial implications have been identified.

***Significance***

This report is considered low in terms of the Council’s Significance and Engagement Policy.

***Engagement – external***

No external engagement has been undertaken.

***Engagement - internal***

Activities noted herein include cross Council engagement and collaboration on Policy review and development.

***Risks: Legal / Health and Safety etc.***

A failure to maintain effective and appropriate Policy framework across core Council functions exposes the DCC to a range of operational and strategic risks, including financial, business and service performance, community, business and sector confidence, as well as potential fraud and litigation.

**SUMMARY OF CONSIDERATIONS**

***Conflict of Interest***

No conflicts of interest have been identified.

***Community Boards***

There are no known implications for the Community Boards.





















































































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## HEALTH AND SAFETY MONTHLY REPORTING FOR MAY 2024

Department: Health and Safety

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### EXECUTIVE SUMMARY

1 The monthly Health and Safety reporting for May 2024 is attached for consideration.

### RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the monthly Health and Safety report for May 2024.

### Signatories

Author:	Jane Pearce - Health and Safety Manager
Authoriser:	Mike Cartwright - Acting General Manager Corporate Services

### Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Health and Safety report for May 2024	245









































## RESOLUTION TO EXCLUDE THE PUBLIC

That the Audit and Risk Subcommittee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C1 Confirmation of the Confidential Minutes of Audit and Risk Subcommittee meeting - 2 May 2024 - Public Excluded	<p>S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</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 it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(b)(ii)</p>	.	

	<p>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)(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)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p>		
C2 Audit arrangements for the year ending 30 June 2024	<p>S7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
C3 DCC External Audit Actions Update - June 2024	<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</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	



	<p>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 it is in the public interest that such information should continue to be supplied.</p>		
<p>C4 Internal Audit Workplan Update</p>	<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)(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 it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(h) The withholding of the information is necessary to enable</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

	the local authority to carry out, without prejudice or disadvantage, commercial activities.		
C5 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C6 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	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.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C7 DCC Wellbeing Survey 2024	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

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, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.

That Rudie Tomlinson and Monique Kruger (Audit NZ) be permitted to attend the meeting, after the public has been excluded, because of their knowledge of Item C2. This knowledge, which would be of assistance in relation to the matters discussed, was relevant because they would be reporting on the item under consideration.