



KAWERAU DISTRICT COUNCIL

Te Kaunihera ā rohe o Kawerau

TAONGA O TE WHENUA - TREASURE OF THE LAND

**The Meeting of the
Audit and Risk Committee will be
held on Monday 11 August 2025
commencing at 1.00pm**

A G E N D A

AUDIT AND RISK COMMITTEE

Her Worship the Mayor – F K N Tunui

Councillor C J Ion

Councillor A Rangihika

Councillor B J Julian

Philip Jones – Consultant - P J Associates (Chair)

KAWERAU DISTRICT COUNCIL

**The Meeting of the Audit and Risk Committee
will be held on Monday 11 August 2025
commencing at 1.00pm**

AGENDA

1 Karakia Timatanga | Opening Prayer

2 Apologies

3 Declarations of Conflict of Interest

Any member having a “conflict of interest” with an item on the Agenda should declare it, and when that item is being considered, abstain from any discussion or voting. The member may wish to remove themselves from the meeting while the item is being considered.

4 CONFIRMATION OF AUDIT AND RISK COMMITTEE MINUTES

4.1 Audit and Risk Committee – 9 June 2025

Pgs. 1 - 4

Recommendation

That the minutes of the Audit and Risk Committee Meeting held on 9 June 2025 be confirmed as a true and accurate record.

5 Health, Safety and Wellbeing Report for period – 1 June 2025 to 30 June 2025 (Group Manager, Regulatory and Planning) (509500)

Pgs. 5 - 21

Attached is the report from the Group Manager, Regulatory and Planning covering Health, Safety and Wellbeing Report for period – 1 June 2025 to 30 June 2025.

Recommendation

That the report “Health, Safety and Wellbeing Report for period – 1 June 2025 to 30 June 2025” be received.

6 Council Bylaw and Policy Review Update (Group Manager, Regulatory and Planning) (320000 & 110800)

Pgs. 22 - 29

Attached is the report from the Group Manager, Regulatory and Planning covering the Council Bylaw and Policy Review Update.

Recommendation

That the report “Council Bylaw and Policy Review Update” be received.

7 Treasury Report to 31 May 2025 and 30 June 2025 (Group Manager, Finance and Corporate Services) (110551)

Pgs. 30 - 34

Attached is the report from the Group Manager, Finance and Corporate Services covering Treasury Report to 31 May 2025 and 30 June 2025.

Recommendation

That the report "Treasury Report to 31 May 2025 and 30 June 2025" be received.

8 Review of Council's Sensitive Expenditure Policy (Group Manager, Finance and Corporate Services) (110820)

Pgs. 35 - 56

Attached is the report from the Group Manager, Finance and Corporate Services covering the Review of Council's Sensitive Expenditure Policy.

Recommendation

- 1. That the report "Review of Council's Sensitive Expenditure Policy" be received.*
- 2. That the Audit and Risk Committee approve the updated Sensitive Expenditure policy (including any further amendments) for adoption by Council.*

9 Audit and Risk Review Timetable from August 2025 to June 2026 (Group Manager, Finance and Corporate Services) (101300)

Pgs. 57 - 59

Attached is the report from the Group Manager, Finance and Corporate Services covering the Audit and Risk Review Timetable from August 2025 to June 2026.

Recommendation

That the report "Audit and Risk Review Timetable from August 2025 to June 2026" be received.

10 Audit New Zealand – Audit Plan for the Annual Report to 30 June 2025 (Group Manager, Finance and Corporate Services) (201300)

Pgs. 60 - 85

Attached is the report from the Group Manager, Finance and Corporate Services covering the Audit New Zealand – Audit Plan for the Annual Report to 30 June 2025.

Recommendation

That the report "Audit New Zealand – Audit Plan for the Annual Report to 30 June 2025" be received.

11 Exclusion of the Public

Recommendation

That the public is excluded from the following part of the proceedings of this meeting, namely:

1. **Minutes for the Confidential Audit and Risk Committee Meeting Held on 9 June 2025**
2. **Fraud and Corruption Policy – Operational Update**

The general subject of the matter to be considered while the public is excluded; the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Information & Meetings Act 1987 for the passing of this resolution is as follows:

| General Subject of the matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. <i>Minutes for the Confidential Audit and Risk Committee Meeting Held on 9 June 2025</i> 2. <i>Fraud and Corruption Policy – Operational Update</i> | <i>Maintain the effective conduct of public affairs through the free and frank expression of opinions.</i> | <i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48 (1) (a) (i)</i> |

This resolution is made in reliance on Section 48(1) (a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by Section 7 (2) (b) (i) of that Act.

12 Karakia Whakamutunga | Closing Prayer

M Godfery

Chief Executive Officer

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**Kawerau District Council Minutes of an
Audit and Risk Committee held on 9 June 2025
commencing at 1.00pm**

Present: Philip Jones – P J Associates (Chair)
Her Worship the Mayor – F K N Tunui
Deputy Mayor – A Rangihika
Councillor C Ion
Councillor B J Julian

In Attendance: Chief Executive Officer (M Godfery)
Group Manager, Finance and Corporate Services (L Butler)
Group Manager, Regulatory and Planning (M Glaspey)
Group Manager, Operations and Services (R Nel)
Administration Officer (L Kerei)
Mayoral Aide (M Rogers)

1 Karakia Timatanga | Opening Prayer

Chief Executive Officer opened the meeting with a karakia | prayer.

2 Apologies

No Apologies were received.

3 Declarations of Conflict of Interest

No Conflicts of Interest were received.

4 CONFIRMATION OF AUDIT AND RISK COMMITTEE MINUTES

4.1 Audit and Risk Committee – 7 April 2025

Resolved

That the minutes of the Audit and Risk Committee Meeting held on 7 April 2025 be confirmed as a true and accurate record.

**Councillor Julian / Her Worship the Mayor
CARRIED**

5 Health, Safety and Wellbeing Report for period – 1 April 2025 to 31 May 2025 (Group Manager, Regulatory and Planning) (509500)

Committee discussed the report from the Group Manager, Regulatory and Planning covering Health, Safety and Wellbeing Report for period – 1 April 2025 to 31 May 2025.

Resolved

That the report “Health, Safety and Wellbeing Report for period – 1 April 2025 to 31 May 2025” be received.

**Councillor Ion / Deputy Mayor Rangihika
CARRIED**

6 Treasury Report to 31 March 2025 and 30 April 2025 (Group Manager, Finance and Corporate Services) (110551)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Treasury Report to 31 March 2025 and 30 April 2025.

Group Manager, Finance and Corporate Services advised:

- Options for the timeframe, term and the interest rates for Council’s borrowing were considered by Council. The timeframe was the most cost effective at that time based on the information at hand.

Resolved

That the report “Treasury Report to 31 March 2025 and 30 April 2025” be received.

**Councillor Julian / Chair Jones
CARRIED**

7 Audit Management Report for the Long Term Plan Consultation Document 2025-2034 (Group Manager, Finance and Corporate Services) (201000)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Audit Management Report for the Long Term Plan Consultation Document 2025-2034.

Group Manager, Finance and Corporate Services advised:

- That the term ‘unqualified audit opinion’ mentioned on page 20 and the term ‘unmodified audit opinion’ mentioned on page 24 are one and the same.

Resolved

That the report “Audit Management Report for the Long Term Plan Consultation Document 2025-2034” be received.

**Councillor Julian / Her Worship the Mayor
CARRIED**

8 Proposed Timetable for Annual Report for 30 June 20252026 (Group Manager, Finance and Corporate Services) (110400)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Proposed Timetable for Annual Report for 30 June 2025.

Resolved

That the report “Proposed Timetable for Annual Report for 30 June 2025” be received.

**Deputy Mayor Rangihika / Councillor Ion
CARRIED**

9 Long Term Plan 2025 – 2034 Update (Group Manager, Finance and Corporate Services) (110555)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Long Term Plan 2025 – 2034 Update.

Group Manager, Finance and Corporate Services advised:

- FIS and rates resolution are currently with the solicitors to obtain their legal opinion.

Resolved

That the report “Long Term Plan 2025 – 2034 Update” be received.

**Her Worship the Mayor / Deputy Mayor Rangihika
CARRIED**

10 Audit and Risk Review Timetable from June 2025 to April 2026 (Group Manager, Finance and Corporate Services) (101300)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Audit and Risk Review Timetable from June 2025 to April 2026.

Resolved

That the report “Audit and Risk Review Timetable from June 2025 to April 2026” be received.

**Councillors Julian / Ion
CARRIED**

11 Annual Plan Performance for the nine months ended 31 March 2025 (Group Manager, Finance and Corporate Services) (110400)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Annual Plan Performance for the nine months ended 31 March 2025.

Resolved

That the report “Annual Plan Performance for the nine months ended 31 March 2025” be received.

**Deputy Mayor Rangihika / Councillor Ion
CARRIED**

12 Exclusion of the Public – 1.43pm**Resolved**

That the public is excluded from the following part of the proceedings of this meeting, namely:

1. Local Water Done Well – updated risk profile for 2025.

**Her Worship the Mayor / Chair Jones
CARRIED**

The general subject of the matter to be considered while the public is excluded; the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Information & Meetings Act 1987 for the passing of this resolution is as follows:

| <i>General Subject of the matter to be considered</i> | <i>Reason for passing this resolution in relation to each matter</i> | <i>Ground(s) under section 48(1) for the passing of this resolution</i> |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>1. Local Water Done Well – updated risk profile for 2025.</i> | <i>Maintain the effective conduct of public affairs through the free and frank expression of opinions.</i> | <i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48 (1) (a) (i)</i> |

This resolution is made in reliance on Section 48(1) (a) of the Local Government Official Information & Meetings Act 1987 and the particular interest or interests protected by Section 7 (2) (b) (i) of that Act.

13 Karakia Whakamutunga | Closing Prayer

Chief Executive Officer closed the meeting with a karakia | prayer at 2.29pm.

P Jones

Chairperson

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Meeting: Audit and Risk Committee

Meeting Date: 11 August 2025

Subject: **Health, Safety and Wellbeing Report for period – 1 June 2025 to 30 June 2025**

File No: 509500

1 Purpose

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

2 Executive Summary

The core systems and controls in place to manage Council's health, safety and wellbeing risks include:

- Ensuring Elected Members and all Council Staff are aware of their specific and general duties under current Health and safety legislation, through inductions and training.
- Development of a health and safety culture that encourages the identification, reporting and mitigation of new and existing health, safety and wellbeing risks, with ongoing risk monitoring and reviews.
- Dedicated Health and Safety Officer engaged to monitor compliance with health and safety legislation, driving continuous improvement and continual learning.
- Maintaining an effective Health and Safety Committee by engaging with staff, which enables participation and provides leadership, guidance and support across the organisation to better inform health and safety decisions and policies for Council staff, contractors and visitors.
- Implementation of health, safety, and wellbeing software (BWARE) to enable reporting, investigation and ongoing monitoring of identified risks.
- Provision of an employee assistance programme, a wellbeing service, policies and training for staff.
- Health and safety monitoring of contractors engaged by Council, through random site audits.

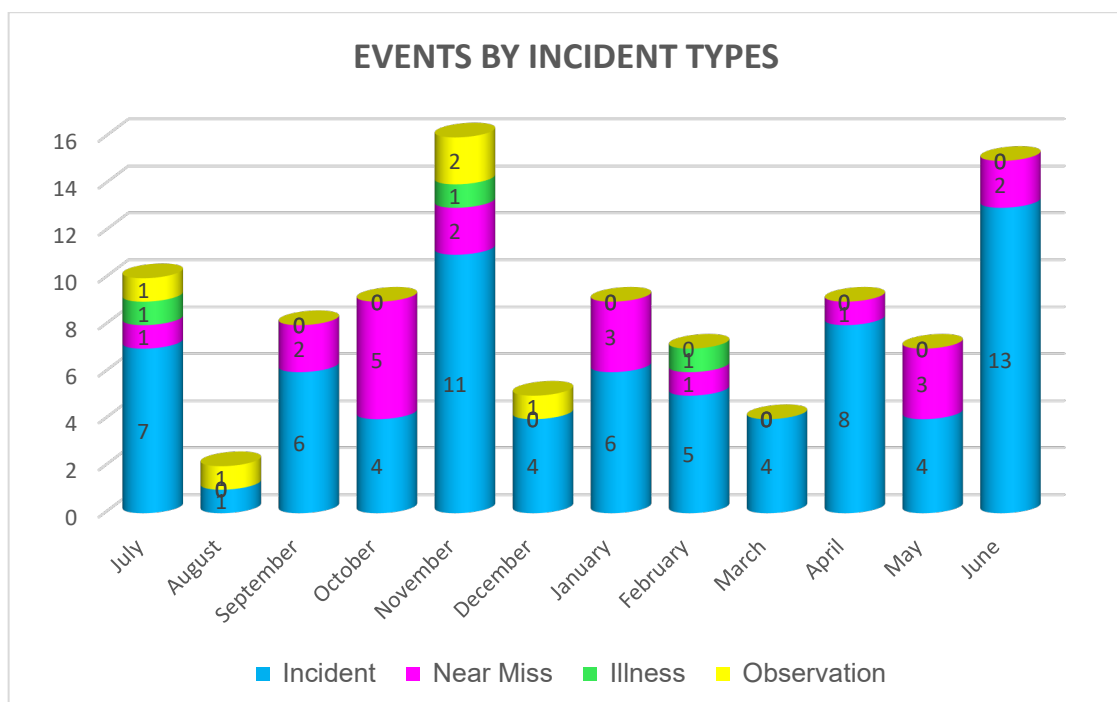
The key items which elected members should note from this report are:

- No notifiable events occurred during this period. The total notifiable events for this financial year was one, which related to contaminated materials dropped off at the dump. Steps have been undertaken to train and renew training for all staff at the transfer station to aid in preventing further cases of this nature.
- Fifteen health and safety reports were received for the period 1 June 2025 to 30 June 2025.
- Seeing an increase in staff reporting incident of threats, violence or abuse from customers.
- One contractor audit was completed for the period covered in this report. Only issue identified was the reliance on KDC trained first aiders being available. They had their own first aid kits, but no trained first aiders on site.
- Ten contractor audits were completed for 2024/25 meeting KPI requirements.

3 **Incident and Injury Reporting**

Incidents for period – 1 June 2025 to 30 June 2025 (Brackets – Year to Date)

| | | | |
|-------------------|------------------|---------------|--------------------|
| Incidents 13 (73) | Near Miss 2 (20) | Illness 0 (3) | Observations 0 (5) |
|-------------------|------------------|---------------|--------------------|



Note: Illness is defined as a health condition or disease directly caused or significantly aggravated by factors in the workplace. These include breathing issues, heat exhaustion, dehydration, but do not include covid-19 cases.

Incidents Risk Type and Treatment for Period 1 June 2025 to 30 June 2025

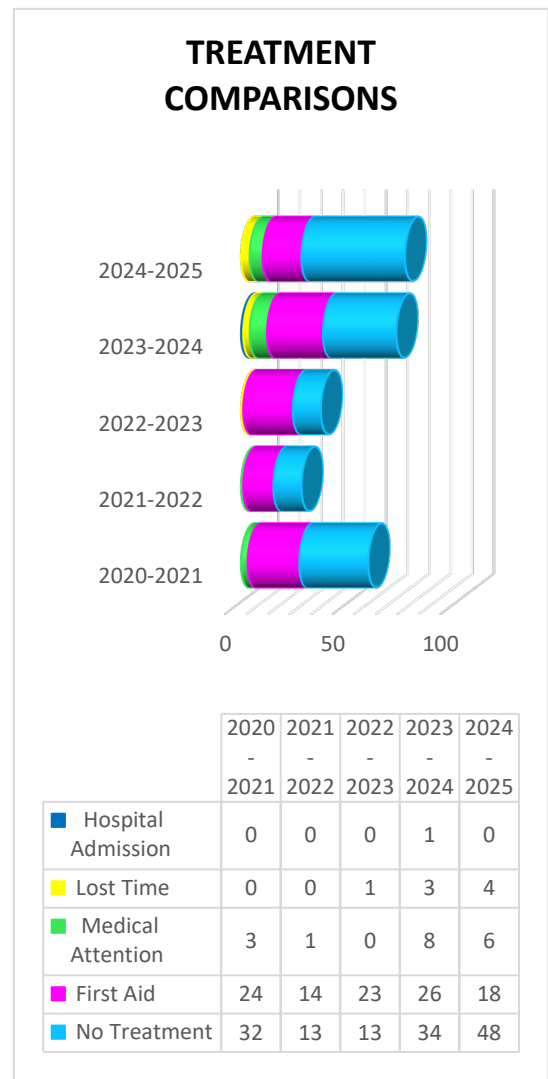
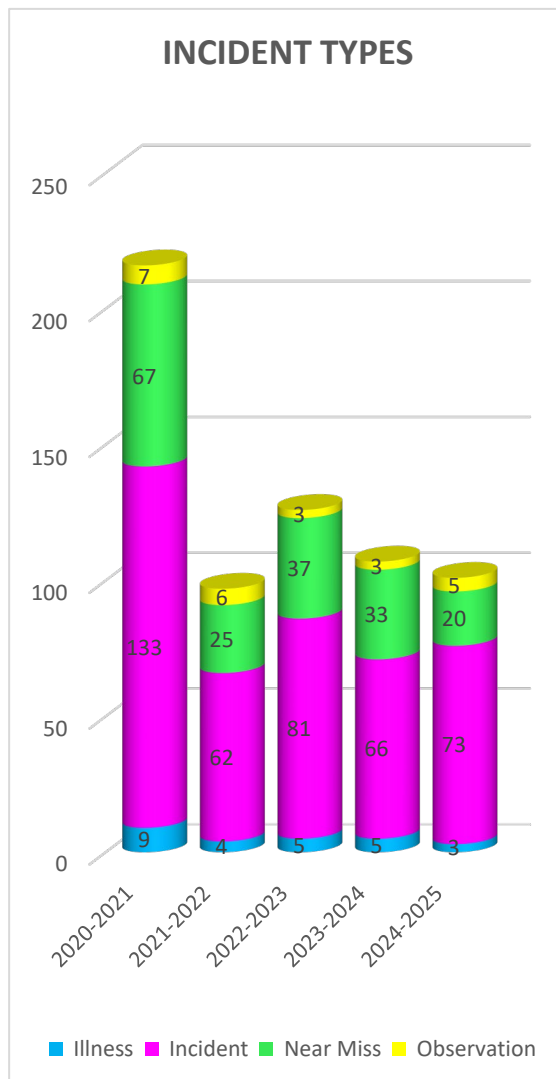
| Events by Critical Risk | |
|--------------------------|---|
| Public/People/ Customers | 7 |
| Stress | 0 |
| Slips, Trips and Falls | 0 |
| Lone Working | 0 |
| Manual Handling | 3 |
| Other * | 5 |
| | |
| | |
| | |

| Outcome of Incidents | |
|----------------------------------------------|----|
| No Treatment | 10 |
| First Aid | 2 |
| Medical Treatment | 0 |
| Lost Time | 1 |
| Hospital | 0 |
| Does not include Near Misses or Observations | |
| Investigations Required | |
| Formal Investigation | 0 |
| Work Safe Investigation | 0 |

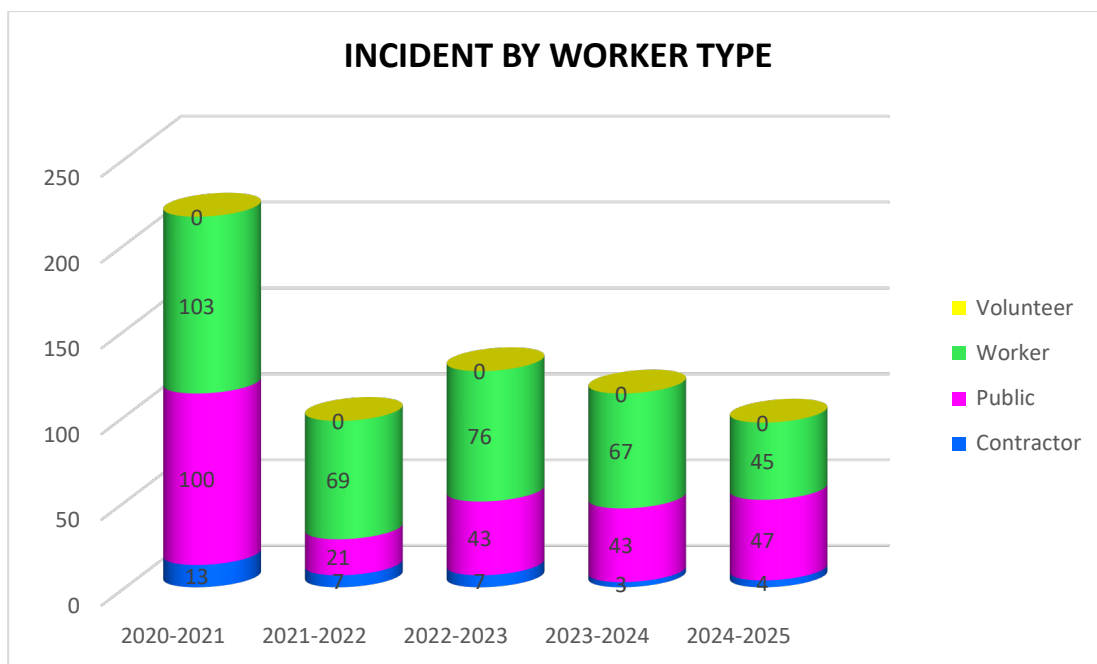
~2 resulted from near misses

* Other – Burglary x 2, Damage to KDC vehicle, (Near Misses - Tree Fallen on SH34, Transfer Station Gate Malfunction)

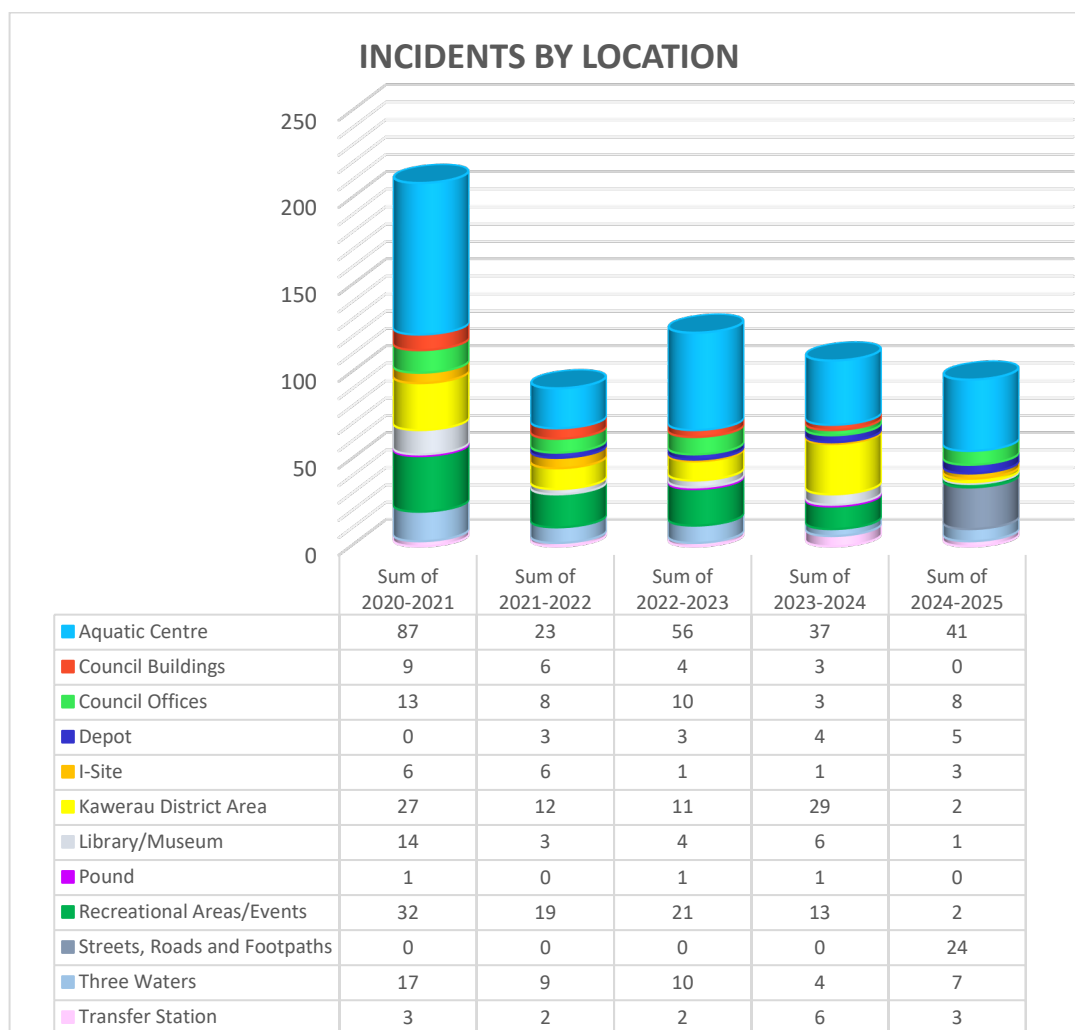
Incidents and Treatment Comparisons



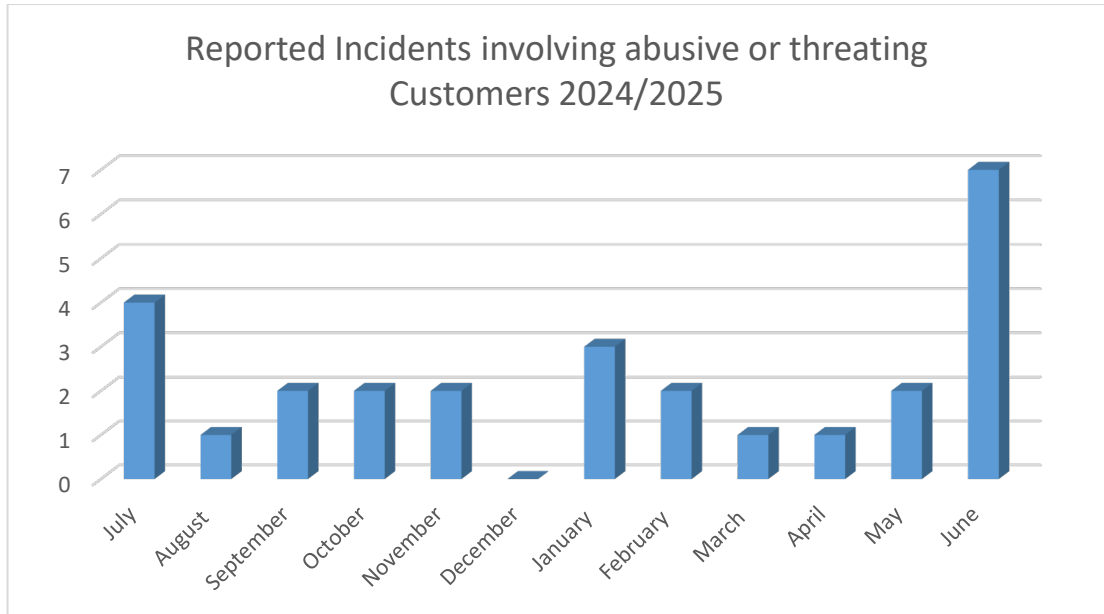
Note: Review of yearly incidents identified an error in the Treatment Comparisons Graph. Data from November had been missed in this graph and has now been included in the totals. Treatment updates included - 4 incidents requiring no treatment, 3 requiring first aid and 2 requiring medical treatment. All other graphs were correct.



Note: Where damage to KDC property is reported, this is coded as a worker due to impact of damage.



Note: Prior to 2024-2025, Streets, Roads and Footpaths were reported under Kawerau District Area.



Kawerau District Council is seeing a rise in incidents relating to abusive and threatening behaviour. While the numbers still appear low, this is not a true reflection of what is being faced. Staff do not report every incident of inappropriate abusive behaviour, with only the more serious incidents and ones that personally affect staff, being reported. This is often due to staff tolerating, on some level, bad behaviour or inappropriate language at the lower end of the scale, however no staff member should have to put up with this. In June and July (which is not covered in this report), we have seen an increase in abuse being received from our customers. We are reviewing our policies and processes, in an attempt to identify alternative means to address these incidents, and ensure the public understand that it is not appropriate to be abusive, aggressive or make threats to our staff.

Potentially Critical Events/Critical Events
1 June 2025 to 30 June 2025

| Event | Critical Risk | Potential Consequence | Actual Consequence | Controls and Status |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tree fallen on SH34 (Tamarangi Drive) No damage | | High | Low | <ul style="list-style-type: none"> • Maintenance of Street Trees Policy • Chainsaw Training • Duty Officer Training <p>Duty Officer initially attended and called out staff to assist in removing tree from road. Police and Fire already on site. Events on SH 34 is the responsibility of NZTA. Waiotahi was called out and arrived later to remove the tree and clear the road. Duty Officer advised of process on SH 34</p> |
| Attempted assault/Abuse of staff Disagreement over dog registration resulting in Owner throwing dog collar at staff member. | Violence - People/ Customers/ Visitors | Medium | Low | <ul style="list-style-type: none"> • Customer Conflict Training • Dealing with Abusive Customers Process <p>Staff responded appropriately and were attempting to help the customer, but they would not accept Staff's response. Staff moved away when item thrown. Manager checked in with staff. Looking into the use of screens, better video surveillance and review our policies to try and identify improvements.</p> |
| Intimidation of staff and inappropriate language Customer came in to register their dog, inappropriate language used and customer was barking like a dog to try and intimidate while asking inflammatory questions. | Violence - People/ Customers/ Visitors | Medium | Low | <ul style="list-style-type: none"> • Customer Conflict Training • Dealing with Abusive Customers Process <p>Due to the intimidation staff member did not feel comfortable to advise customer their behaviour was inappropriate. Staff member was rattled by the experience as they had dealt with this customer multiple times this week with the same behaviour. Staff member given time to recoup after incident. Team Leader checked in with staff and is reviewing processes as outlined above. Looking into the use of screens, better video surveillance and review our policies to try and identify improvements.</p> |
| Trespass at Maurie Kjar Aquatic Centre. Customers jumped the fence after hours and took a spa. | Violence - People/ Customers/ Visitors | Medium | Low | <ul style="list-style-type: none"> • CCTV on site for security <p>No staff on site at the time. Alarms went off but audible alarm was not turned on to alert offender, at this stage. Police advised and vehicle details provided. Upgraded cameras going in and they have now been tested and working well. No suspect as video footage is poor quality.</p> |

| | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Abuse of staff Customer rude and swearing at staff resulting in customer throwing their card at staff. Staff were trying to explain the application form had been incorrectly completed. | Violence - People/ Customers/ Visitors | Medium | Low | <ul style="list-style-type: none"> • Customer Conflict Training • Dealing with Abusive Customers Process <p>Staff member removed herself from the situation and spoke to Team Leader, who came to her support. Customer continued to swear under her breath throughout the process. Team Leader is reviewing process</p> <ul style="list-style-type: none"> • Looking into the use of screens, better video surveillance and review our policies to try to identify improvements. |
| Abuse of staff Customer not happy with service, swearing at staff member and threw photo at them in front of other customers. Later approached another Staff member at the Z Station and asked for the staff member's name using derogatory description. Name not given | | Medium | Low | <ul style="list-style-type: none"> • Customer Conflict Training • Dealing with Abusive Customers Process <p>Customer left so, no action taken at the time. Staff member had done nothing wrong, customer was just unhappy with photo. Staff member advised not to serve that customer again and leave to another staff member.</p> <ul style="list-style-type: none"> • Looking into the use of screens, better video surveillance and review our policies to try to identify improvements. |
| Vehicle Accident – KDC vehicle parked on side of road (Whakatane) outside Employee's address. Another vehicle has crashed into the parked vehicle. | | High | Medium | <ul style="list-style-type: none"> • Driving Policy • Operator training/care <p>Moderate vehicle damage, resulting in the vehicle being written off due to bent chassis. No injury to individual (KDC staff not in vehicle at the time). Insurance details provided. KDC worker took appropriate action and reported incident.</p> |
| Burglary at Maurie Kjar Aquatic Centre. Customer entered over the fence before smashing the office window. Cell phone taken in burglary. | Violence - People/ Customers/ Visitors | Medium | Low | <ul style="list-style-type: none"> • CCTV on site for security <p>No staff on site at the time. Alarms went off once offender was in the office. Police called and forensic investigation was undertaken. No suspect at this stage. Cell phone and broken window replaced. Updated Security Cameras so alerts will go off sooner.</p> |
| Staff threatened while replacing the gate locks at Tarawera Park. Member of the public was abusive and threatened to cut the locks off. Vehicle Rego obtained in case of future incidents | Violence - People/ Customers/ Visitors | High | Low | <ul style="list-style-type: none"> • Customer Conflict Training • Dealing with Abusive Customers Process <p>Two staff were present during incident (not a lone working situation) Staff reported in case any future damage is caused. Staff reminded to be careful in these situations and report to Police if required.</p> |

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------|--|---------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recycling Team Member stood on glass without appropriate footwear. Deep cut resulting in medical treatment and time off work. | | Medium | Medium | <ul style="list-style-type: none"> Recycling Truck Induction PPE Requirements <p>No previous experience, high level of supervision required. PPE not yet issued with only a few hours into the job, and was wearing sneakers. (Sizes previously obtained) Manager direction was to ensure PPE was issued prior to going out on the truck, was overlooked. Medical Treatment sought with staff member being taken to hospital. Treated and sent home with a week off work.</p> |
|-------------------------------------------------------------------------------------------------------------------------------|--|---------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

KEY:

| | |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| High | Potential or actual consequence which is serious in nature and could cause medium to long term loss of time (over a week), hospitalisation or significant damage to property |
| Medium | Potential or actual consequence which is moderate in nature and could cause short-term loss of time (under a week), medical treatment, or damage to property. |
| Low | Potential or actual consequence which is minor in nature resulting in no loss of time, no medical treatment (first aid only) and minimal damage to property. |

4 Health, Safety and Wellbeing Risk Related Activities

| Health, Safety and Wellbeing Related Activities | | |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk | Key Activity | Planned Activity |
| General Health and Safety Risk Management Programme | <p>Internal health and safety survey was completed in May/June 2025 to help identify any weaknesses and provide insights for ongoing improvement of Council's Health and Safety systems. A brief overview of the results have been attached at Appendix A, for your reference.</p> <p>Organisation Inductions:</p> <ul style="list-style-type: none"> ○ District Office Site Safety Induction (1) ○ Recycle Truck Induction (1) ○ Transfer Station Site Safety Induction (1) ○ General Health and Safety Induction (1) ○ Fire & Emergency Warden – Main Council Building Induction (1) <p>BWARE (Health and Safety Software) is seeing improved uptake and reporting of incidents, as well as use of forms for completing vehicle checks and other safety related checks required.</p> <p>Monthly meetings ongoing – fully represented by all work groups.</p> | <ul style="list-style-type: none"> • Finalise the top critical risks reducing from 13 to 10 critical risks. This has been delayed and as a result was incorporated as part of the Health and Safety Survey and we are aiming to resolve through the next Health and Safety Committee and Leadership Team Meetings. • On the back of the completed Health and Safety Survey, develop written feedback for staff and develop a programme to implement any health and safety improvements identified. <ul style="list-style-type: none"> • Provide how to/ frequently asked questions to address admin and communication matters raised. |

| Risk | Key Activity | Planned Activity |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contractor Management | <ul style="list-style-type: none"> One contractor audit was completed in June <u>Electrical Contractor</u> – Prequalification current and site documentation was in order. Contractor maintained a physically safe and tidy site. While first aid kits were available on site, the contractor had no trained first aiders and would have had to rely on KDC trained first aiders being available. While regulations do allow for this providing they have access to an adequate number of first aid trained workers, recommendations were made to ensure they understand their requirement to provide an adequate number of workers trained in first aid at a workplace as they should not rely on businesses having staff available. All contractor audits completed this year to meet the KPI of 10 audits per year. | <ul style="list-style-type: none"> Contractor audits to be completed monthly (except December and January). Contractor audits ongoing throughout the new financial year. |
| Training | <ul style="list-style-type: none"> First Aid Training (2) <p>Heath Officer developed training on antenno app as part of Health and Safety Induction to help staff become familiar with how things can be reported.</p> | <ul style="list-style-type: none"> Organise Dangerous Dog Training for Outdoor Staff. Core training programme being reviewed for this year. Core training included: <ul style="list-style-type: none"> Customer conflict Mental Health Awareness Bullying and Harassment Drugs and Alcohol <p>The purpose of the review is to ensure the training is fit for purpose and benefits the organisation. We also wish to consider alternative means of including training into our roles.</p> Organise Dangerous Dog Training for Outdoor Staff. |

| Risk | Key Activity | Planned Activity |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policy Reviews | <p>Health and Safety Team completed two reviews during this period with the Senior Leadership Team signing off the:</p> <ul style="list-style-type: none"> • Safe Driving Policy • Visual Display Unit (VDU) Policy | <ul style="list-style-type: none"> • Sun Protection Policy is to be re-drafted as a guidance document. |
| Risk Reviews | New Hazards Identified and Reviewed: | <ul style="list-style-type: none"> • Review Council approach to customer conflict to identify any improvements to help protect our staff from increased abuse. |

5 Health and Wellbeing

Health and Wellbeing

Emergency Readiness

Automatic External Defibrillators (AED's)
available at the Maurie Kjar Aquatic
Centre and District Office
Emergency System Activation Test
completed

General Health

Pre-employment medicals continue to be
done
Influenza Vaccination has been available
for staff from 1 April 2025

Wellbeing initiatives

Employment assistance programme
provided by Vitae.
My Everyday Wellbeing web platform
available to staff and their families.
Reviewing new ways to deliver Wellness
Initiatives using existing platforms to
provide engagement/updates that are
more regular.

Health Monitoring

Ongoing random drug testing and pre-
employment drug testing.

6 RECOMMENDATION

That the report "Health, Safety and Wellbeing Report for period - 1 June 2025 – 30 June 2025" be received.



Michaela Glaspey

Group Manager Regulatory and Planning

Z:\KDC Taxonomy\Governance\Democratic Services\Meetings\Audit and Risk\Reports\IR-ARC - Health Safety Report August 2025-08-11.docx

KDC Health, Safety & Wellbeing Survey 2025

Overview

The recent Health & Safety (H&S) survey shows a strong safety culture and high staff engagement, with 88% participation and 78% overall agreement across key indicators. Ask Your Teams (survey platform) has provided the attached summary of the survey along with the top ten responses and bottom ten responses.

Survey summary

How are these insights generated?

| | | | | | | | |
|--------------|---|-----------------|-----|--------------------|-------|----------|-----|
| Survey Goals | 3 | Overall Average | 78% | Participation Rate | 87.9% | Comments | 470 |
|--------------|---|-----------------|-----|--------------------|-------|----------|-----|

The survey results reveal a comprehensive approach to health and safety within the organisation, with participants generally feeling confident in their ability to report risks and follow safety procedures. The BWARE system is highlighted as a useful tool, although some participants require further training to use it effectively. Health and safety information is communicated clearly, with multiple channels ensuring accessibility. However, there is room for improvement in internal communication and the consistency of safe behaviours modelled by managers. Participants also express a strong sense of shared responsibility for health and safety, with a focus on ensuring everyone returns home safely each day.

Free-text responses indicate a need for more consistent and direct communication from leadership regarding incident follow-ups. Participants appreciate the role of Health and Safety Officers and the simplicity of the BWARE system but express frustration with delays caused by budget constraints. Training and guidance are seen as crucial, with calls for conflict de-escalation and mental health first aid training. Participants also highlight the importance of regular updates on reporting processes and policies to combat forgetfulness. Overall, there is a call for more structured and comprehensive training programs to address these concerns effectively.


The survey goals focus on understanding if employees feel safe at work, identifying challenges in reporting health and safety concerns, and improving training. The results show that while most participants feel confident in reporting concerns, there are challenges with communication and consistency in leadership behaviours. Training is a key area for improvement, with participants calling for more comprehensive programs and regular updates. Addressing these issues is crucial to maintaining a safe work environment and ensuring that all employees feel supported and empowered to report concerns. Failure to act on these insights could lead to increased risks and a decline in employee confidence and safety.

Top Question Score – Values - Celebrate



Bottom 10 Score – Opportunities for further focus/review

(note: you don't have very low scores)

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------|
|  Risk assessments are consistently applied and updated when work changes.  7 comments | Risk Management |  72% |
|  Ineffective risk controls are addressed in a timely manner.  4 comments | Risk Management |  73% |
|  My manager and leaders consistently model safe behaviors.  4 comments | Leadership |  73% |
|  Risk controls for identified risks are practical and regularly reviewed.  3 comments | Risk Management |  73% |
|  Do you feel that all known risks in your role have been appropriately assessed and managed?  3 comments | Safety at Work |  74% |
|  I know where to find our current policies and procedures, and feel they are updated and address key risks effectively?  7 comments | Knowledge |  74% |
|  Reported incidents are followed up by the leader and I am advised of the outcome  11 comments | Reporting & Systems |  74% |
|  I can easily report health and safety observations, incidents and hazards using our EMARF system  10 comments | Reporting & Systems |  75% |
|  My manager and leaders make health and safety a clear priority.  3 comments | Leadership |  76% |
|  I know how to provide feedback into a health and safety policy review and I am given the opportunity to do so  3 comments | Knowledge & Training |  77% |

With an initial internal review being undertaken, we have highlighted some of Council's key strengths and areas for improvement.

Key Strengths

- Positive Safety Culture:
 - Most staff view health and safety as a shared responsibility
 - Staff generally feel encouraged and supported by leaders to report incidents.
- Leadership Recognition:
 - Paul Snook recognised for approachable, responsive and effective work in health and safety
 - Leaders generally model safe behaviours and follow up incidents
- Effective Communication:
 - Staff are confident reporting issues and accessing H&S information.
 - Communication is clear and timely and reported on multiple channels and most staff know where to find the information
- Incident Management:
 - BWARE system is well-regarded
 - Reports are followed up and outcomes communicated in most cases
- Training:
 - Most staff feel they received adequate training to do their job safely
 - Some request to expand offerings (e.g., customer conflict, mental health, de-escalation)

Areas for Improvement

- Psychosocial Risks:
 - Concerns around increased aggression, abuse and unpredictability of the public
 - Frontline improvement suggests included body cameras, signage, and enhanced security
- Risk Assessment Consistency:
 - Processes are not uniformly applied or understood across teams
- Facilities & Environment:
 - Concerns about building conditions, outdoor lighting around buildings, and environmental hazards (battery disposal, dogs)
- Training Gaps:
 - Need for refreshers, scenario-based learning, and clearer reporting
- Communication Access:
 - SharePoint seen as difficult to navigate for policies and processes

- Wanting additional paper based updates for those without digital access
- Some staff are unaware of risk review process
- Leadership Consistency:
 - While many managers are seen as strong on health and safety, some departments lack consistent health and safety leadership and structured feedback loops

Conclusion

Overall, our health and safety management is performing well, with good leadership and staff engagement.

To improve our service we need to be more effective in ensuring our teams have regular health and safety discussions, so that staff know what is happening and how they can influence these processes. Council need to consider ways to better address the emerging psychosocial risks; this may include through accessibility to training and improved processes. Council can also benefit from standardising risk assessments and leadership practices.

Meeting: Audit & Risk Committee

Meeting Date: 11 August 2025

Subject: Council Bylaw and Policy Review Update

File No: 320000 & 110800

1 Purpose

The purpose of this report is to provide the Audit and Risk Committee with an update on the review programme for Council Bylaws and Policies.

2 Background

2.1 Bylaw Review

Council has bylaws to help manage public nuisances, promote public health and safety, minimise the potential for offensive behaviour, protect public infrastructure and regulating activities in public places.

Bylaws that are made under the Local Government Act 2002 are required to be reviewed five years after they are first created (section 158), and 10 years after every review date (section 159).

Kawerau District Council has a total of seventeen bylaws. These are split between a consolidated bylaw and individual bylaws.

Twelve bylaws have been revoked and must be reinstated.

2.2 Policy Reviews

The overall purpose of policies is to aid with decision-making. A list of Council Policies (as available on the Council Website) is attached as Appendix 2. There are currently 31 policies. This list does not include internal operational policies or health and safety policies.

Seven policies are currently overdue with three of these currently under review.

3 Situation

3.1 Bylaw Review

The initial proposed review targets were not achieved. While the timelines were always ambitious, competing work priorities has meant we have not progressed as quickly as hoped.

Initial focus was on reviewing the Freedom Camping Bylaw. This was key to ensure we complied with new legislation and made use of the approved funding. This review took significantly more time than expected due to the requirement for site assessments to be undertaken. It was further delayed, after the initial consultation had been undertaken and legal errors were identified as a result of the Court findings in *New Zealand Motor Caravan Association Incorporated v Queenstown Lakes District Council* [2024] NZHC 2729.

The second round of consultation was completed on 20 December 2024, and the submissions were set to be heard on 26 February 2025. This bylaw was adopted on 26 March 2025.

On consultation with the Chief Executive, the decision was made to prepare all Bylaws for public consultation at the same time. This is largely to address the significant amount of public consultation required over the year.

Work has commenced in the background to gather information to help support the other bylaw reviews, and drafting of bylaws has started. The new proposed timeline is outlined below.

The focus has now turned to having the majority of bylaws packaged together for consultation. Due to the workload and ongoing consultation, the decision was to aim for consultation over the election period, enabling the new elected members to review and approve the final bylaws once consultation has been completed.

| Bylaw | Comments | Status | Draft to Council |
|--------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------|
| Cemetery | Initial draft has been reviewed by Council | Underway | September 2025 |
| Traffic and Parking | Under Review | Existing bylaw reviewed by staff | September 2025 |
| Water Supply | Reviewing with the intention to combine into one bylaw | Existing bylaws reviewed by staff | September 2025 |
| Wastewater Drainage | | | |
| Wastewater Disposal | | | |
| Trade Waste | Review in progress – Consent holders notified and provided an opportunity to provide early feedback. | Existing bylaw reviewed by staff | September 2025 |
| Solid Waste | Should include Waste Minimisation | Existing bylaw reviewed by staff | February/March 2025 |
| Trading in Public Places | | Under Review | September 2025 |
| Advertising Signs | | Under Review | September 2025 |

| | | | |
|------------------------------------|------------------------------------------------------------------------|--------------|----------------|
| Leisure and Recreation Facilities | | Under Review | September 2025 |
| Introductory | Where possible will be incorporated into other bylaws and not replaced | Under Review | September 2025 |
| Control of Stock, Poultry and Bees | Bylaw is valid so can be done later | Not started | June/July 2025 |
| Public Places | Bylaw is valid so can be done later | Not started | June/July 2025 |
| Speed Limits | Speed Limits now lodged in NZTA Register | Not Required | |

This is still an ambitious target and does not allow early engagement with the community, however consultation will be undertaken upon approval of the draft bylaw.

While it is foreseeable that some changes will be required to bring the bylaws up to date, large changes to existing requirements will be limited.

3.2 Policy Review

This section contains a table outlining the work to date on the policies required to be reviewed. In addition to the policies outlined, there are a number of policies that are out of cycle due to opting for the transitional LTP. These policies have not been included, as they will be completed in line with the LTP this financial year.

Unlike the bylaws, policies are not automatically revoked after a set timeframe, if a review is not undertaken.

The Managers responsible for the policies have been advised of the requirement to review and align them with current practices and requirements.

Since the review of the policies was undertaken, a large number of policies have been reviewed or implemented. These include many that became due as a result of the Long Term Plan process. These are as follows:

- Procurement Policy
- Dangerous, Insanitary and Affected Buildings Policy
- Naming Policy
- Management of Street Trees
- Gambling Venues Policy
- Easter Trading Policy
- Election Signs Policy

- Public Communications by Elected Members in a Pre-Election Period Policy
- Significance and Engagement Policy 2021
- Revenue and Finance Policy
- Rates Remissions and Postponement for Maori Freehold Land Policy
- Rates Penalty Remission Policy
- Rates Relief for Developments Policy
- Rates Relief for Farm Properties Policy
- Rates Remission Sporting and Cultural Organisations Leasing Council Land Policy 2024
- Rates Remission Boundary Reorganisation Properties Policy
- Financial Contributions Policy 2021
- Investment Policy 2024
- Liability Management Policies 2024

The below table sets out the remaining policies to be reviewed and any updates in the process.

| Policy | Responsibility | Completed |
|----------------------------------------------------------------|----------------|-----------------------------------------------------------------------------|
| Library Membership Policy 2010 | GMF&CS | Reviewed - No Longer Required |
| Graffiti Vandalism 2016 | GMO&S | Yet to be started |
| Methamphetamine Building Contaminations Policy 2016 | GMR&P | Yet to be started – may not be required |
| Cemetery Memorials, Ornamentation and Multiple Interments 2019 | GMO&S | Staff review completed and looking at combining with Bylaw due to overlaps. |
| Backflow Prevention 2019 | GMO&S | Yet to be started - Review required in line with the Water Bylaws |
| Community Awards 2020 | ME&CD | Review Commenced |

Work is continuing to review the policies as required.

4 Risks

Council can no longer enforce the Bylaws that are now revoked. In saying this, the most commonly enforced bylaws are the Traffic and Parking, Freedom Camping, Public Places, Control of Stock, Poultry and Bees, Dog Control Bylaw, only one of which is revoked. While all other bylaws are used to guide behaviours, enforcement action has not been taken under these bylaws in the last few years.

The main risk is the Community will not follow accepted practises and we will not be able to take compliance action. For this reason, it is important that we have new bylaws adopted as soon as possible.

Policies, on the other hand, are not automatically revoked where a review has not been undertaken. Review timeframes, in many cases are not legislated.

The purpose of policies is generally to aid with decision-making. Where a policy is in place, even if it has passed its review date, for fairness to the community decisions should be made based on the existing policy, until this can be reviewed and public consultation undertaken. This may be a risk where circumstances have significantly changed since the introduction of the policy.

5 Significance and Engagement

Given many bylaws are revoked Council is essentially making a new bylaw, based on the previous revoked bylaw. Based on this, even if implementing the bylaw currently written, with no amendments, engagement must still be undertaken.

The special consultative process will be used for all bylaws as required by s82, or s86 of the Local Government Act 2002.

In most cases, consultation is also required in regards to Council policies under s82 of the Local Government Act 2002. Some policies, such as the Board Venues and Class 4 Gambling Venues Policies will need to follow the special consultative process under s 83 of the Local Government Act 2002.

The majority of the policies past their review dates are optional policies, so not legislatively required. However where any of these policies are no longer deemed necessary, they must be reviewed and recommendations made to revoke the policy.

6 Financial Considerations

While there are no budget considerations associated with the recommendation of this report, where the implementation of the bylaws and/or policies is required sooner than indicated, funding for this work is not budgeted.

7 RECOMMENDATION

That the report "Council Bylaw and Policy Review Update" be received.



Michaela Glaspey

Group Manager, Regulatory and Planning

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Appendix 1 - Bylaw Review Dates

| Bylaw Name | Current Status | Last Reviewed | Next Review Date | Reason |
|----------------------------------------------------------------|--------------------|---------------|------------------|----------------|
| Water Supply Bylaw 2009 | Under Review | Apr 2009 | Jun 2019 | Revoked |
| Speed Limits Bylaw 2011 | No longer Required | Jun 2011 | Jul 2021 | Revoked |
| Traffic and Parking Bylaw 2011 | Under Review | Oct 2011 | Nov 2021 | Revoked |
| General Bylaw Part 1 - Introductory 2009 (2012 Amendment) | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 3 - Trading in Public Places 2009 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 8 - Wastewater Drainage 2010 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 9 - On-site Wastewater Disposal 2010 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 10 - Trade Waste 2010 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 11 - Solid Waste 2010 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 12 - Cemetery 2010 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 13 - Leisure and Recreation Facilities 2010 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| General Bylaw Part 5 - Advertising Signs 2013 | Under Review | Apr 2012 | Apr 2022 | Revoked |
| Freedom Camping Bylaw 2019 | Current | June 2013 | Jun 2023 | Revoked |
| General Bylaw: Control of Stock, Poultry and Bees 2019 | Current | Mar 2025 | Mar 2035 | 10 Year Review |
| Dog Control Bylaw 2019 | Current | Dec 2018 | Jan 2029 | 10 Year Review |
| General Bylaw Part 2 - Public Places 2013 (2019 Amendment) | Current | Feb 2019 | Feb 2029 | 10 Year Review |
| Alcohol Control Bylaw 2022 | Current | Sept 2019 | Sept 2029 | 10 Year Review |
| | Current | Sept 2022 | Sept 2027 | 5 Year Review |

Appendix 2 - Policy Review Dates

| Policy Name | Current Status | Last Reviewed | Next Review Date |
|-------------------------------------------------------------------------------|----------------|---------------|------------------|
| Management of Street Trees | Current | July 2025 | July 2030 |
| Library Membership Policy 2010 | To be Removed | Sep-10 | Sep-20 |
| Board Venues 2017 | Removed | | |
| Gambling Venues Policy | Current | Mar 2025 | Mar 2028 |
| Graffiti Vandalism 2016 | Overdue | Sep-16 | Aug-21 |
| Methamphetamine Building Contaminations Policy 2016 | Overdue | Dec-16 | Nov-21 |
| Easter Sunday Shop Trading Policy | Current | Feb 2025 | Feb 2030 |
| Cemetery Memorials, Oramentation and Multiple Interments 2019 | Under Review | Sep-16 | Jul-22 |
| Procurement Policy 2020 | Current | Dec 2024 | Dec - 2027 |
| Backflow Prevention 2019 | Overdue | Jun-19 | Jun-24 |
| Community Awards 2020 | Under Review | Jan-21 | Nov-24 |
| Smoke-Free Public Places Policies 2020 | Overdue | Jun-20 | Apr-25 |
| Significance and Engagement Policy 2021 | Current | Jun 2025 | Jun 2027 |
| Revenue and Finance Policy | Current | Jun 2025 | Jun 2027 |
| Rates Remissions and Postponement for Māori Freehold Land Policy | Current | Jun 2025 | Jun 2027 |
| Rates Penalty Remission Policy | Current | Jun 2025 | Jun 2027 |
| Rates Relief for Developments Policy | Current | Jun 2025 | Jun 2027 |
| Rates Relief for Farm Properties Policy | Current | Jun 2025 | Jun 2027 |
| Rates Relief for High Value Properties | Removed | | |
| Rates Remission Boundary Reorganisation Properties Policy | Current | Jun 2025 | Jun 2027 |
| Election Signs Policy 2019 | Current | May 2028 | May 2028 |
| Public Communications by Elected Members in a Pre-Election Period Policy 2019 | Current | May 2028 | May 2028 |
| Sensitive Expenditure Policy | Under Review | Aug 2022 | Jun 2025 |
| Fraud, Bribery and Corruption Policy 2023 | Current | Aug 2023 | Aug 2026 |

| Policy Name | Current Status | Last Reviewed | Next Review Date |
|--------------------------------------------------------------------------------------|----------------|---------------|------------------|
| Investment Policy 2024 | Current | Oct 2024 | Oct 2027 |
| Financial Contributions Policy 2021 | Current | Jun 2025 | Jun 2027 |
| Liability Management Policies 2024 | Current | Oct 2024 | Oct 2027 |
| Dog Control Policy 2019 | Current | Mar 2019 | Dec 2028 |
| Eastern Bay Local Alcohol Policy 2016 | With ARLA | July 2023 | TBC |
| Rates Remission Sporting and Cultural Organisations Leasing Council Land Policy 2024 | Current | Jun 2025 | Jun 2027 |
| Dangerous, Insanitary and Affected Buildings Policy 2019 | Current | Aug 2024 | Aug 2029 |
| Naming Policy | Current | Oct 2024 | Oct 2029 |

Meeting: Audit and Risk Committee

Meeting Date: 11 August 2025

Subject: Treasury Report to 31 May 2025 and 30 June 2025

File No: 110551

1 **Purpose**

The purpose of this report is to inform members of the funds held by Council as at 31 May 2025 and 30 June 2025 and provide explanations for any significant variances from the previous year.

2 **Background**

The Treasury report as at 31 May and 30 June 2025, was presented to the Regulatory and Services Committee on 11 June and 9 July 2025, respectively. The report shows the funds held and the banks where those funds are invested. All investments were made in accordance with Council's Investment Policy.

Council's investment policy allows up to 50% of total funds to be invested with any one bank but up to a limit of \$1.5 million. The exception is Council's principal bank where funds can exceed 50% and/or \$1.5 million.

Council has now raised three loans to fund the water reticulation renewals project, the first loan of \$2.0 million was raised in December 2022, and the second in October 2023, with both loans having the maturity date of 15th April 2025. During October 2024, the third \$2.0 million loan was uplifted, which has a fixed interest rate of 4.91% with the maturity date of April 2029.

3 **Funds Held**

The following table shows Council's reserve and general funds balances as at 31 May 2025:

| | May 2025 | May 2024 |
|-----------------------------------------------------|--------------------|--------------------|
| Reserve Funds | | |
| Depreciation Funds* | \$4,565,391 | \$3,605,289 |
| Total Special Funds | \$4,565,391 | \$3,605,289 |
| General Funds | \$200,553 | \$621,546 |
| Total – comprising cash & internal loans | \$4,765,944 | \$4,226,835 |

* This includes loan funds uplifted.

The following funds were held at 31 May 2025:

| Invested in | \$ | Interest Rate | % External |
|---------------------------|------------------|----------------------|-------------------|
| ANZ – on call | 751 | 1.40% | 0.02% |
| BNZ – current & on-call | 3,288,327 | 2.80% | 99.28% |
| Rabobank (on-call) | 23,043 | 2.25% | 0.70% |
| Total Funds (Cash) | 3,312,121 | | 100.0% |
| Internal Loans | 1,453,823 | | |
| Total Investments | 4,765,944 | | |

The following table shows Council's reserve and general funds balances as at 30 June 2025:

| | June 2025 | June 2024 |
|------------------------------------------------------|--------------------|--------------------|
| Reserve Balances | | |
| Depreciation Reserve Funds* | \$4,013,794 | \$3,394,834 |
| Total Reserve Balances | \$4,013,794 | \$3,394,834 |
| General Funds | \$419,232 | \$941,708 |
| Total (comprising funds & internal loans) | \$4,433,026 | \$4,336,542 |

* This includes loan funds uplifted.

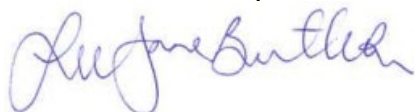
The following funds were held at 30 June 2025:

| Invested in | \$ | Interest Rate | % External |
|---------------------------|------------------|----------------------|-------------------|
| ANZ – on call | 751 | 1.40% | 0.03% |
| BNZ – current & on-call | 2,962,974 | 2.55% | 99.20% |
| Rabobank (on-call) | 23,082 | 2.00% | 0.77% |
| Total Funds (Cash) | 2,986,807 | | 100.0% |
| Internal Loans | 1,446,219 | | |
| Total Investments | 4,433,026 | | |

The figures show that overall Council has increased cash funds of \$96,484 at the end of June when compared to the same time last year. The Depreciation Reserve Funds have increased by \$618,960 compared to June 2024, of which \$600k was to be utilised to fund the Dog Pound facility extensions, however this capital expenditure will be carried forward to the 2025/26 financial year.

4 RECOMMENDATION

That the report "Treasury Report to 31 May 2025 and 30 June 2025" be received.

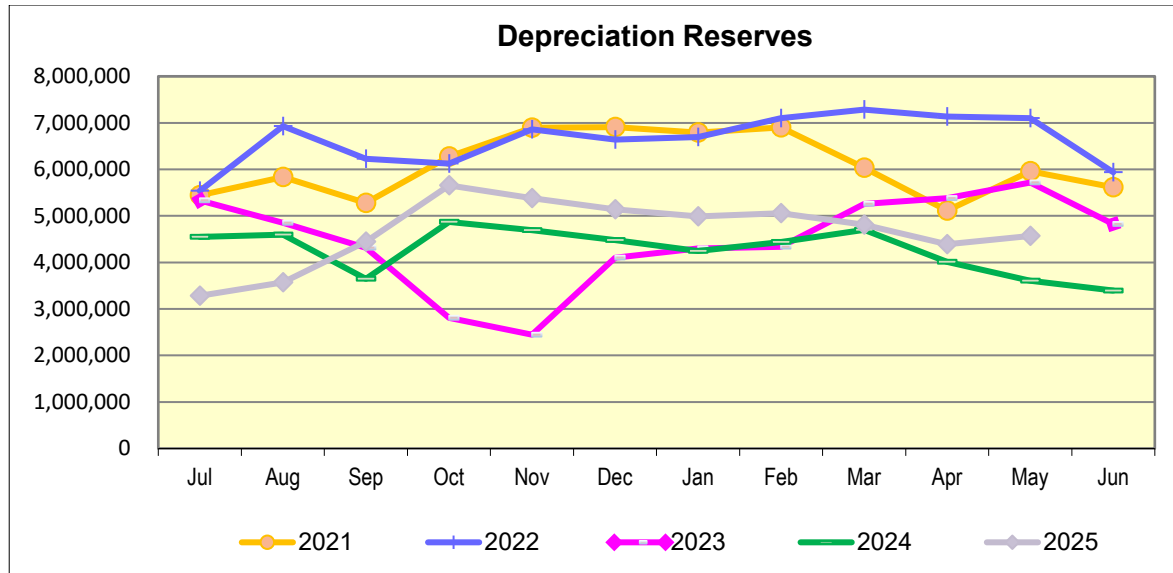


Lee-Anne Butler, CA, BMS

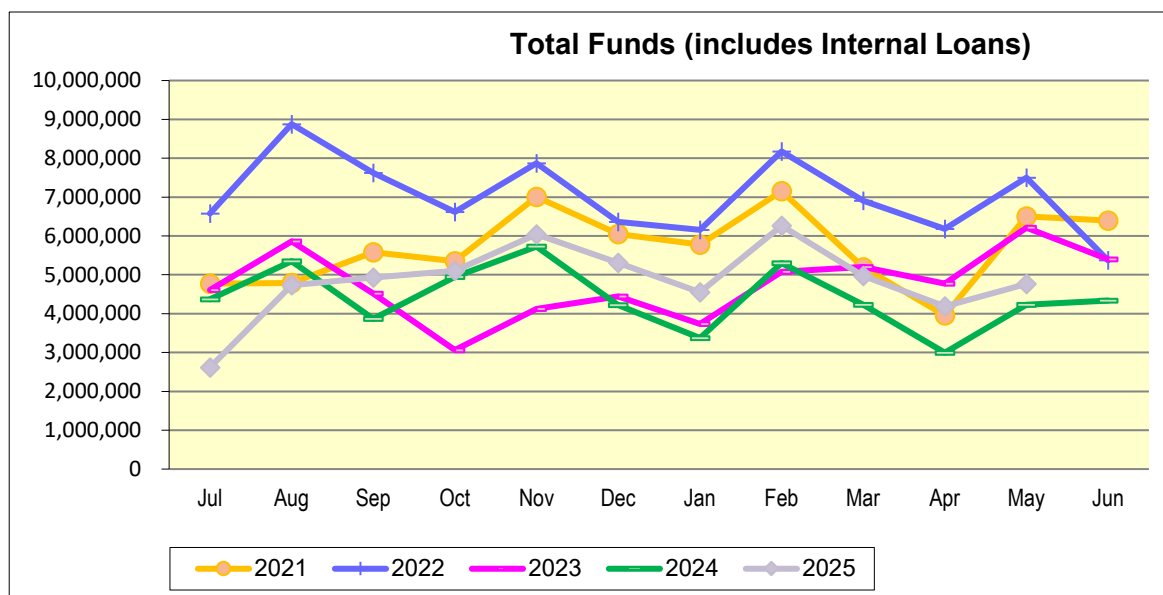
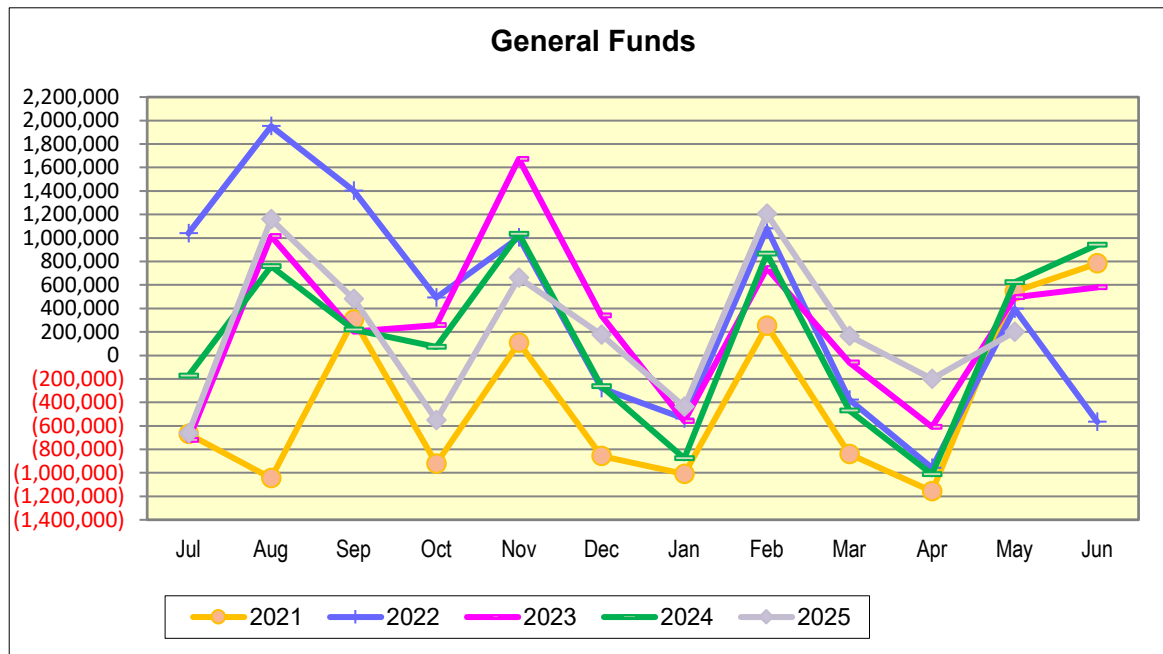
Group Manager, Finance & Corporate Services

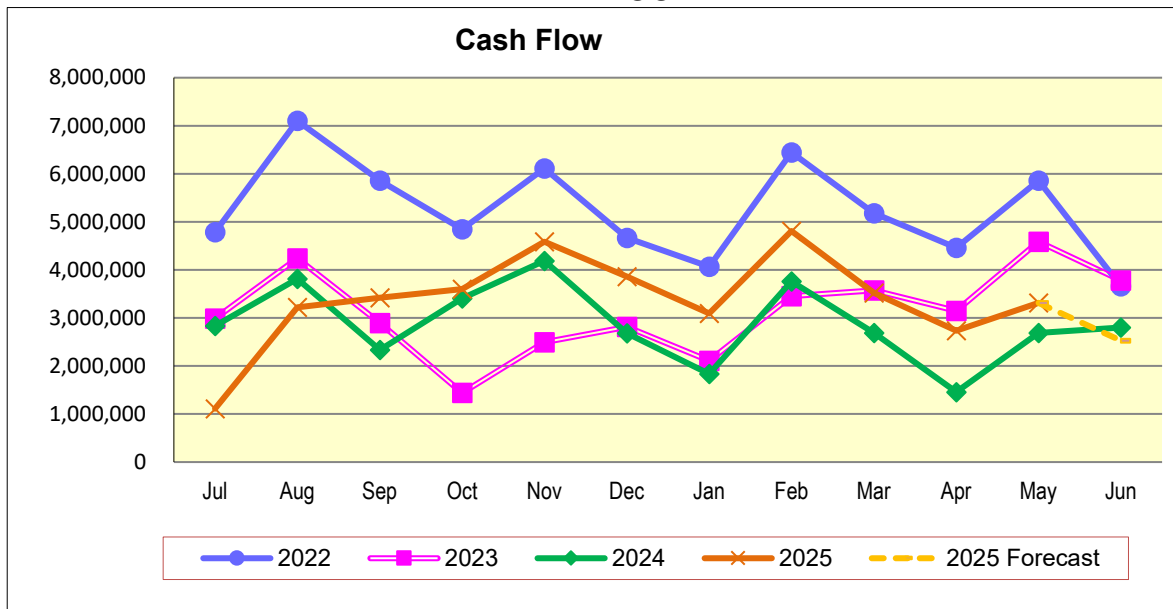
Appendix

Financial Data - May 2025



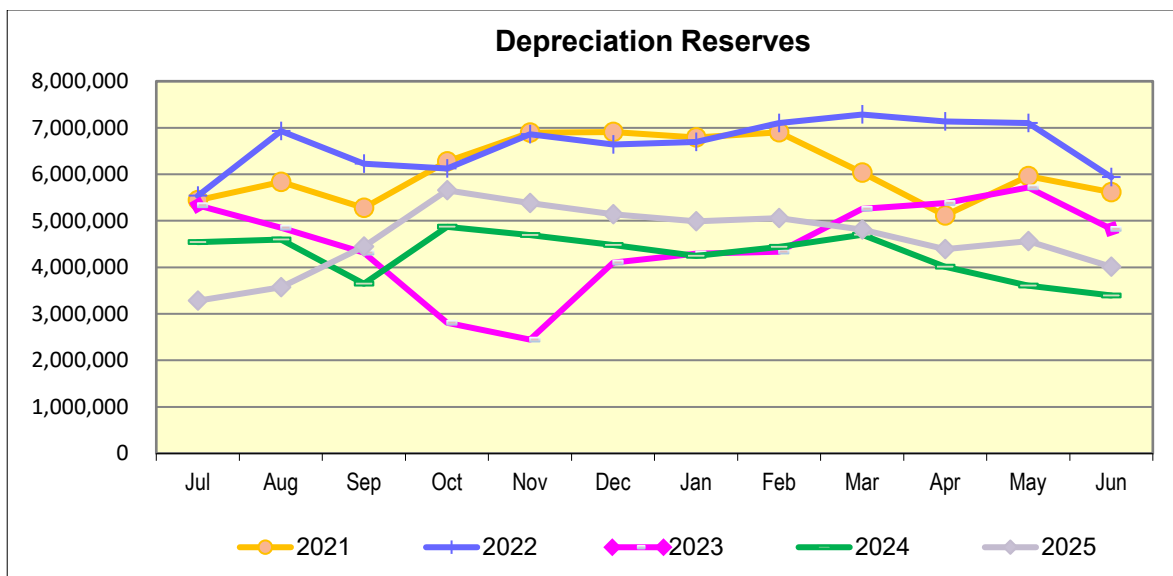
The depreciation reserves funds above includes the loan funding Council has uplifted.



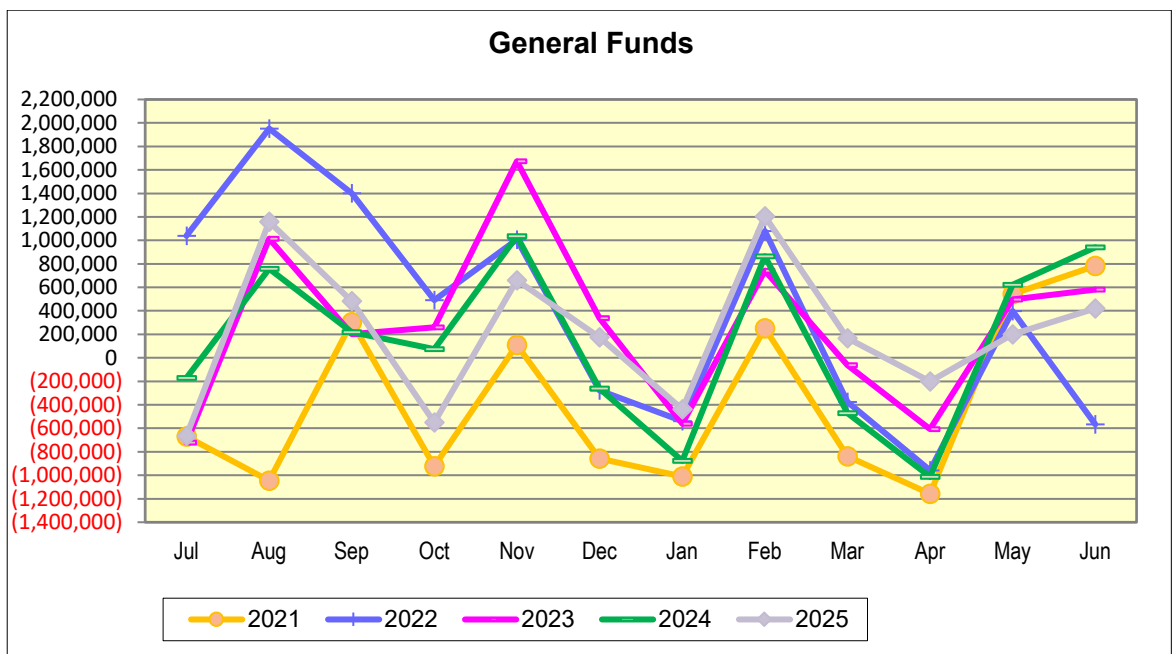


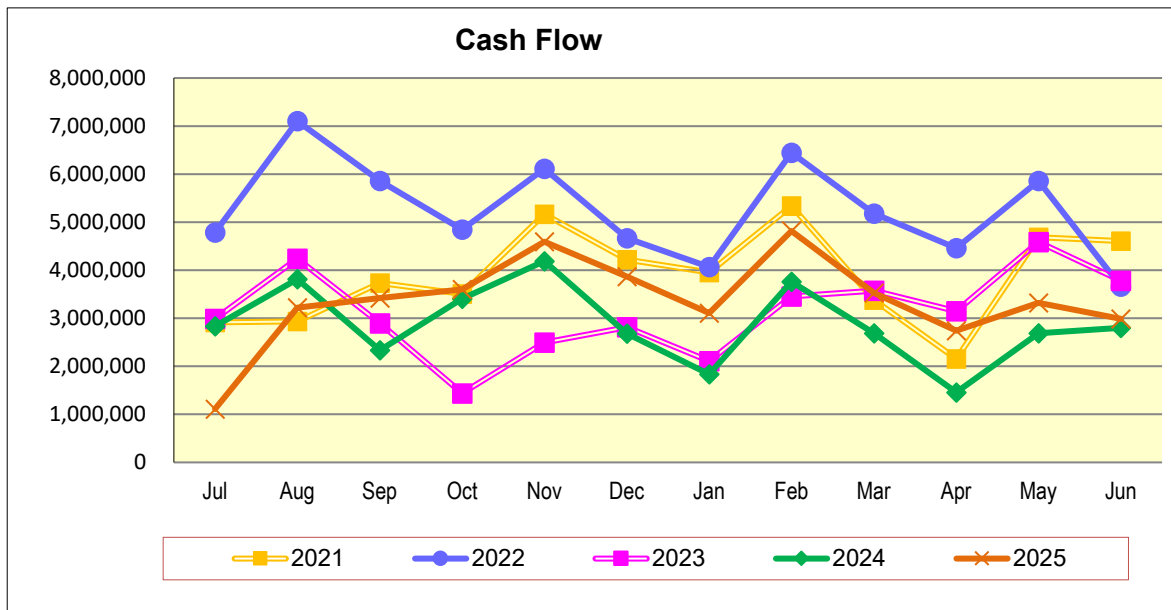
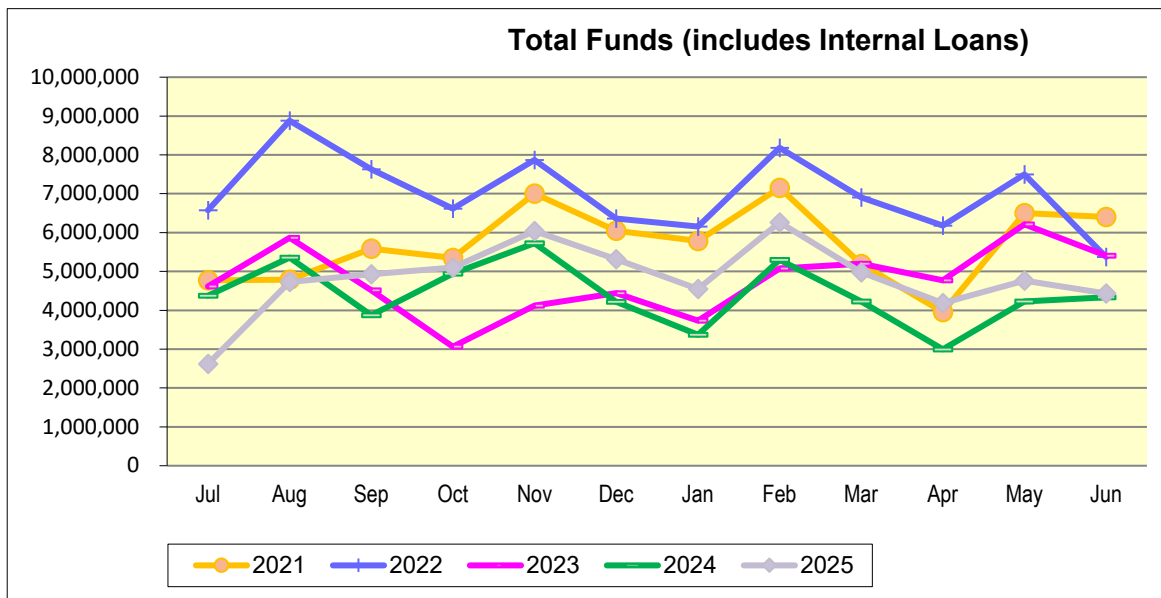
Please note that the 2024/25 actual cashflow is the same as the forecast cashflow for months year to date.

Financial Data - June 2025



The depreciation reserves funds above includes the loan funding Council has uplifted.





Please note that the 2024/25 actual cashflow is the same as the forecast cashflow for months year to date.

Meeting: Audit and Risk Committee

Meeting Date: 11 August 2025

Subject: Review of Council's Sensitive Expenditure Policy

File No.: 110820

1 **Purpose**

The purpose of this report is to provide the updated Sensitive Expenditure Policy for the committee's consideration, with an opportunity to provide recommendations or amendments.

2 **Background**

The Sensitive Expenditure Policy is essentially a guide for staff and Elected Members when dealing with expenditure that is deemed to be sensitive. All councils will have a Sensitive Expenditure Policy to mitigate as much as possible the risks associated with expenditure of a sensitive nature.

Examples of sensitive expenditure include:

- Travel and accommodation
- Hospitality
- Gifts

Council's current Sensitive Expenditure Policy was last presented to the Audit and Risk Committee on the 9th of August 2022, with the adoption of the reviewed policy by Council on the 30th of August 2022. The policy is now due for review to ensure the framework is meeting Council's policy objectives and aligns with best practice. Council's Auditors also recommend regular reviews of financial policies to ensure good practice elements are reflected in the policy.

Council expenditure is public money and therefore should withstand scrutiny by the public. The Sensitive Expenditure Policy in 2022 was updated to include recommendations in the Office of the Auditor General Good Practice Guide, which included the following additions:

- Claims made relating to sensitive expenditure to be submitted promptly and option to be in English or Te Reo Māori (or independently translated before payment).
- Travel policies requiring initial consideration of technology-enabled solutions as opposed to travel in person.
- Policies and procedures outline that tipping should not in any circumstance be extravagant. Entities should not meet the costs of tipping by staff while they are on Council business in New Zealand, and to pay for tips during international travel only in places where tipping is local practice.
- Any expenditure on farewells or retirements is to be pre-approved at an appropriate level of management, and to be moderate, conservative and in-line with the number of years of service.
- Council's well-being policies outline contributions to social clubs must be prudent and reasonable in terms of the benefit obtained by the organisation.

- Council's well-being policies limit the sponsorship of a staff member to those that provide publicity for the organisation and its objectives.
- Council ensures that their policy specifically states that receiving cash gifts is unacceptable in any circumstances.

3 Sensitive Expenditure Policy

Council is reviewing a number of policies, with a new format which will provide a consistent presentation of all Council policies.

A review and update of the Sensitive Expenditure Policy has been undertaken, and the updated policy is attached in Appendix A. With the change in the format of the policy, plus the proposed amendments, Appendix B includes the current Sensitive Expenditure Policy to assist with illustrating the policy updates.

The updated Sensitive Expenditure Policy as provided has essentially the same principles and overall has a consistent intent with the current policy and information has been added to enhance the policy.

A summary of the key changes are as follows:

- The Background of the current policy has been included into other parts of the policy.
- The policy Purpose has been reworded, and the current policy exclusions have been moved under the Scope of the policy.
- The policy Principles are consistent with the previous policy, however some of the procedural processes that were detailed in this section have been moved to the Policy Statement section.
- The Scope of the policy is new and details the areas where the Sensitive Expenditure policy does not apply.
- Definitions and Guidelines have been added into a specific section.
- The reviewed Policy Statement is consistent with the previous policy and continues to specifically include guidance on:
 - Motor vehicles for business travel
 - Air travel
 - Accommodation and Meals
 - Telephones and Communications
 - Entertainment and Hospitality
 - Gifts
 - Donations and Koha
 - Farewells, Functions and Retirements
 - Sponsorship
 - Reimbursement of Expenses Incurred by the Chief Executive Officer, Mayor and Elected Members
 - Farewells, Functions and Retirements
 - Sponsorship of Individual Staff and Staff Organisations
 - Sale of surplus assets

The Policy Statement does consolidate procedure processes that were previously detailed throughout the policy under this section. The Policy Statement also includes the following key changes:

- For Motor Vehicles additional requirements have been added regarding using the most effective and efficient means of transport and further guidelines for the use of rental vehicles.
- The Air Travel has been updated to detail the staff authorised to complete the bookings and the requirement to ensure bookings are in advance to ensure a cost effective price. The ability to claim Airpoints has been allowed as there is no direct cost to Council. For Overseas travel the requirement for prior approval by Council has been added.
- For Accommodation and Meals, the expenditure limits have been increased to reflect the increased costs of meals. Lunch has been increased \$5 to \$35 and dinner \$10 to \$70.
- The Entertainment and Hospitality guide now defines the purpose of this type of expenditure. Also added is the requirement for any unusual or large expenditure for entertainment of employees to have prior approval by the CEO. Further guidance for hospitality provided to staff by a third party has been included.
- The Gifts Policy is relatively the same, however the receipt of gifts cards or vouchers has also been included as not acceptable gifts, as these are very similar to being gifted cash.
- For the Sale of Surplus Assets, additional criteria, guidelines and procedures have been included.
- A new section on the “Private Use of Council Assets” has been included to provide clear guidance that Council assets are not to be used for private benefit, unless approved by the CEO. This is a policy statement recommended for inclusion by the Office of the Controller and Auditor-General’s Sensitive Expenditure guide.
- The References and Relevant Legislation is a new section, providing a link to both legislation and other Council policy obligations.

4 Policy and Plan Considerations

There are no policies or plans that are inconsistent with this proposed revised policy.

5 Legal Considerations

There is no legal requirement for Council to adopt a Sensitive Expenditure Policy. However, Council’s fundamental legal obligation is always to act fairly and reasonably, and in accordance with the law. To ensure that this always occurs when undertaking any sensitive expenditure, it is preferable that a policy is adopted to provide the necessary processes and guidance for staff and Elected Members to act fairly and reasonably.

6 **Financial Considerations**

While there is no additional cost to Council for the preparation of this policy, key to the Sensitive Expenditure Policy is ensuring that Council staff and Elected Members have high standards of probity and financial prudence when incurring expenditure and in particular sensitive expenditure.

7 **RECOMMENDATIONS**

1. That the report "Review of Council's Sensitive Expenditure Policy" be received.
2. That the Audit and Risk Committee approve the updated Sensitive Expenditure Policy (including any further amendments) for adoption by Council



Lee-Anne Butler CA BMS

Group Manager Finance and Corporate Services

Z:\KDC Taxonomy\Governance\Democratic Services\Meetings\Audit and Risk\Reports\R-AR Sensitive Expenditure policy 2025-08-11 - LAB.docx

Council Policy

Sensitive Expenditure

| | |
|-----------------------|-----------------------------------------------|
| Effective Date: | 1 October 2025 |
| Last Reviewed: | 2022 |
| Next Review Date: | 2028 (Three Yearly Review) |
| Document Number: | Pol 22 |
| Responsibility: | Group Manager, Finance and Corporate Services |
| Associated Documents: | N/A |

1. Purpose

The purpose of this policy is to ensure that Council has a clear framework, which adheres to appropriate processes for the authorisation and control of sensitive expenditure. The framework must be consistently assessed, authorised and reviewed, to ensure responsible use of ratepayers' money and addresses any potential conflicts of interest or impropriety that may arise.

2. Principles

All money spent by Council is public money and is not the property of staff or Elected Members to do with as they wish. Consequently, expenditure should be subject to high standards of probity and financial prudence and be able to withstand scrutiny by the public or Parliament.

Under those standards, decisions made must apply the principles that the expenditure:

- Has a **justifiable business purpose**
- Maintains **impartiality**
- Is made with **integrity**
- Is **moderate and conservative**, taking into account the circumstances in which it is incurred
- Is made **transparently**
- Is **appropriate** in every respect.

3. Scope

This policy shall apply to all business, service or activity conducted by Council, all employees of Council and Elected Members. It applies equally to all Council employees, whether permanent, temporary or contract.

The policy also sets out the rules for Elected Members claiming expenses and resources available to them during their term.

This policy does not apply to the following:

1. Elected Members' remuneration and expenses. Remuneration is governed by the Local Government Elected Members Determinations issued by the Remuneration Authority and reimbursement of expenses by Council's policy as approved by the Remuneration Authority.
2. Items specifically provided for in Employment Agreements.
3. Severance payments.

4. Definitions and Guidelines

Approval Manager – An employee's line manager or a manager higher in the organisational structure, with authority to approve the expenditure.

Conflict of interest – Any situation in which a private interest of personal consideration may affect or could be perceived to affect, an employee or elected member's judgement and/or ability to act in the best interest of Council.

Council – means the Kawerau District Council (KDC).

Entertainment Expenses – Expenditure on food, beverages, tickets for events, and the purpose of the expenditure is to represent the Council or provide reciprocity of hospitality or build business relationships in pursuit of Council goals.

Probity – means the quality of having strong moral principles, by acting ethically and fairly.

Sensitive Expenditure – any spending that could be seen to be giving private benefit to Elected Members and staff, that is additional to the business benefit to the Council. Sensitive expenditure is discretionary expenditure, which could be considered usual or controversial for the Council's purposes.

Staff – means all members, office holders, managers and employees of Kawerau District Council.

Supplier – A person, business, company or organisation that supplies or can supply goods, services or works to Council.

5. Policy Statement

In deciding whether sensitive expenditure is to be authorised, members of staff must apply all the above policy principles. No one principle should be regarded as being more important than, or applied in isolation from, the others.

In all cases, claims for reimbursement of expenditure must be made on Council's approved claim form, detailing people attending, the trip's destination and business purpose. All claims must be backed up by GST receipts where appropriate.

Claims relating to sensitive expenditure need to be submitted promptly after the expenditure is incurred. Claims relating to sensitive expenditure need to be in English or Te Reo Māori (or independently translated before payment).

If claims for sensitive expenditure required a business case and budget before the expenditure was authorised, an explanation should be provided for any incurred expenditure that is more than the agreed budget.

Expenditure must be a **justifiable business purpose** and be **moderate and conservative**.

Policies on specific types of expenditure which may be considered sensitive follow:

5.1 General

1. Expenses relating to attendance at courses, conferences and seminars relevant to an employee's duties will be reimbursed on an actual and reasonable basis.
2. Prior to attending any course, seminar or training there needs to be an initial consideration of technology-enabled solutions as opposed to travel in person. The physical attendance at a course/seminar by a staff member needs the prior approval of their Approval Manager.
3. All costs associated with the training must also be approved by the staff member's Approval Manager and there needs to be proof that the expenses are legitimate work expenses.
 - i. This will include meals, accommodation, travel, transport and any other associated costs.
 - ii. This is for costs charged directly to Council, and those reimbursed to the staff member.
 - iii. The Approval Manager must ensure that these costs comply with this policy and is within their delegation to approve.
4. Council will not reimburse any bar (including "mini-bar") expenses that are incurred by the staff member. These expenses should be paid for directly but if they are charged back to Council they are to be paid by the staff member. However, if a staff or elected member has incurred mini-bar expenses for food only as it was not easy to have a meal, then the employee's Approval Manager may approve the mini-bar expenses.
5. All travel and accommodation must be approved in advance. The expenditure should be the most cost effective, practical, economical and efficient, considering purpose, distance, time, urgency and personal health, security and safety considerations.
6. Council will not pay round sum allowances to cover travel and accommodation.
7. Costs should be invoiced direct to Council whenever possible, otherwise they will be reimbursed to the individual (staff or elected member).
8. All claims for reimbursement must be submitted on Council's standard expenses claim form and include details of the business reason for the expense being incurred.
9. Relevant GST receipts for all expenditure must be attached to the form which will be approved and authorised by the relevant Approval Manager.

10. As a rule, Council will not reimburse tips given by staff. However, if staff or Elected Members are required to travel overseas where it is customary to give tips, then the cost of tips will be reimbursed, but must be reasonable and not extravagant.
11. Expenses will be measured against what is reasonable in the opinion of the employee's Approval Manager. In the event of any dispute, the final decision will lie with the Chief Executive Officer ("CEO").

5.2 Motor Vehicles

1. Staff are required to use the most effective and efficient means of transport suitable for the requirements of the trip.
2. Wherever possible and when one is available, staff should use a Council vehicle for business travel.
3. Rental cars are only to be used if it is impractical or uneconomic to use a Council vehicle. If use of a rental car is authorised, it must be booked through the Senior Executive Assistant to the Mayor and CEO or the PA to Managers. All rental car charges will be charged directly back to Council.

The rental car hired will be the most economical type and size appropriate for the people carried and distance travelled. The car will be hired only for the duration of the business trip and may not be used for private purposes. Any fines (parking or traffic offences) incurred while using a rental vehicle are the responsibility of the driver.

4. In the event that an employee is authorised to use their own car, the actual distance travelled on Council business will be reimbursed at the approved IRD rate. **N.B.** If such a business journey commences from and/or finishes at the employee's home, IRD rules require that the normal distance travelled between home and work be deducted from the total distance travelled. Council accepts no liability for insurance incurred while using a private vehicle on Council business – this is strictly the responsibility of the driver.
5. Any parking fines or other traffic fines incurred during business travel will be the responsibility of the driver and will not be reimbursed by Council. The only exception will be if travel is undertaken in a Council vehicle and the fine results from an aspect of the condition of the vehicle is outside the driver's control.
6. The cost of taxis or shuttles will be reimbursed for journeys between an airport and the business destination. If accommodation is not within walking distance of a business destination, taxis may be used only if public transport is unavailable or impractical.

5.3 Air Travel

1. All air travel must be approved in advance, in writing and be booked through the Senior Executive Assistant to the Mayor and CEO or the PA to Managers and be the lowest fare practical at the time of booking.
2. To the extent practicable, air travel is to be booked in advance of the actual travel date, so the expenditure is as cost-effective as possible.
3. No subscription memberships will be paid to airline travel clubs, such as Koru Club or equivalent airlines.
4. For Airline Loyalty, Council staff or Elected Members may claim airpoints for work related travel, however Council will not require staff to transfer these as the process outweighs the benefits (especially given the small number of staff who travel).
5. Any proposed international travel by Elected Members or Staff on Council business must have prior approval by Council, including the details of estimated cost and the expected benefit to Council and ratepayers. Overseas air travel will be in economy class for journeys.

5.4 Accommodation and Meals

1. Accommodation must be booked through the Senior Executive Assistant to the Mayor and CEO or the PA to Managers and will, whenever possible, be arranged at hotels offering special Government rates with chargeback facilities. Approval from the appropriate Approval Manager is required in advance of booking accommodation.
2. If a staff member stays with a friend or relative Council will not pay an allowance for accommodation. However, it will reimburse any reasonable additional costs that were incurred to stay with the friend or relative (such as taxi or bus fare) as long as these costs don't exceed the amount that would have been incurred for hotel accommodation.
3. Meals will be reimbursed on an actual and reasonable basis, unless they are provided as part of the accommodation or other package. Separate meal expenses will not be met by Council where a meal has been provided as part of the meeting conference, training, etc.

The following are expenditure limits for meals that will be paid for by Council:

- Breakfast \$30.00
- Lunch \$35.00
- Dinner \$70.00

If the conference or meeting necessitates expenditure for meals that exceed these limits, then approval can be given by the Chief Executive Officer.

Only expenses incurred by employees for business purposes will be met or reimbursed by Council. Should a staff member wish to take annual leave in conjunction with any business trip or have a spouse/partner accompany them to any function this must be authorised in advance. If authorisation is given, all costs in excess of the minimum required for the staff member's business purpose will be considered to be private costs and therefore the responsibility of the individual employee. Such costs include, but are not limited to, additional car hire or air fares, spouse/partner's travel, accommodation and meals.

5.5 Telephones and Communications

1. Staff will be supplied with a mobile phone to be billed to Council's account where it is required for their job.
2. Private calls, including to home, may be made using a Council mobile phone. Any charges that exceed the limit of Council's policy and/or are not reasonable will be charged to the individual.
3. Should a member of staff be delayed while returning from a business trip, calls made in order to advise the staff member's family of the delay and expected time of return will not be considered private calls.
4. Private use of Council telephones, internet or e-mail facilities during normal working hours, for example to deal with a family emergency, will be permitted, but must be kept to a minimum. Staff found to be abusing this privilege will be subject to disciplinary action.

Full guidance on what is considered appropriate and inappropriate usage can be found in the separate E-mail and Internet Management Policies.

5.6 Entertainment and Hospitality

Entertainment and Hospitality expenditure can be defined as for the purposes of:

- Building relationships.
- Representing the organisation.
- Reciprocating hospitality where there is a clear business purpose and that is within normal business bounds – accepting of hospitality is expected to be consistent with the principles and guidance for provision of hospitality.
- Recognition of significant business or community achievement.
- Facilitate investment and/or development for the district.

Supporting the Council's internal organisational development may also be legitimate business expenditure. This may include expenditure that promotes the health and wellbeing of employees.

The principles of a justified business purpose, **moderate**, **appropriate** and **conservative** expenditure shall be applied. The expenditure must detail the date,

place and business reason for the entertainment, in addition to those present (including the relationship to Council).

Any unusual or large expenditure for entertainment of Council staff must have prior approval of the Chief Executive Officer. The Chief Executive Officer's expenses related to entertainment must be approved by the Mayor.

Guidance on permissible levels of expenditure should be sought in advance. All entertainment and hospitality expenditure must be pre-approved where practical and always be supported by clear documentation.

Staff meals in celebration of a special event will be considered reasonable and appropriate. If an all staff event, prior approval must be obtained from the Chief Executive Officer. It is expected that such events are unlikely to occur more frequently than one or two times a year for any member of staff/department.

Where a Manager or the Council entertains a prospective investor/developer, approval will be obtained from the Chief Executive Office and/or Mayor. The staff involved in the entertainment will need to ensure that costs are reasonable.

Although not involving expenditure by Council, when an employee is offered entertainment or hospitality by third parties, such as suppliers or contractors, the following matters have to be considered:

- i. Acceptance of entertainment or hospitality offered by a third party must be approved in advance by the CEO.
- ii. Entertainment or hospitality offered during a tender process by any third party who has submitted, or is likely to submit, a tender should be politely declined. The terms of this policy should be explained in order not to give offence by declining.
- iii. Any doubt on the appropriate response to an offer of entertainment or hospitality must be discussed with the employee's Approval Manager.

5.7 Gifts

As a general rule, Council does not offer gifts to third parties. However, Council may feel that a gift is necessary to facilitate an important relationship with a third party which will be to the future benefit of the district and ratepayers. In these circumstances the gift will need to be approved by the Mayor or Chief Executive Officer. The value of the gift should not exceed \$500.00.

The receiving of gifts is not strictly sensitive expenditure; however, it is nevertheless a sensitive issue, that can be perceived as a potential bribe or inducement from companies or individuals. Council staff and Elected Members' impartiality and integrity must be maintained when receiving gifts. In accepting a gift full consideration must be given to the; reason for the gift; value and importance; circumstances; frequency (repeatedly) and potential adverse publicity. Where there is any doubt about the appropriateness of accepting a gift, the staff member must discuss this with their Senior Manager, or for an Elected Member discuss with the Chief Executive.

The following guidelines refer to the offer of gifts from third parties to Council employees.

1. One-off gifts, valued at \$100 or less, may be retained by an employee. Acceptance must be infrequent, being defined as no more than three times in any 12 month period.
2. A gift whose value exceeds the \$100 limit may be accepted, but only on behalf of the organisation and must be declared to the employee's Approval Manager and the CEO, who will decide on the most appropriate course of action. Depending on the nature of the gift, it may be retained for use by Council. All gifts received over \$100 must be recorded in the Council's gift register.
3. No gifts should be accepted during a tender process from any supplier/contractor who has submitted, or is likely to submit, a tender.
4. The receiving of cash gifts or monetary gift cards/vouchers is not acceptable in any circumstances and must be declined if offered.
5. When it is necessary to decline a gift, there should be a thank you for the gesture and an explanation that the reason for declining the offer of a gift is due to the terms of this policy in order to avoid giving any offence.

5.8 Donations and Koha

A donation, including the gifting of koha, is a payment made voluntarily without the expectation of receiving anything in return.

Donations and koha must be:

1. Lawful in all respects
2. For purposes consistent with Council's business
3. Of a size that is appropriate in the circumstances
4. Made by normal commercial means, not in cash
5. Non-political

Approval of donations and koha are restricted to the CEO and Senior Leadership Team Managers.

5.9 Reimbursement of Expenses Incurred by the Chief Executive Officer, Mayor and Elected Members

Approval for reimbursement of expenses that are incurred while on Council business should be made by the individual that is “one-up” in the organisation.

Therefore, reimbursement of expenses that are incurred by the Chief Executive Officer will be approved by the Mayor. Expenses incurred by councillors will also be approved by the Mayor.

Reimbursement of expenses incurred by the Mayor will need to be approved by two Councillors.

5.10 Farewells, Functions and Retirements

Any expenditure on farewells, retirements and significant functions such as Christmas that are paid for by Council are to be pre-approved by the Chief Executive, and to be moderate, conservative and in-line with the number of years of service (for farewells/retirements).

Council may also contribute towards a farewell gift, the value of which will be dependent on the numbers of years of service. The amount must also be pre-approved by the Chief Executive.

5.11 Sponsorship of Individual Staff and Staff Organisations

Council may sponsor a staff member, if they are competing at a national or international level and there is a perceived benefit to the organisation. The sponsorship must be conservative, reasonable and approved by the Chief Executive.

Council will generally not sponsor staff organisations (such as staff sports teams) unless they are involved in a national competition or local government event and there is a perceived benefit to the organisation. The sponsorship must be conservative, reasonable and approved by the Chief Executive.

5.12 Sales of Surplus Assets

From time to time Council will dispose of assets, usually when they have reached the end of their useful lives or have become surplus to requirements. When disposing of assets the following is achieved:

- Disposal value is maximised
- Asset disposal procedures must be transparent and fair
- Risk associated with asset disposal is managed appropriately
- Opportunity for exploitation by individual employees, Elected Members, or any other individuals or organisations is minimised
- The method of asset disposal promotes efficient disposal practices proportionate to the approximate value of the item, minimising disposal costs

Whenever appropriate, assets may be traded in against their replacements.

Assets must not be disposed of directly to an individual Council staff member or Elected Member. However, with the approval of the Chief Executive an internal tender process may be initiated to dispose of a particular asset, that's estimated value is less than \$1,000. The objective of this approach would be to gain the highest disposal price at the lowest cost to Council. Assets to be disposed of should be valued in advance and the value declared for guidance, if market value is greater than \$500.

Staff and Elected Members may purchase an asset through an internal tender process, provided they have no decision-making involvement in the disposal process and Council is not exposed to potential or perceived conflicts of interest.

5.13 Private Use of Council Assets

Unauthorised private use of Council assets is theft and therefore Council assets may not be used for private purposes unless such use is approved by the Chief Executive Officer or otherwise specifically provided for in the employee's contract of employment. This includes but is not limited to, private use of Council vehicles, plant and machinery, stationery, photocopiers, etc.

6. References and Relevant Legislation

1. The Controller and Auditor-General Sensitive Expenditure Guidance for Public Entities
2. Council Policies
 - a. Fraud and Corruption Policy
 - b. Staff Conduct Policy
 - c. Procurement Policy
3. Relevant legislation (but not limited to):
 - a. Local Authorities (Members' Interests) Act 1968
 - b. Local Government Act 2002 (S.100 and 101 – financial prudence)

COUNCIL POLICY

| | |
|----------------------------|-----------------------------------------------------|
| TITLE: | SENSITIVE EXPENDITURE POLICY |
| MEETING: | 30 August 2022 |
| OFFICER RESPONSIBLE | Group Manager Finance and Corporate Services |
| FILE REFERENCE: | 112010 |
| REVIEW: | 30 June 2025 |

1. BACKGROUND

The money spent by Kawerau District Council ("Council") is public money and must meet standards of probity that will withstand scrutiny by the public and/or Parliament.

Sensitive expenditure is any expenditure incurred by Council that provides, has the potential to provide or may be perceived as providing some private benefit to an individual staff member in addition to its business purpose. It also includes expenditure which could be considered to be unusual for Council's purpose and function.

Examples of expenditure which may be regarded as sensitive include, travel, accommodation and hospitality, particularly, but not exclusively, on overseas trips.

2. PURPOSE

This policy has been developed in order to ensure that Council adheres to appropriate processes for the authorisation and control of sensitive expenditure.

Excluded from this policy are:

1. Elected Members' remuneration and expenses. Remuneration is governed by the Local Government Elected Members Determinations issued by the Remuneration Authority and reimbursement of expenses by Council's policy as approved by the Remuneration Authority.
2. Items specifically provided for in Employment Agreements.
3. Severance payments.

3. PRINCIPLES

All money spent by Council is public money and is not the property of elected members or members of staff to do with as they wish. Consequently, expenditure should be subject to high standards of probity and financial prudence and be able to withstand scrutiny by the public or Parliament.

Under those standards, decisions made must apply the principles that the expenditure:

- Has a **justifiable business purpose**
- Maintains **impartiality**
- Is made with **integrity**
- Is **moderate and conservative**, taking into account the circumstances in which it is incurred
- Is made **transparently**
- Is **appropriate** in every respect

In deciding whether sensitive expenditure is to be authorised, members of staff must apply all the above principles. None should be regarded as being more important than, or applied in isolation from, the others.

In all cases, claims for reimbursement of expenditure must be made on Council's approved claim form, detailing people attending, the trip's destination and business purpose. All claims must be backed up by GST receipts where appropriate. Claims relating to sensitive expenditure need to be submitted promptly after the expenditure is incurred.

Claims relating to sensitive expenditure need to be in English or Te Reo Māori (or independently translated before payment)

If claims for sensitive expenditure required a business case and budget before the expenditure was authorised, an explanation should be provided for any incurred expenditure that is more than the agreed budget.

Policies on specific types of expenditure which may be considered sensitive follow.

4. **TRAVEL AND ACCOMMODATION**

4.1 **General**

1. Expenses relating to attendance at courses, conferences and seminars relevant to an employee's duties will be reimbursed on an actual and reasonable basis.
2. Prior attending any course, seminar or training there needs an initial consideration of technology-enabled solutions as opposed to travel in person. The physical attendance at a course/seminar by a staff needs the prior approval of their manager.
3. All costs associated with the training must also be approved by the staff member's supervisor and their needs proof that the expenses are legitimate work expenses.

This will include meals, accommodation, travel, transport and any other associated costs.

This is for costs charged directly to Council, and those reimbursed to the staff member.

The supervisor must ensure that these costs comply with this policy and is within their delegation to approve.

4. Council will not reimburse any bar (including "mini-bar") expenses that are incurred by the staff member. These expenses should be paid for directly but if they are charged back to Council they are to be paid by the staff member. However, if a staff or elected member has incurred mini-bar expenses for food

as it was not easy to have a meal, then the employee's supervisor may approve the mini-bar expenses.

5. All travel and accommodation must be approved in advance.
6. Council will not pay round sum allowances to cover travel and accommodation.
7. Costs should be invoiced direct to Council whenever possible, otherwise they will be reimbursed to the individual (staff or elected member).
8. All claims for reimbursement must be submitted on Council's standard expenses claim form and include details of the business reason for the expense being incurred.
9. Relevant GST receipts for all expenditure must be attached to the form which will be approved and authorised by the relevant Manager.
10. As a rule Council will not reimburse tips given by staff. However, if staff or elected members are required to travel overseas where it is customary to give tips, then the cost of tips will be reimbursed but must be reasonably and not extravagant.
11. Expenses will be measured against what is reasonable in the opinion of the employee's Manager. In the event of any dispute, the final decision will lie with the Chief Executive Officer ("CEO")

4.2 Motor Vehicles

1. When one is available, staff should use a Council vehicle for business travel.
2. If use of a rental car is authorised, it must be booked through the Chief Executive Officer's Secretary ("CEOS").
3. The car hired will be the most economical type and size appropriate for the people carried and distance travelled.
4. The car will be hired only for the duration of the business trip and may not be used for private purposes.
5. In the event that an employee is authorised to use his/her own car, the actual distance travelled on Council business will be reimbursed at the approved IRD rate. **N.B.** If such a business journey commences from and/or finishes at the employee's home, IRD rules require that the normal distance travelled between home and work be deducted from the total distance travelled.
6. Any parking fines or other traffic fines incurred during business travel will be the responsibility of the driver and will not be reimbursed by Council. The only exception will be if travel is undertaken in a Council vehicle and the fine results from an aspect of the condition of the vehicle is outside the driver's control.
7. The cost of taxis or shuttles will be reimbursed for journeys between an airport and the business destination. If accommodation is not within walking distance of a business destination, taxis may be used only if public transport is unavailable or impractical.

4.3 Air Travel

1. All air travel must be approved in writing and be booked through the CEOS at the lowest fare available at the time of booking.
2. No subscriptions will be paid to airline travel clubs and no airpoints or similar benefits may be claimed on business travel.

Overseas air travel will be in economy class for journeys.

4.4 Accommodation and Meals

1. Accommodation must be booked through the CEOS and will, whenever possible, be arranged at hotels offering special Government rates with chargeback facilities.
2. If a staff member stays with a friend or relative Council will not pay an allowance for accommodation. However, it will reimburse any reasonable additional costs that were incurred to stay with the friend or relative (such as taxi or bus fare) as long as these costs don't exceed the amount that would have been incurred for hotel accommodation.
3. Meals will be reimbursed on an actual and reasonable basis, unless they are provided as part of the accommodation or other package.

The following are expenditure limits for meals that will be paid for by Council:

- Breakfast \$30.00
- Lunch \$30.00
- Dinner \$45.00

If the conference or meeting necessitates expenditure for meals that exceed these limits, then approval can be given by the Chief Executive Officer.

Only expenses incurred by employees for business purposes will be met or reimbursed by Council. Should an employee wish to take annual leave in conjunction with any business trip or have a spouse/partner accompany them to any function this must be authorised in advance. If authorisation is given, all costs in excess of the minimum required for the employee's business purpose will be considered to be private costs and therefore the responsibility of the individual employee. Such costs include, but are not limited to, additional car hire or air fares, spouse/partner's travel, accommodation and meals.

5. TELEPHONES & COMMUNICATIONS

1. Staff will be supplied with a cellphone to be billed to Council's account where it is required for their job.
2. Private calls, including to home, may be made using a Council cellphone. Any charges that exceed the limit of Council's policy and/or are not reasonable will be charged to the individual.
3. Should a member of staff be delayed while returning from a business trip, calls made in order to advise the employee's family of the delay and expected time of return will not be considered private calls.

4. Private use of Council telephones, internet or e-mail facilities during normal working hours, for example to deal with a family emergency, will be permitted, but must be kept to a minimum. Staff found to be abusing this privilege will be subject to disciplinary action.

Fuller guidance on what is considered appropriate and inappropriate usage can be found in the separate E-mail and Internet Management Policies.

6. ENTERTAINMENT AND HOSPITALITY

As Council's functions are not commercial in their nature, there are likely to be limited circumstances in which entertainment and hospitality expenses are incurred. Reciprocal hospitality when attending courses, conferences or seminars and staff entertainment, for example at Christmas or other special event, are occasions when such expenditure may occur. Also Council may need to entertain a third party in order to facilitate investment and/or development for the district.

The following guidelines are to be applied when incurring such expenditure.

1. Staff meals in celebration of a special event will be considered reasonable. It is expected that such events are unlikely to occur more frequently than one or two times a year for any member of staff/department.
2. An employee should obtain guidance on permissible levels of expenditure from the relevant Manager in advance.
3. Where a Manager or the Council entertains a prospective investor/developer, approval will be obtained from the Chief Executive Office and/or Mayor. The staff involved in the entertainment will need to ensure that costs are reasonable.

Although not involving expenditure by Council, when an employee is offered entertainment or hospitality by third parties, such as suppliers or contractors, the following matters have to be considered:

1. Acceptance of entertainment or hospitality offered by a third party must be approved in advance by the CEO.
2. Entertainment or hospitality offered during a tender process by any third party who has submitted, or is likely to submit, a tender should be politely declined. The terms of this policy should be explained in order not to give offence by declining.
3. Any doubt on the appropriate response to an offer of entertainment or hospitality must be discussed with the employee's Manager.

7. GIFTS

As a general rule, Council does not offer gifts to third parties. However, Council may feel that a gift is necessary to facilitate an important relationship with a third party which will be to the future benefit of the district and ratepayers. In these circumstances the gift will need to be approved by the Mayor or Chief Executive Officer. The value of the gift should not exceed \$500.00.

The following guidelines refer to the offer of gifts from third parties to Council employees.

1. One-off gifts, valued at \$100 or less, may be retained by an employee.
2. A gift whose value exceeds the \$100 limit may be accepted, but only on behalf of the organisation and must be declared to the employee's Manager and the CEO, who will decide on the most appropriate course of action. Depending on the nature of the gift, it may be retained for use by Council.
3. No gifts should be accepted during a tender process from any supplier/contractor who has submitted, or is likely to submit, a tender. So that the reasons for declining the offer of a gift are clearly understood, the terms of this policy should be explained in order to avoid giving any offence.
4. The receiving cash gifts is not acceptable in any circumstances and must be declined if offered.

8. DONATIONS AND KOHA

A donation, including the gifting of koha, is a payment made voluntarily without the expectation of receiving anything in return.

Donations and koha must be:

1. Lawful in all respects.
2. For purposes consistent with Council's business.
3. Of a size that is appropriate in the circumstances.
4. Made by normal commercial means, not in cash.
5. Non-political.

Approvals of donations and koha are restricted to the CEO and Managers.

9. REIMBURSEMENT OF EXPENSES INCURRED BY THE CHIEF EXECUTIVE, MAYOR AND ELECTED MEMBERS

Approval for reimbursement of expenses that are incurred while on Council business should be made by the individual that is "one-up" in the organisation.

Therefore reimbursement of expenses that are incurred by Chief Executive will be approved by the Mayor. Expenses incurred by councillors will also be approved by the Mayor.

Reimbursement of expenses incurred by the Mayor will need to be approved by two Councillors.

10. FAREWELLS, FUNCTIONS AND RETIREMENTS

Any expenditure on farewells, retirements and significant functions such as Christmas that are paid for by Council are to be pre-approved by the Chief Executive, and to be moderate, conservative and in-line with the number of years of service (for farewells/retirements).

Council may also contribute towards a farewell gift, the value of which will be dependent on the numbers of years of service. The amount must also be pre-approved by the Chief Executive.

11. SPONSORSHIP OF INDIVIDUAL STAFF AND STAFF ORGANISATIONS

Council will sponsor a staff member, if they are competing at a national or international level and there is a perceived benefit to the organisation. The sponsorship must be conservative, reasonable and approved by the Chief Executive.

Council will generally not sponsor staff organisations (such as staff sports teams) unless they are involved in a national competition and there is a perceived benefit to the organisation. The sponsorship must be conservative, reasonable and approved by the Chief Executive.

12. SALE OF SURPLUS ASSETS

From time to time Council will dispose of assets, usually when they have reached the end of their useful lives or have become surplus to its requirements. When disposing of assets, the procedures to be followed must be transparent, fair and designed to maximise the return to Council.

Whenever appropriate, assets may be traded in against their replacements. Otherwise, the following should be noted:

1. Assets to be disposed of should be valued in advance and the value declared for guidance.
2. Smaller value assets for sale, for example computers, will be advertised within the District on two occasions per year, when required.
3. Larger value assets, for example vehicles, may be auctioned off to the public by using an auction house or a site such as "Trade Me" if this is reasonably expected to yield a better price.

Meeting: Audit and Risk Committee

Meeting Date: 11 August 2025

Subject: **Audit and Risk Review Timetable from August 2025 to June 2026**

File No: 101300

1 Purpose

The purpose of this report is to inform the committee of the proposed timetable for the review of key risks and financial policies and performance for the Audit and Risk Committee for the next 12 months.

2 Background

Council has appointed an Audit and Risk Committee to overview Council's finances and risks, to ensure that adequate controls are in place to safeguard the community's assets. Most Councils have an Audit and Risk committee to undertake these functions. This Council first established its Audit and Risk Committee on 8 April 2015.

The initial Proposed Audit and Risk Review Timetable for 2024, was presented to the committee at the 8 April 2024 meeting. A request was made for this report to be to be presented at each meeting as a rolling timetable of work to be completed.

3 Proposed Audit and Risk Review Timetable

The appendix to this report contains the proposed timetable for the review of risk management, financial policies, as well as financial reporting and planning, for the next 12 months of scheduled meetings.

There may be other policies or reviews that the committee would like to be reviewed that can be added to the schedule at any stage.

With the Council Election in October 2025, no Audit and Risk meeting has been scheduled. The December 2025 meeting date will be confirmed following the election.

4 RECOMMENDATION

That the report "Audit and Risk Review Timetable from August 2025 to June 2026" be received.



Lee-Anne Butler, CA, BMS

Group Manager, Finance & Corporate Services

Appendix

Audit & Risk Committee Meetings and Review Schedule

| Topic | Tasks | 11 August 2025 | October 2025 (Election) | December 2025 | 9 February 2026 | 13 April 2026 | 8 June 2026 |
|----------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------|
| Risk management | Insurance renewal plan | | | Insurance Renewals Report | Report on current Council insurance policies | | |
| | Health and safety policy and reporting requirements | Reports (monthly) monitoring Council's Health and Safety systems throughout the year | | | | | |
| | Review/update Risk Policy, Risk Register and Risk Framework | | | Review/update risk register | Undertake further reviews as required in line with best practice | | |
| | Identification of risks and mitigations for significant projects | Local Water Done Well update, risks and implementation | | Local Water Done Well update, risks and implementation | Residential Developments – Risks identified and mitigations & controls | Local Water Done Well update, risks and implementation | Undertake further reviews as required in line with best practice |
| Policy Review | Sensitive Expenditure Policy | Review/update policy for committee consideration | | | | | |
| | Financial policies (Code of Conduct, Fraud Policy) | | | | | Fraud and Corruption Policy Review | |
| | Bylaws and Policies | Update on Council Policies and By-Laws | | | Update on Council Policies and By-Laws | | Update on Council Policies and By-Laws |
| Financial reporting | Treasury Reports | Reports (monthly) monitoring Council's Cash position throughout the year | | | | | |

| Topic | Tasks | 11 August 2025 | October 2025 (Election) | December 2025 | 9 February 2026 | 13 April 2026 | 8 June 2026 |
|----------------------------|-----------------------------------------------------------------|---------------------------------------------|-------------------------|--------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------|---------------------------------------------|
| and Annual Report | Quarterly financial and non-financial performance | | | Performance report to 30 June 2025 & 30 September 2025 | | Performance report to 31 December 2025 | Performance report to 31 March 2026 |
| | Audit Management Report | ** No interim audit report has been issued. | | Final Audit Management Report 2024/25 | | Update on Progress of Audit Management Report to 30 June 2025 | |
| | Prepare 2024/25 Annual Report | Auditor Audit Plan Report | | | | | Timetable for Annual Report to 30 June 2026 |
| Annual Plan/LTP amendments | Timetable for the preparation and adoption of AP/LTP amendments | | | Timetable Annual Plan & updates | | Update on Annual Plan | |
| Internal Audit | Review and consider provision of internal audit functions | | | | Proposed internal audit programme for Council | | |
| Asset Management Plans | On-going programme to improve the AMIPs | | | | | Update on Capital Works programme | |

Meeting: Audit and Risk Committee

Meeting Date: 11 August 2025

Subject: **Audit New Zealand – Audit Plan for the Annual Report to 30 June 2025**

File No.: 201300

1 Purpose

The purpose of this report is to provide the committee with the Audit New Zealand – Audit Plan for the audit of Council's Annual Report to 30 June 2025.

2 Background

The Local Government Act 2002 requires that councils produce each year an annual report as well as an annual report summary and these documents must be audited. The annual report must comply with generally accepted accounting practices which includes the public benefit entity accounting standards.

The audited annual report and annual report summary must be adopted by Council, within four months of the end of the financial year and within a month of adoption the reports must be available to the public.

3 Audit New Zealand - Audit Plan for the Annual Report to 30 June 2025

The appendix to this report is the report from Audit New Zealand, with the Audit Plan for the year ended 30 June 2025. The interim audit has been completed and the auditors are due onsite for the final audit on 22nd September 2025. Finance staff are currently preparing the Annual Report.

Council's appointed Auditor will continue to be René van Zyl, Audit Director of Audit New Zealand and the Audit Manager Katariana Macown.

3.1 Audit Risks/Issues

The key Risks/Issues identified in the report are as follows:

- Valuation of infrastructure assets, land and buildings – Council's triennial revaluation of these assets is due as at 30 June 2025. Council has engaged valuers to complete the revaluations for infrastructure assets and for land and buildings. With Council engaging independent valuers, with expertise and knowledge in revaluations, this should provide additional assurance to the Auditors.

With the recent completion of the Asset Management Plans for Roading, Stormwater, Water and Wastewater, this has provided additional information, to support the completeness and quality of data for Council's assets. This additional

information is likely to have an impact on the overall revaluation. Early engagement and planning is being undertaken to minimise potential delays with the collation and reporting of this financial data.

- Accounting for impairment, capitalisation of costs and recognition of completed assets – Capitalisation of costs is a year-end process that is completed and reviewed. The Financial Accountant works closely with the related managers to ensure all capital costs are appropriately capitalised, any impairment assets are written off and the status of work in progress and completed projects are correctly accounted for.
- The risk of management override of internal controls – This is a risk applicable to all audits. As a small finance team, there is inherent risk of override of internal controls with journal entries. Audit completed additional audit testing to address this risk.

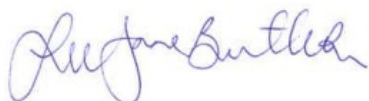
3.2 Other areas of interest across the Local Government Sector

Also, included in the audit plan are references to wider Local Government Sector issues as follows.

- Amendments to PBE IPSAS 1 – Disclosure of Audit Fees - As a tier two Public Benefit Entity Council will this year disclose the audit fees for the review of the financial statements and total fee for other services, such as the audit of the Long Term Plan, to comply with this amended reporting standard.
- Mutual Liability Riskpool Scheme – Council is a member of the Riskpool Scheme. Council included in the Annual Report to 30 June 2024 a disclosure note under contingent liabilities, regarding any potential future contributions. This note in the financial statements will also be included for the year ended 30 June 2025, with the latest information at the time of reporting.
- Dealing with the “Local Water Done Well” Water Reforms in the 2025 Annual Report – As recommended Council will provide a high level summary of the reforms in the Annual Report, including any updates with regards to the status of Council’s Water Services Delivery Plan. The Auditors will communicate any specific disclosures required at the time.
- Benchmark Reporting – The Department of Internal Affairs has released Benchmark Reporting, with matrix data on rates, debt, capital expenditure and balanced budget.

4 RECOMMENDATION

1. That the report “Audit New Zealand – Audit Plan for the Annual Report to 30 June 2025” be received.



Lee-Anne Butler, CA, BMS

Group Manager, Finance & Corporate Services

Audit plan

Kawerau District Council

For the year ending 30 June 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Executive Summary

I am pleased to present our audit plan for the audit of Kawerau District Council (the Council) for the year ending 30 June 2025. Our role as your auditor is to give an independent opinion on the financial statements and performance information. Our work improves the performance of, and the public's trust in, the public sector. We also recommend improvements to the internal controls relevant to the audit.

The contents of this plan should provide a good basis for discussion when we meet with you. We will be happy to elaborate further on the matters raised. If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Nāku noa, nā



René van Zyl
Appointed Auditor
27 June 2025

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| Reporting protocols and expectations | 15 |
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| Audit logistics and next steps | 17 |
| Appendix 1: Audit plan for Porritt Glade Lifestyle Village | 18 |



Focus areas: risks and issues



Based on the planning work and discussions that we have completed to date, we set out in the table below the main risks and issues relevant to the audit. These will be the main focus areas during the audit.

Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements and statement of service performance. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

| Risk/issue | Our audit response |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Valuation of infrastructure assets, land and buildings</p> <p>The Council revalues its assets whenever there is expected to be a material movement in the fair value of those assets. We understand that the Council intends to revalue its all of its infrastructure, land and building assets as at 30 June 2025.</p> <p>The reasonableness of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense.</p> <p>The Council will need to collate information about the underlying assumptions and data to support the valuations. One of the key assumptions in a depreciated replacement cost valuation is the unit rate adopted for significant components. When developing the unit rates, the Council should have a documented methodology and database of cost information to support the unit rate applied in the valuation.</p> | <p>We will:</p> <ul style="list-style-type: none"> review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, <i>Property, Plant and Equipment</i>, have been met; assess relevant quality controls that support the integrity of the underlying data and assumptions schedules used in the valuation; obtain an understanding of and test the underlying source data used in the valuation; review the methodology used to develop unit rates and test those rates back to the Council's analysis of recent contract costs; engage with the valuers as part of assessing the reasonableness of the assumptions used as well as the reasons for movements in key asset components; |

| Risk/issue | Our audit response |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p> <p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in source data (for example, lengths and volumes), unit rates and any other significant adjustments.</p> <p>Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council's management team. When a valuation is completed internally this should be peer reviewed by a suitably experienced and qualified person, for example an external valuation firm would be considered appropriate.</p> | <ul style="list-style-type: none"> review the accounting entries and the fixed asset register to ensure the values are correctly updated; and review the appropriateness of the disclosure, including any narrative. |
| <p>Accounting for impairment, capitalisation of costs and recognition of completed assets</p> <p>Impairment</p> <p>Assets are required to be assessed for indicators of impairment at each reporting date. In addition, work in progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the period of the project.</p> <p>Capitalisation of costs</p> <p>The Council should ensure appropriate policies and processes are in place to identify and capitalise costs that are capital in nature. This includes both direct and indirect capital costs.</p> | <p>We will:</p> <ul style="list-style-type: none"> assess the processes used by management to assess for impairment, including all significant WIP balances and review the analysis of WIP aging; update our understanding of the Council policy and processes to identify and capitalise both direct and indirect capital costs; and review management's processes to ensure that the capitalisation of WIP costs is performed in a timely manner. |

| Risk/issue | Our audit response |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Completed projects</p> <p>The Council also needs to ensure that, as phases of a project are completed, and assets become operational, capitalisation of the WIP balance is performed in a timely manner. This will ensure that depreciation on these assets starts when the asset is complete and ready for use.</p> | |
| <p>The risk of management override of internal controls</p> | |
| <p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p> | <p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties. |

Other areas of interest across the local government sector

There are a number of sector wide issues significant to most local authorities. These include areas of interest that are not necessarily significant to the Council but are areas we monitor as part of our responsibility to consider the broader risks affecting local authorities. We have reviewed the specific areas of interest for the 2024/25 year and have not identified any areas of focus over and above those already covered in this plan. Should any additional areas be identified during the year we will notify the Council separately. Wider public sector areas of interest are set out on page 14.

Amendments to PBE IPSAS 1 regarding the disclosure of audit fees

The amendments to PBE IPSAS 1 have expanded and clarified the disclosure expectations for audit fees. These changes are applicable to reporting periods beginning on or after 1 January 2024, which means they will apply to the 2025 annual report.

The enhanced disclosure requirements introduce a requirement to disclose the fees incurred for services received from audit or review firms using specific categories. The amendments include reduced disclosure requirements for Tier 2 entities. Tier 2 entities are required to disclose the total fee for the audit or review of the financial statements and, separately, the total fee for all other services, along with a general description of these services. Previously, Tier 2 PBEs were not required to disclose audit fees.

The amendments also clarify that for the purpose of these disclosures, the fees for services received from the audit or review firm are based on the amount of fees expensed during the reporting period. This includes any disbursements incurred in connection with the services.

Mutual Liability Riskpool Scheme

Although Riskpool is in wind down, member councils have an ongoing obligation to contribute to it should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

In August 2023, Riskpool indicated that member councils might have to provide further contributions to cover identified shortfalls whereby claims exceed reinsurance recoveries. This led to relevant councils recognising a provision or including disclosure of the situation and what it meant in their 2022/23 financial statements.

In November 2023, Riskpool made a call on member councils to fund quantified shortfalls. The amount to be funded by member councils was \$12.9 million. Riskpool reserves the right to make further calls for additional funding if needed. As of September 2024, we are not aware of any further calls being made.

The Council will need to consider its disclosures in this regard and should specifically consider whether further information is available to allow the Council to reliably measure a provision for unpaid calls.

Dealing with the “Local Water Done Well” water reforms in the 2025 annual report

Local Water Done Well is being implemented in stages:

- Stage 1 – repealing the affordable water reforms (completed in February 2024);
- Stage 2 – passing the Local Government (Water Services Preliminary Arrangements) Act 2024 (completed in September 2024); and
- Stage 3 – introducing the Local Government Water Services Bill, which will establish the enduring settings for the new water services system (expected to be passed by mid-2025).

Depending on the status of the water reforms and the Council’s response to those, we recommend the Council provide a high-level summary of the reforms at the time of reporting. This should include that the council must prepare, consult on aspects of, and adopt a water services delivery plan. Where the Council’s intentions are well developed and formalised via council resolution, the council may wish to describe the anticipated or proposed model or arrangement for delivering water services, and planned timing of implementation.

We will communicate any changes in expectations to you when we have a better understanding of water service delivery plans and their possible effects on the audited information contained in the annual report.

Benchmark reporting

As part of the local government reform programme, the Department of Internal Affairs (DIA) is set to benchmark council performance. The DIA will publish a yearly report on key financial and delivery outcomes, of which the first report is to be released mid-2025. The report is expected to include several council performance metrics, including rates, council debt, capital expenditure, balanced budget, and road condition. Legislation is expected to be amended to allow future benchmarking reports to include comparison of contractors and consultant expenditure, alongside other metrics.

We wish to signal to the council that where information used in the DIA’s benchmarking process is drawn from the annual report, this may create additional areas of focus for both the council and the audit team during the audit process. Should any additional areas be identified, we will notify the Council separately.

Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the governing body, with assistance from management. In this regard, we will discuss the following questions with you:

- How does the governing body see its role in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the governing body satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the governing body and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the governing body? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Legislative compliance

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements. Our audit does not cover all of your requirements to comply with laws and regulations.

Mandatory disclosures

The annual report must contain the disclosures required under certain legislation, including:

- the Local Government Act;
- the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the Non-Financial Performance Measures Rules 2024.

The Council should continue to review the legislative disclosure requirements and check that these are accurate and complete.

Materiality

In performing our audit, we apply materiality. Materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers’ overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. Qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The governing body and management need to make their own assessment of materiality from a preparer’s perspective Management and the governing body should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes, we have set **overall**

materiality for the financial statements at \$10,400,000 based on budgeted total

property, plant and equipment. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

For this audit we have set a lower, **specific materiality** of \$590,000 for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

| | |
|---------------------------|--------------|
| Overall materiality | \$10,400,000 |
| Specific materiality | \$590,000 |
| Clearly trivial threshold | \$29,000 |

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the governing body other than those that are **clearly**

trivial. We consider

misstatements of less than \$29,000 to be clearly trivial unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected. Where management does not wish to correct a misstatement we will seek written representations from the governing body on the reasons why the corrections will not be made.

Audit of service performance information

Our audit work will be undertaken under Auditing Standard 1 (Revised) *The Audit of Service Performance Information* (issued by the External Reporting Board July 2023). This standard is closely related to the accounting standard for service performance reporting (PBE FRS 48). The new Standard is broadly similar to the existing Standard on auditing service performance information but may result in a few changes in our

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against materiality and qualitative considerations.

audit work, including our approach to determining which performance measures are material, or how we link the work we do on some performance measures to the work we do in related financial statement areas.

Of particular note are specific requirements relating to the measurement bases or evaluation methods used to measure or evaluate performance measures and/or descriptions. Auditors are required to assess if these are appropriate and meaningful, if they are available to intended users, and whether the service performance information is prepared, in all material respects, in accordance with these. In respect of availability to intended users, we will be looking for adequate disclosure in the annual report on the basis of measurement/evaluation methods for performance measures and/or descriptions, where this is not self-evident.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of the Council's performance. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

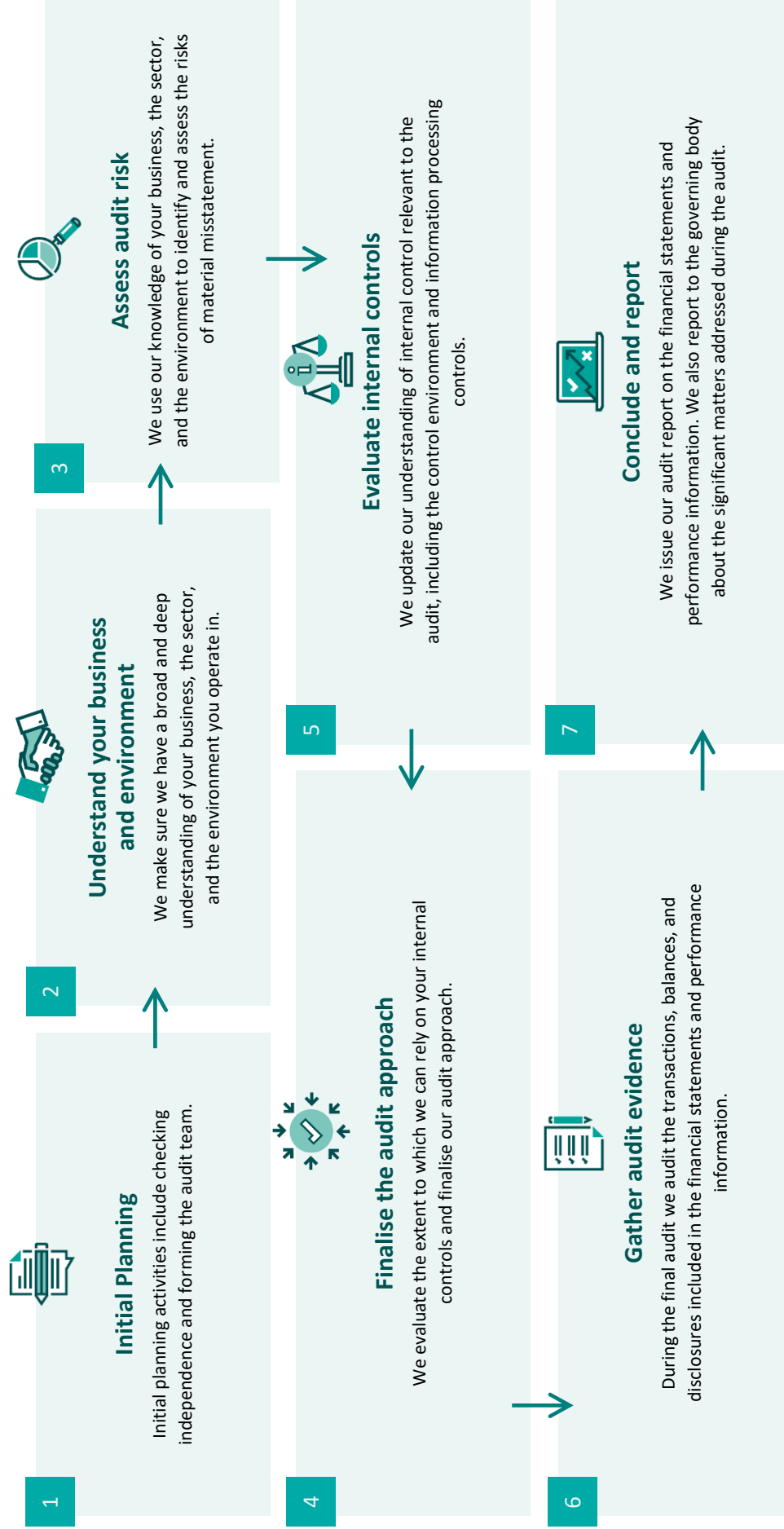
We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

| Material measure | Materiality |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Water supply The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking-water standards (bacteria compliance criteria), and (b) part 5 of the drinking-water standards (protozoal compliance criteria). | The result reported is either right or wrong. It is not appropriate to set a materiality level. |
| Water supply The total number of complaints received by the local authority about any of the following: (a) drinking water clarity; (b) drinking water taste; (c) drinking water odour; (d) drinking water pressure or flow; (e) continuity of supply, and the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system. | 8% |

| Material measure | Materiality |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Wastewater Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices; (b) infringement notices; (c) enforcement orders, and (d) convictions received by the Council in relation to those resource consents. | 5% |
| Wastewater The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system. | 8% |

| Material measure | Materiality |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Stormwater Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices; (b) infringement notices; (c) enforcement orders, and convictions received by the Council in relation to those resource consents. | 8% |
| Roading The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame. | 8% |
| Roading The percentage of the sealed local road network that is resurfaced. | 8% |

Our audit process



Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. We want the audit process to run smoothly, and we will work with management to achieve this through bringing forward the timing of audit procedures.

Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the yearend. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on year-to-date transactions for revenue and expenditure. Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated.

The term “opinion” reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our

professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set resulting in a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.

Wider public sector considerations

A public sector audit also examines whether:

- Kawareau District Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by Kawareau District Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by Kawareau District Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by Kawareau District Council or by one or more of its members, office holders, or employees.

Reporting protocols and expectations



Communication with management and the governing body

We will meet with management and the governing body throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Reports to the governing body

We will provide a draft of all reports to management (and the governing body) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the governing body.

At the end of the audit, we will report to the governing body our views on:

- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.

Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed worksheet file supporting the information in the financial statements; and
- the annual report, financial statements and service performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety

The Auditor-General and Audit take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Audit logistics and next steps



Our team

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

- René Van Zyl
- Appointed Auditor
- Kataraina Macown
- Audit Manager
- Jefrey Dom
- Audit Supervisor

Timetable

Our proposed timetable is:

| | |
|-----------------------------------------------------------------------------------------------|-------------------|
| Interim audit begins | 12 May 2025 |
| Draft report to the Council issued | 13 June 2025 |
| Pre final audit begins | 7 July 2025 |
| Draft financial statements available for audit (including notes) with actual year-end figures | 15 September 2025 |
| Final audit begins | 22 September 2025 |
| Annual report available, including any Chair and Chief Executive’s overview or reports | 13 October 2025 |
| Draft report to the Council issued | 23 October 2025 |
| Verbal audit clearance given | 23 October 2025 |
| Audit opinion issued | 29 October 2025 |

AuditDashboard

We will again use AuditDashboard for transferring files as part of the audit.

Appendix 1: Audit plan for Porritt Glade Lifestyle Village

I am pleased to report our audit plan for the audit of Porritt Glade Lifestyle Village (the Village) as an appendix to the audit plan of the Council for the year ending 30 June 2025. Because the Village does not have a stand-alone set of accounts and utilises the District Council's processes and controls in place, we rely on certain of the audit work performed by the Council audit team.

The purpose of this appendix is to discuss a couple of high-level areas pertaining specifically to the audit of the Village:

- Focus areas: risks and issues.
- Materiality.
- Audit logistics.
- Additional assurance work.

Focus areas: risks and issues



Based on the planning work and discussions that we have completed to date, we set out in the table below the main risks and issues relevant to the audit. These will be the main focus areas during the audit.

Many of these risks and issues are relevant to the audit because they affect our ability to form an opinion on your financial statements and statement of service performance. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

| Risk/issue | Our audit response |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net resident liabilities | |
| <p>The Council built retirement accommodation for their aging community under their planned Economic and Community Development activities. The Village was registered as a retirement village under the Retirement Villages Act 2003 on 10 February 2020. The property units remain under Council's ownership.</p> <p>Right to Occupy (RTO) agreements are signed with individuals for occupancy in the units as the units are completed. At the end of the 2023/24 financial year there were 29 units complete, and 27 RTO contracts signed.</p> <p>Because the liabilities recognized are material in value and unique in nature, there is a risk that the accounting treatment may not comply with the generally accepted accounting practice.</p> | <p>We will review the Retirement Village assessment of the recognition of net resident liabilities and determine whether the accounting treatment is compliant with the generally accepted accounting practice.</p> <p>We will assess the appropriateness of the assumptions around lease term estimates.</p> |

| Risk/issue | Our audit response |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The risk of management override of internal controls</p> <p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p> | <p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and <p>evaluating any unusual or one-off transactions, including those with related parties.</p> |

Materiality

In performing our audit, we apply materiality. Materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers’ overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. Qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The governing body and management need to make their own assessment of materiality from a preparer’s perspective. Management and the governing body should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

For planning purposes, we have set **overall**

materiality for the financial statements at

\$10,400,000 based on prior year total expenditure. This is subject to change once the actual results for the current year are available.

| | |
|---------------------------|----------|
| Overall materiality | \$23,500 |
| Clearly trivial threshold | \$1,200 |

We design our audit procedures to detect

misstatements at a lower level than overall

materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the governing body other than those that are **clearly trivial**. We consider

misstatements of less than \$29,000 to be clearly trivial unless there are relevant qualitative considerations. We will ask for each of these misstatements to be corrected. Where management does not wish to correct a misstatement we will seek written representations from the governing body on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of your financial statements and service performance information . The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against materiality and qualitative considerations.

Audit logistics and next steps



Our team

Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

| | |
|------------------|-------------------|
| René Van Zyl | Appointed Auditor |
| Kataraina Macown | Audit Manager |
| Flora Wang | Audit Supervisor |

Timetable

Our proposed timetable is:

| | |
|-------------------------|---------------------------------|
| Final audit begins | 3 November 2025 |
| Audit opinion issued | On or prior to 29 November 2025 |
| Assurance report issued | On or prior to 29 November 2025 |

Update of progress will be given during the audit.

AuditDashboard

We will again use AuditDashboard for transferring files as part of the audit.

Additional assurance work

Assurance Report in respect of the Council's Deed of Supervision

We will also undertake a reasonable assurance engagement, to provide a report to the Statutory Supervisor, as required by clause 11.3 of the Deed of Supervision dated 29 November 2019 (the Deed of Supervision), for the year ended 30 June 2025.

The scope of this Assurance Engagement is to report on certain matters stated in clause 11.3 of the Deed of Supervision based on information obtained as a by-product of the audit of the annual financial statements of the Council and retirement village for the year ended 30 June 2025.

Our approach involves verifying compliance with clause 11.3 of the Deed of Supervision.

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