



Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

I hereby give notice that the
Performance, Audit and Risk Committee Meeting
will be held on:

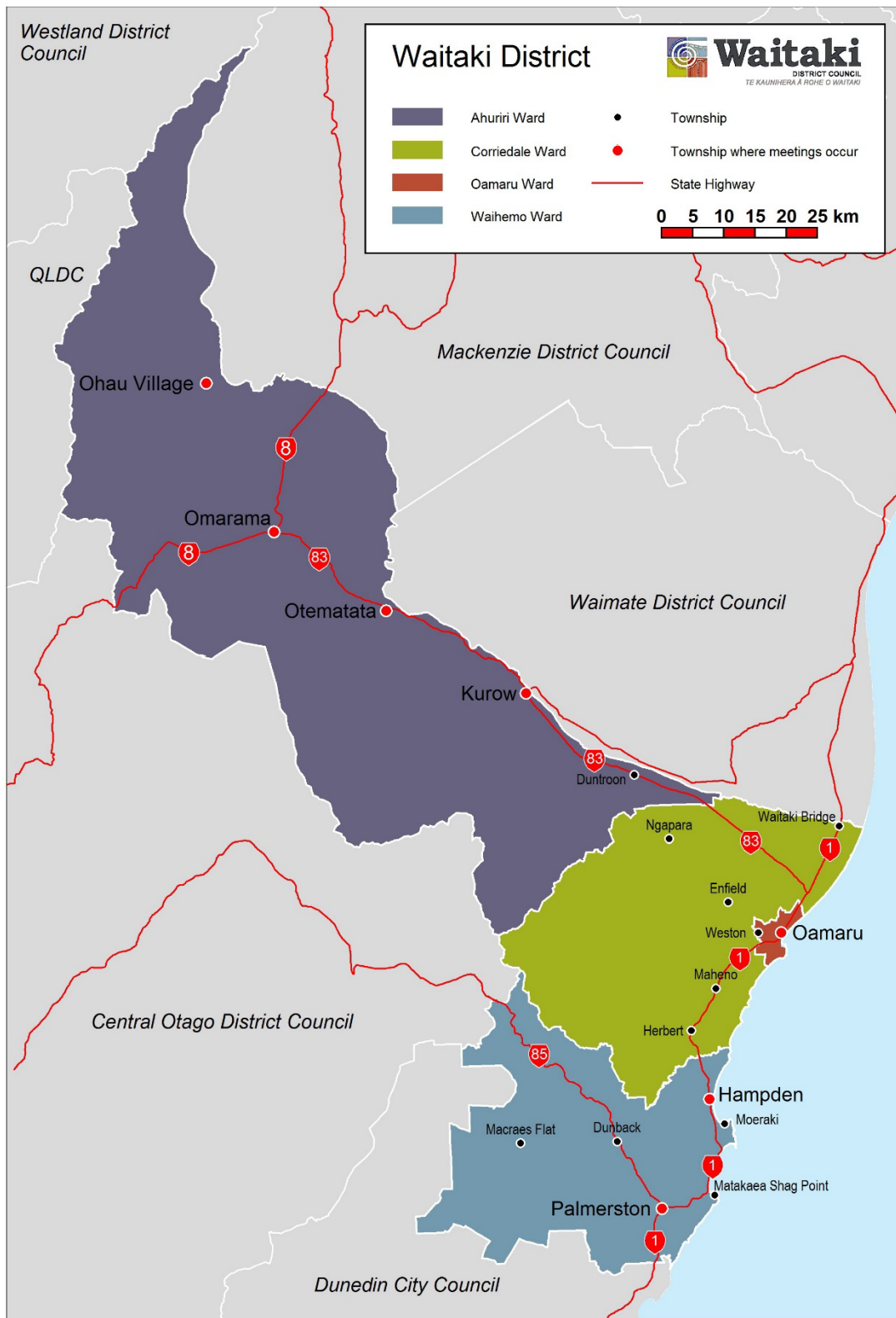
Date: Tuesday, 26 March 2024
Time: 2.00pm
Location: Council Chamber, Third Floor
Office of the Waitaki District Council
20 Thames Street, Oamaru

Agenda

Performance, Audit and Risk Committee Meeting

Mr Simon Neale	Independent Chairperson
Deputy Mayor Hana Halalele	Deputy Chair
Cr Tim Blackler	Member
Cr Jim Hopkins	Member
Cr John McCone	Member
Cr Rebecca Ryan	Member
Mayor Gary Kircher	Member

Alex Parmley
Chief Executive





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- 1 APOLOGIES**
- 2 DECLARATIONS OF INTEREST**

3 CONFIRMATION OF PREVIOUS MEETING MINUTES

**3.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING
HELD ON 27 FEBRUARY 2024**

Author: Ainslee Hooper, Governance and Policy Advisor

Authoriser: Lisa Baillie, People and Transformation Group Manager

Attachments: 1. **Public Minutes of the Performance, Audit and Risk Committee Meeting held on 27 February 2024**

RECOMMENDATION

That the Performance, Audit and Risk Committee confirms the Public Minutes of the Performance, Audit and Risk Committee Meeting held on 27 February 2024, as circulated, as a true and correct record of that meeting.

UNCONFIRMED MINUTES

**OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBER, THIRD FLOOR,
OFFICE OF THE WAITAKI DISTRICT COUNCIL, 20 THAMES STREET, OAMARU
ON TUESDAY, 27 FEBRUARY 2024 AT 2.00PM**

PRESENT: Mr Simon Neale (Independent Chair), Deputy Mayor Hana Halalele (Deputy Chair), Cr Tim Blackler, Cr Jim Hopkins, Cr John McCone, and Mayor Gary Kircher

APOLOGIES: Cr Rebecca Ryan (on approved leave of absence)

IN ATTENDANCE: Cr Guy Percival
Cr Jeremy Holding
Cr Courtney Linwood
Cr Jim Thomson (via Zoom)
Cr Brent Cowles (via Zoom)
Roger Cook (Heritage, Environment and Regulatory Group Manager)
Amanda Nicholls (Chief Financial Officer)
Ainslee Hooper (Governance and Policy Advisor)

MEETING OPEN

The Chair declared the meeting open at 2.00pm and welcomed everyone present.

1 APOLOGIES

RESOLVED PAR 2024/001

Moved: Cr Tim Blackler
Seconded: Deputy Mayor Hana Halalele

That the apology received from Cr Rebecca Ryan be accepted.

CARRIED

The Chair also noted that Group Manager Paul Hope was absent from the meeting due to illness and that the Chief Financial Officer would be standing in for him as the principal officer.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 CONFIRMATION OF PREVIOUS MEETING MINUTES

3.1 PUBLIC MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING HELD ON 12 DECEMBER 2023

Agreed Amendments:

Item 5.2, paragraph five, line seven: replace “company who as” with “company who was”

Item 4.1, paragraph six, line three, replace “15%” with “6%”.

Item 4.1, paragraph 12, line one, delete the word “were” after “officers”.

Item 4.1, paragraph 14, line two, replace “key consider” with “key consideration”.

RESOLVED PAR 2024/002

Moved: Cr Jim Hopkins

Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee confirms the Public Minutes of the Performance, Audit and Risk Committee Meeting held on 12 December 2023, with amendments as agreed, as a true and correct record of that meeting.

CARRIED

4 MEMORANDUM REPORTS

4.1 FINANCIAL SUMMARY (TO 31 JANUARY 2024)

The report, as circulated, presented a high-level financial summary for the period ending 31 January 2024.

Chief Financial Officer Amanda Nicholls introduced the report. Key discussion points are summarised below.

Contractor under-expenditure could be the result of timing differences of projects or that the project was not completed by 30 June last year and was carried over. The Chair added that there was no expenditure occurring above what was approved by Council. When carry overs are required, the budgets need to be amended and Council approval of the carryover project list must be sought.

Regarding the Ministry of Health funding, one Member suggested that, if the Governance resolved not to proceed with fluoridation of water, then it could be simply refunded. On that basis, they queried why the Committee was being advised of it. Ms Nicholls noted that it was in the financial report because there was a variance to budget. Any central government funding that was not used for that specified purpose would be repaid, but some costs had already been incurred in setting up the system required to act on any decision from the Government to proceed with the fluoridation system.

In response to the question about why more was being spent on contractors when less was being spent on work, Ms Nicholls advised that the expenditure is related to repairs and maintenance and capital work is accounted for separately. She noted that sometimes expenditure on repairs and maintenance was prioritised over capital expenditure.

The variance in the Parks and Recreation space was related to the Sports and Events Centre, and also to timing differences.

Asked to describe the flaw in the financial model, Ms Nicholls explained that, when extra projects are added into the mix, the flaw in model would rely on pulling funding from reserves. If there were no reserves available, the system should have automatically pulled the project to debt funding.

That was not happening, but it had since been corrected and therefore the variance was sitting higher as a result. Asked what the year-end impact of that problem and correction would be, Ms Nicholls advised that it would depend on where the debt level landed. If another \$10M of funding was required, then the year-end total would be \$20M over where the forecast budget had expected that total to be. Instead of that total being paid for by reserves, it would be paid by debt.

A request was made for more detail on the "other expenses" line which was showing north of \$1.2M higher than budgeted.

ACTION: Chief Financial Officer

RESOLVED PAR 2024/003

Moved: Mayor Gary Kircher

Seconded: Deputy Mayor Hana Halalele

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

4.2 FINANCIAL REPORT FOR Q2 FY2024

The report, as circulated, presented financial results for the six months ended 31 December 2023 and includes explanations for variances against budget.

Asked to explain some of the variances, Chief Financial Officer Amanda Nicholls advised that budgets are 'flatlined' when they are set, by taking the total for the year and dividing it equally across the 12 months. However, that is not the way payments are made, and that is why variances to budget occur. She cited payroll as a good example. The variances were going the other way in a previous quarterly report.

It was also noted that Council sets the budget, but it is an operational matter for the Chief Executive to negotiate staff remuneration increases with the union. If they go beyond budget, then the matter has to come back to Council for over-budget expenditure to occur.

The Chair acknowledged the explanation and noted to Committee Members that staff remuneration levels were not a PAR matter.

Asked about the vacancy rate for community housing, Ms Nicholls undertook to come back with an explanation.

ACTION: Chief Financial Officer

There was discussion on revaluation reserves and it was noted that revaluations only occurred on 30 June. It was explained that, at the current time, that budget line was sitting at a \$9M deficit, but the projected amount by 30 June would be closer to \$1.3M once the revaluation had occurred. It was further noted that valuations always come back much more than budgeted. The variance was not related to money being spent or saved; it reflected value. One Member suggested that revaluation reserves were a 'paper transaction' and that they should not be included in financial summaries. Ms Nicholls advised that they needed to be accounted for in the financial summary to make the accounts balance (Assets versus liabilities) and to account for the true value of assets for depreciation purposes. If the revaluation reserves were removed, the rest of the accounts would not balance and the balance sheet would not look as healthy. This explanation was acknowledged by the meeting.

RESOLVED PAR 2024/004

Moved: Cr Jim Hopkins

Seconded: Cr John McCone

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

4.3 TREASURY REPORT (TO 31 DECEMBER 2023)

The report, as circulated, provided members of the Committee with an overview of the Treasury function for the three-month period ended 31 December 2023, and the latest dashboard report from Bancorp at December 2023 – included at Attachment 1.

Chief Financial Officer Amanda Nicholls highlighted key aspects of the report, in particular the snapshot on the bottom of the first page. The February payment run had been half the size of a usual one, which was the result of timing differences when contractors send in their invoices. It was hard to budget for those differences, but there was still a need to ensure the money was available to pay contractor invoices when they were received.

Ms Nicholls confirmed that no further borrowing had been undertaken since December 2023. In response, the Chair acknowledged that he was frustrated with the situation that Council had borrowed \$11 million and still had \$3.5 million sitting in the bank. He saw an opportunity to consider better cashflow forecasting models, and to look at other options for reasonably priced short-term lending. He identified these as action points for him to explore further with the team.

ACTION: Chair, with Group Manager, Chief Financial Officer, and Finance team

Another Member said they understood the difficulty for the Finance team and acknowledged that they needed to have confidence in the delivery timeframes for capital projects. The completion of less work than anticipated was difficult to predict. The Chair added that, because the team was consistently having to deal with this matter, the unpredictability should be applied as another factor.

A typographical error was identified in the External Borrowings table – the total should read \$61,344,350 (not \$46,366,180). It was acknowledged that it was nice to see Council was earning more interest on what it is paying.

In the LGFA funding table, the item for April 2022 was queried because there was no loan that was “WDHSL/Observatory Village”. The Chair noted that the table was relatively new and he had found it a little confusing. The \$5m was borrowed for loans that Council approved for WDHSL and emergency road works (the word “and” was needed after WDHSL).

Asked what the interest rate on the charge account was, Ms Nicholls undertook to check and report back.

ACTION: Chief Financial Officer

Asked to clarify what the retentions account was, Ms Nicholls explained that it was a new legislative requirement in the procurement account. Council had to hold money in there at all times to cover costs. This was reported to a previous Committee meeting.

The NOIC adjusted chart was discussed. One Member asked if officers sought advice from Bancorp on Council’s position relating to fixed rate debt and balance of debt loaning. Ms Nicholls explained the contract that Council had with Bancorp and the arrangement whereby officers always sought advice from Bancorp before considering a loan drawdown. As budgets were starting to be fine-tuned, further advice from Bancorp would be sought.

The Chair informed the meeting that he was keen to look at the Treasury Strategy as a whole, because it was increasingly more significant in a high interest rate environment. The structure and time bands needed to be reviewed. Ms Nicholls advised that Bancorp could be invited to a future meeting to discuss topics of interest with Members. The Chair agreed, but shared the view that he believed it would be helpful for himself, the Group Manager, and the CFO to have initial discussions with Bancorp first.

A member identified potential risk around the costs that the Lower Waitaki irrigation company might incur in order to renew their resource consent. They felt that the Committee needed to have some visibility over that matter as part of its risk function, and to know how it was proposed that that could be managed and what options were available. The Chair agreed.

ACTION: Chief Financial Officer and Group Manager

There was a request for more details to be included in future reports relating to Council’s long-term debt profile, perhaps in a graphical format. Ms Nicholls advised that budgets for Long Term Plan projects would now proceed to be developed and that would help determine the long-term debt profile. An initial suggestion was that Council might need an extra \$11M from where it is at now (\$60M), which would mean a total of \$71M rather than the initial estimate of \$80M. Forecasting graphs out for ten years would now be worked on, and the long term debt profile would be a consultation item in the Annual Plan process. The Chair said he was keen to see more detail around this forecast in the next month, because it involved ‘real money’.

ACTION: Chief Financial Officer

There was further brief discussion on the “debt tsunami” that was hitting all councils, especially in relation to water-related expenditure requirements to keep with new drinking water standards. Councils would have to lobby central government around those requirements to find out what they were going to do to help. Councils could no longer pretend that the ‘debt tsunami’ was not coming. There was a need to look at revenue and costs and borrowing in the water space, not least because of the BAU and investments required to meet the new standards.

RESOLVED PAR 2024/005

Moved: Cr Tim Blackler
 Seconded: Mayor Gary Kircher

That the Performance, Audit and Risk Committee receives and notes the information.

CARRIED

The Chair signalled his intention to direct the meeting into Public Excluded via the resolution under Agenda Item 5. He thanked everyone online for watching and confirmed that the livestreamed would end following the next resolution.

5 RESOLUTION TO EXCLUDE THE PUBLIC

RESOLVED PAR 2024/006

Moved: Cr Tim Blackler
 Seconded: Cr Jim Hopkins

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>6.1 - Public Excluded Minutes of the Performance, Audit and Risk Committee Meeting held on 12 December 2023 PE</p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations</p>	<p>s48(1)(a)(i) - 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 would exist under section 6 or section 7</p>

	(including commercial and industrial negotiations)	
6.2 - Accounts Receivable Report (to December 2023) PE	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - 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 would exist under section 6 or section 7
6.3 - Accounts Payable Report (to 31 December 2023) PE	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - 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 would exist under section 6 or section 7

CARRIED

6 PUBLIC EXCLUDED SECTION

The Public Excluded Minutes apply to this section of the meeting.

7 RESOLUTION TO RETURN TO THE PUBLIC MEETING

RESOLVED PAR 2024/010

Moved: Mayor Gary Kircher

Seconded: Cr Jim Hopkins

That the Performance, Audit and Risk Committee resumes in open meeting and decisions made in the Public Excluded section of the meeting are confirmed and made public as and when required and considered.

CARRIED

8 RELEASE OF PUBLIC EXCLUDED INFORMATION

In accordance with Waitaki District Council Standing Orders, and pursuant to resolutions in the public excluded session of the meeting, the Performance, Audit and Risk Committee decided to release the following previously public excluded information under this agenda item in these Public Minutes of the meeting:

6.1 PUBLIC EXCLUDED MINUTES OF THE PERFORMANCE, AUDIT AND RISK COMMITTEE MEETING HELD ON 12 DECEMBER 2023

RESOLVED PAR 2024/007

Moved: Cr Jim Hopkins
Seconded: Cr John McCone

That the Performance, Audit and Risk Committee confirms the Public Excluded Minutes of the Performance, Audit and Risk Committee Meeting held on 12 December 2023, as circulated, as a true and correct record of that meeting.

CARRIED

6.2 ACCOUNTS RECEIVABLE REPORT (TO DECEMBER 2023) PE

RESOLVED PAR 2024/008

Moved: Deputy Mayor Hana Halalele
Seconded: Cr John McCone

That the Performance, Audit and Risk Committee:

1. Receives and notes the information.

CARRIED

6.3 ACCOUNTS PAYABLE REPORT (TO 31 DECEMBER 2023) PE

RESOLVED PAR 2024/009

Moved: Cr Jim Hopkins
Seconded: Mayor Gary Kircher

That the Performance, Audit and Risk Committee:

1. Receives and notes the information.

CARRIED

9 MEETING CLOSE

The Chair declared the meeting closed at 3.20pm.

TO BE CONFIRMED at the Performance, Audit and Risk Committee Meeting to be held on Tuesday, 26 March 2024.

..... CHAIRPERSON

4 DECISION REPORTS

4.1 PLACEHOLDER REPORT - TREASURY STRATEGY, FY 2023-2024 FOURTH QUARTER

Author: Ainslee Hooper, Governance and Policy Advisor

Authoriser: Paul Hope, Finance and Corporate Development Group Manager

RECOMMENDATION

That the Performance, Audit and Risk Committee receives this brief report as a PLACEHOLDER in the agenda for the Treasury Strategy, FY 2023-2024 Fourth Quarter to be considered at the 26 March 2024 Committee Meeting.

PURPOSE

The purpose of this report is to provide a PLACEHOLDER for a late agenda report that will be published in an Agenda Addendum ahead of the meeting.

SUMMARY

As a result of delayed availability of necessary data and of officer absence due to illness, the Treasury Strategy, FY 2023-2024 Fourth Quarter report was not able to be completed by the deadline for inclusion in the final agenda papers to this meeting.

Therefore, this is a PLACEHOLDER for that report, which will be published in a separate Agenda Addendum ahead of the meeting.

4.2 ADOPTION OF REVISED PROCUREMENT POLICY 2024

Author: Amelia Lines, Risk and Procurement Advisor
Authoriser: Paul Hope, Finance and Corporate Development Group Manager
Attachments: 1. Revised Procurement Policy March 2024

RECOMMENDATION

That the Performance, Audit and Risk Committee recommends:
 That Council adopts the revised Procurement Policy.

DECISION OBJECTIVE

To detail changes made to the Procurement Policy in order that the Performance, Audit, and Risk Committee will recommend the adoption of the revised policy to Council.

SUMMARY

The Procurement Policy has been revised in line with its scheduled review requirement. A number of changes have been made to ensure continuous improvements to the policy and its use throughout the organisation.

DECISION-MAKING EXPECTATIONS

Governance Decision-Making:	Major policy changes must be approved by the Governance Team and the revised policy adopted by Council
Operational Decision-Making:	Minor updates to policy can be approved by the Executive Leadership Team Procedural decisions can be addressed in line with policy
Communications	Media Releases – contributed to by officers and Elected Members Media/public enquiries regarding governance decision-making topics above can be addressed by governance Media/public enquiries regarding operational decision-making topics above can be addressed by officers

SUMMARY OF DECISION-MAKING CRITERIA

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	Key	Environmental Considerations	No
Legal	No	Cultural Considerations	No
Significance	No	Social Considerations	No

Financial Criteria	No	Economic Considerations	No
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

BACKGROUND

The Procurement Policy was previously reviewed by the Performance, Audit, and Risk Committee in March 2023.

Updates made within this latest review, whilst not representing a significant change to requirements, aim to increase consistency and clarity.

One of the key changes made aligns professional services procurement more closely with other types of procurement.

In addition to this, increased requirements relating to the procurement of software or hardware have been added.

Broader outcomes are the secondary benefits gained through procurement, such as improved environmental, economic, or social outcomes. It is now mandatory to consider including broader outcomes as an attribute for assessment in procurement activity.

Key changes to the policy are summarised below:

- Previously, professional services procurements over \$50,000 required the use of the tender procedure. This has been changed to align with other types of procurement with standard options of obtaining three written quotes, utilising an All of Government contract, or utilising a supplier panel for spend levels of \$50,000 to \$200,000. Non-Standard professional services procurement between \$50,000 and \$200,000 must be approved by the procuring department’s level 2.5 manager, or in the absence of a level 2.5 manager, the procuring department’s Group Manager. As with other types of procurement, the tender procedure will be utilised for professional services procurement with a spend level of over \$200,000 unless a Non-Standard Procurement Plan has been approved by two Group Managers.
- The requirement to include Information Services in any procurement of software or hardware has been added to ensure the existing technical compliance section of the policy is adhered to.
- The consideration of including broader outcomes as an attribute for assessment within procurement is now mandatory. This means that procuring officers must consider whether including broader outcomes will add value to the procurement activity.

In addition to these key changes, the following minor changes have been made:

- General updates for clarification and consistency have been made throughout the policy.
- Diagrams have been added to show the process for standard and non-standard procurement approval.
- Clarification has been added to ensure requirements relating to contract bonds and retentions are met.
- Reference to business cases has been removed as this requirement will be covered in the new Project Management Framework.

These updates aim to ensure the Procurement Policy remains fit for purpose and provides a basis for efficient and effective procurement activity.

The proposed Revised Procurement Policy, with tracked changes visible, is included at Attachment 1.

SUMMARY OF OPTIONS CONSIDERED

- Option 1** – Support the changes and recommend adoption of the revised Procurement Policy to Council (**Recommended**)
- Option 2** – Support a number of the updates made to the Procurement Policy and recommend adoption of a revised policy
- Option 3** – Support none of the updates made to the revised Procurement Policy

ASSESSMENT OF PREFERRED OPTION

Option 1 is the preferred option. It is proposed that the Performance, Audit, and Risk Committee recommends the adoption of the revised Procurement Policy as attached to this report. The revised policy will support procuring officers in achieving the best outcomes through procurement activity.

CONCLUSION

Following approval and adoption of the revised Procurement Policy, changes will be rolled out across the organisation.

It is possible that further minor amendments will be required upon finalisation of the Project Management Framework to ensure both documents complement one another. These minor changes will be approved by the Executive Leadership Team, unless a major change is required, in which case the policy will be resubmitted to this Committee and to Council.

It is anticipated that the policy will not require review for another two years. However, should significant changes be seen within Council or within the external environment, a review will be undertaken prior to 2026.

ADDITIONAL DECISION-MAKING CONSIDERATIONS

Outcomes

Community Outcomes

Prosperous District

- Attractive to new opportunities
- Supporting local businesses
- Fostering a diverse and resilient economy

Strong Communities

- Enabling safe, healthy communities
- Connected, inclusive communities
- Promoting a greater voice for Waitaki
- Celebrating our community identity

Quality Services

- Robust core infrastructure and services
- Community facilities and services we are proud of

Valued Environment

- Protecting our diverse landscapes and water bodies
- Meeting environmental and climate change challenges

Policy and Plan Considerations

The updates made during this latest review do not change the intent or guiding principles of the Procurement Policy. The policy continues to be governed by the key principles of accountability, openness, competition, collaboration, value for money, lawfulness, fairness, and integrity.

Financial Considerations

Procurement of professional services between \$50,000 and \$200,000 can now follow the quotation procedure, rather than the tender procedure. This aligns professional services procurement more closely with other types of procurement.



Procurement Policy

Policy Owner	Finance and Corporate Development Group Manager	Version	Version 3.2
Policy Contact	Risk & Procurement Advisor	Last Reviewed By	Risk & Procurement Advisor and Finance and Corporate Development Operations Manager
Approved By	Council	Last Reviewed Date	09 March 2023 March 2024
Approved Date	26 April 2023	Date of Next Review	1 March 2024 (pre-LTP) March 2026
Minor Changes Approved Date	7 June 2023	Minor Changes Approved By	Executive Leadership Team

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Purpose

This policy defines Waitaki District Council's approach to the procurement of all works, goods or services to support the community in an affordable and efficient manner. It provides a standardised approach to procurement for all Council departments.

The principles described in this policy promote the fair and equitable treatment of all potential suppliers and meet Council's business requirements. The policy is underpinned by procedure documents that outline the procurement process that is expected to be followed.

This Policy must be read in conjunction with the Tender Procedures, Quotation Procedure, and Financial Delegations Register. These can be found in the Related Documents section of this policy.

Scope

This policy applies to all procurement activity completed by Waitaki District Council, with the exception of activity detailed below.

The following activities are out of scope:

- a) Internal procurement being the procurement of services by one part of Council from another part of Council.
- b) Procurement in the case of a Civil Defence Emergency or Business Continuity Event.
- c) Procurement in the event of an urgent event or emergency situation, as agreed by a member of the Executive Leadership Team.
- d) Procurement completed by Council Controlled Organisations.
- e) Procurement completed as part of an insurance claim.
- e)f) Procurement of insurance products through Council's appointed broker.

Background

As a public entity, employees and representatives of Waitaki District Council (Council/WDC) must have, and be seen to have, the highest standards of honesty, propriety and integrity in meeting their obligations to the community. To enable this Council will follow a Procurement Framework to ensure that it obtains best value for money for the services and goods it buys.

Strategic Alignment

Council's Procurement Policy has been shaped by the following legislative/strategic priorities:

- a) Public accountability - Council is publicly accountable for the use of its funds.
- b) Strategic alignment - Council's strategic focus is to ensure that Waitaki is "The best place to be!". Areas-Our Community Outcomes are critical to the achievement of this vision-are: "Prosperous District", "Strong Communities", "Valued Environment", and "Quality Services". Enhancing Council's financial position is imperative.
- c) Reputation protection - Supporting the fair and equitable treatment of all potential suppliers to Council, which enhances Council's reputation.
- d) Guidance from the OAG - [Good Practice Summary: Procurement \(oag.parliament.nz\)](#) and [Government Procurement Rules | New Zealand Government Procurement and Property](#)

- e) Sound business practice – the need for confidentiality through the procurement process to preserve competition and realise true value for money. Ref section 14(1)(f) LGA 2002: legislation.govt.nz

POLICY PRINCIPLES

Generally Accepted Principles

Council will carry out the procurement of works, goods and services in a manner that will support Council's community outcomes, agreed levels of service, organisational goals and its values.

Council will be clear about the overall objective, value and risk of the procurement, and select a procurement method that will provide the best value for money.

Council's procurement is governed by the following key principles:

- **Accountability** - Council will be accountable for its performance and be able to give complete and accurate accounts of the use to which it has put public funds.
- **Openness** - Council will be transparent in its administration of funds, both to support accountability and to promote clarity and shared understanding of respective roles and obligations.
- **Competition** - Council will follow best practice procurement processes that encourage innovation and promote competition to yield improved results.
- **Collaboration** - Council will work together, across departmental and agency boundaries to improve outcomes.
- **Value for money** - Council will use resources effectively, efficiently, economically and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes Council is trying to achieve. The principle of value for money for procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).
- **Lawfulness** - Council must act within the law and meet its legal obligations.
- **Fairness** - Council has a general public law obligation to act fairly and reasonably. It must be, and must be seen to be, impartial in its decision-making.
- **Integrity** - Anyone who is managing public resources must do so with the utmost integrity.

Open and Fair Competition

Open and fair competition between suppliers supports Council's commitment to obtaining best value for money and ensuring transparency, probity and ethical behaviour.

It is the responsibility of the business area (procuring the goods/services) to ensure:

- a) The procurement method and approach promote competition and are appropriate for the specific procurement;
- b) Staff involved in the process have up-to-date knowledge of the market and Council's requirements;
- c) Potential suppliers ~~are:-are:-~~
 - i. provided with consistent information and opportunity; and
 - ii. evaluated against defined criteria; and (check criteria defined)
 - iii. expected to bare minimal/reasonable cost for participating in the procurement process; and
- d) Specifications and tender documentation will not be prepared to favour or disadvantage particular suppliers.

Transparency, Probity and Ethical Behaviour

Council conducts its procurement processes with the highest regard for transparency, probity, equity, and ethical behaviour such that:

- a) Goods and services will be procured for authorised business purposes only and not private use, in accordance with external legislation and/or obligations as well as Council's policies and procedures;
- b) Confidentiality will be maintained in all dealings within legislative constraints – e.g. Local Government Official Information and Meetings Act;
- c) Conflicts of interest (potential, perceived or actual) and personal/business relationships will be disclosed and dealt with in accordance with Council's Conflicts of Interest Policy;
- d) Gifts, gratuities or any other benefits that may influence (or be perceived to influence) the procurement process will be declined;
- e) Accurate and sufficiently detailed records will be kept to document the process, justify the outcome and provide an audit trail for regular review; and
- f) In the event of a perceived or actual conflict of interest, the relevant staff member or involved personnel may be excluded from aspects of the procurement process as appropriate in accordance with Council's Conflicts of Interest Policy.

Value for Money

Officers should adopt a 'value for money' approach when procuring goods or services.

Value for money means the best possible outcome for the total cost of ownership including the cost of the procurement process relative to the cost of the goods or services procured. Value for money does not necessarily mean selecting the lowest price. Rather, officers should achieve the right quality, quantity, and price, at the right place and time. Care should be taken to ensure that unreasonable risk is not assumed in pursuit of the lowest "whole of life" cost. This policy is flexible; where the approach detailed in the policy may not deliver best value for money, an exemption can be approved by an Executive Team Member independent of the procuring department.

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Sustainability, Social Value and Local Supply

Broader Outcomes are the secondary benefits that are generated from the procurement activity. They can be environmental, social, economic or cultural benefits. Where appropriate, suppliers may be evaluated against criteria that provide broader outcomes, such as sustainability, social value and local supply. When undertaking a tender process, it is mandatory to consider broader outcomes as a weighted attribute criterion. Whilst a small number of procurements may not benefit from broader outcomes being evaluated within the tender process, the vast majority of procurements will be enhanced by the inclusion of broader outcomes as an evaluation criterion.

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Risk Management

Risk Management is a primary consideration and potential risks will be identified, analysed, evaluated, treated and monitored across the procurement process. Risk management is the responsibility of the business area (procuring the goods/services).

Council has no tolerance for losses (this includes financial loss and loss of reputation) through fraud or impropriety. As such, risks associated with fraud should be identified and managed appropriately.

Responsible Financial Management

Council will exercise responsible financial management in all procurement processes such that:

- a) Council funds will be used appropriately, and effort will be made to contain the costs of the procurement wherever possible;
- b) Procurement activities will not be initiated without confirmation that funds are available within an approved Council budget;
- c) Staff will not authorise or approve expenditure of Council's funds in excess of delegation; and
- d) The performance of ongoing contracts will be monitored and evaluated to ensure continued value for money for Council.

Public Law Considerations

The Council is a public body and as a public body its tendering process can be scrutinised by judicial review. Judicial review is the mechanism used by the Court to ensure that public bodies adhere to higher standards of decision making than private organisations. Officers should always take account of the risk that its procurement actions and decisions could be subject to judicial review, or a complaint to an Ombudsman, the Office of the Auditor-General, or the Serious Fraud Office.

Council's fundamental public law obligation is always to act fairly and reasonably, and in accordance with the law. This imposes a higher standard of conduct than that which applies in the private sector.

Activity Approval

The table below details the approvals required for different stages of procurement activity.

Approval Required	Who can approve
Procurement/Project Initiation	In accordance with financial delegations – starting with <u>the</u> procuring department's manager and moving one-up if spend exceeds delegation. Spend level over \$1,500,000 must be approved in principle by Elected Members.
Business-Case	Procuring Officer's Unit Manager
Standard Procurement Plan	Procuring Officer's Unit Manager.
Successful Supplier/Contract Award	In accordance with financial delegations – starting with <u>the</u> procuring department's manager and moving one-up if spend exceeds delegation.
Cost Variation from Initial Estimate	>15% variation must be reviewed and approved by the Risk & Procurement Advisor, <u>the</u> procuring department's General Manager, and an independent ELT Member.
Contract Variation	Where a variation will result in a spend level of <=20% of the original contract value, this can proceed where financial delegation allows. Approval will need to be sought where the original procuring officer's financial delegation does not allow for the price increase. (Delegation must be for the full contract amount + variation, not just the variation value).

	<p>For a variation of >20% of the original contract value, reasons for variation as opposed to tendering for a new contract must be documented, with evidence. A request can then be made for Overspend Variation Approval by gaining initial approval from the procuring department's General Manager, then passed to an independent ELT Member with the appropriate financial delegation for final approval. A Non-Standard Procurement Plan must be completed and approved to proceed with a contract variation of >20%. For a variation of >20%, approval must be sought in line with the non-standard procurement process based on the value of the contract + variation.</p> <p>Note that where a contract variation is unavoidable i.e., is ruled to be required by the Engineer to Contract, Independent Certifier, or Contract Administrator, additional approval is not required, but impact on budget must be considered and managed appropriately.</p>
<p>Exemption Request Non-Standard Procurement Plan – Quotation Procedure (>\$10k-<=\$200k)</p>	<p>Procuring officer's direct manager (within financial delegation). If spend exceeds direct manager's financial delegation, further one-up approval is required.</p>
<p>Exemption Request Non-Standard Procurement Plan – Tender Procedures (>\$200k)</p>	<p>Obtain initial approval from the procuring department's General-Group Manager and final approval from an ELT Member independent of the procuring department (within financial delegation).</p>
<p>Non-Standard Procurement Plan – Professional Services (>\$50k-\$200k)</p>	<p>Obtain initial approval from the procuring department's direct manager and final approval from the department's level 2.5 manager. In the absence of a level 2.5 manager, the department's Group Manager must provide approval.</p>

Note: Approving managers take on accountability in the approving process. Managers should ensure that where an approval is granted this is backed up by strong reasoning and/or evidence which is saved for audit trail purposes.

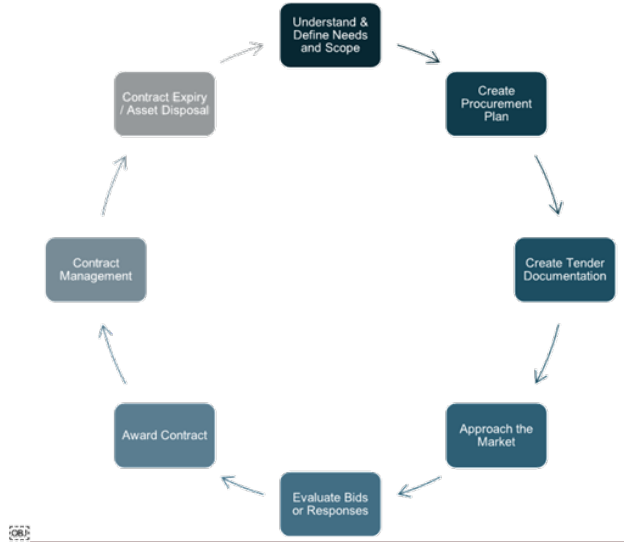
PROCUREMENT PROCESSES AND PRACTICES

PROCUREMENT CONSIDERATIONS AND PLANNING

What is Procurement?

Procurement includes all the processes involved in acquiring and managing goods and services from a supplier. Procurement spans the whole cycle from the identification of needs to the end of a service contract or the end of the useful life and subsequent disposal of an asset.

The Procurement Cycle



Understanding Business Needs

Prior to starting any procurement activity, Council's needs should be analysed. Understanding what is required and, in addition, what is desired will support decision making as the procurement process is progressed. The Quotation Procedures and all Tender Procedures provide further detail on this step.

Estimating Cost

The cost of a procurement must be estimated, and the correct procedures followed. Where an estimate is close to the upper limit of one of the spend categories, the risk profile of the procurement should be considered in deciding whether to apply the procedures for a higher spend procurement.

For example:

Council is looking to procure essential services and will award a contract spanning several years. The estimated spend is \$495,000. As the services are essential and will be provided for a number of years, the risk profile of this procurement would suggest the procedures for >=\$500,000 are used in this instance. This also provides a buffer if the actual price exceeds the estimate.

It is the responsibility of the procuring officer to ensure that estimates are accurate and appropriate. An incorrect estimate can have negative impacts on the procurement process, as well as departmental budgets and planning.

Using Procedures

Following the correct procurement procedures enables Council to achieve the best procurement results whilst reducing risk.

Each procedure level is listed by value in the table below. Consideration should always be given to the risk profile of the procurement and a decision made as to whether the next level of procedure should be used e.g., a procurement with a spend level of \$80,000 but with high interest and focus from the local community may require the use of a tender procedure if this will attain the best value and ensure risks are adequately managed.

Level of Spend (exc. GST)	<= \$10,000	>\$10,000 - <=\$200,000	>\$200,000 - <=\$500,000 (all procurements)	>\$500,000 - <=\$1m (all procurements)	>\$1m (all procurements)	Prof. Services <=\$50,000	Prof. Services >\$50,000 - \$200,000
Purchasing Procedure	✓	✗	✗	✗	✗	✓	✗
Quotation Procedure	✓	✓	✗	✗	✗	✓	✗
Level 1 Tender Procedure	✓	✓	✓	✗	✗	✓	✓
Level 2 Tender Procedure	✓	✓	✓	✓	✗	✓	✓
Level 3 Tender Procedure	✓	✓	✓	✓	✓	✓	✓

Key	
✓	Procedures must be used for level of spend
✓	Procedures should/could be used where the procurement activity is considered high risk or costs may exceed estimated spend
✗	Procedures should not be used unless an exemption is approved

All purchases must be made in accordance with purchasing procedures. A Purchase Order (PO) ~~should~~ **must** be raised for all goods, services, or works where a formal contract is not in place. ~~Formal contracts must be stored in the Contracts Register for the PO exemption to apply and the payment to be processed by Finance. An exemption to the PO process applies to some long-term contracts, as agreed by Finance.~~

Standard Procurement

Standard procurement options are detailed below:

>\$10,000 - \$200,000 (goods, non-professional services, and works):

- Obtain 3+ written quotes
- Utilise All of Government Contract
- Utilise Supplier Panel

<\$50,000 (professional services):

- Direct engagement

>\$50,000 - \$200,000 (professional services):

- Obtain 3+ written quotes
- Utilise All of Government Contract
- Utilise Supplier Panel

>\$200,000 (all procurements):

- Tender

Procurement Plans are required for standard procurements over \$200,000 and recommended for standard procurements under \$200,000. An overview diagram for procurement planning can be found at Appendix A.

Non-Standard Procurement

Non-standard procurement options are listed below:

>\$10,000 - \$200,000 **goods, non-professional services, works** (Non-Standard Procurement Plan approved by one-up starting with Activity Manager):

- Obtain 2 written quotes
- Direct engagement
- Contract variation/extension

>\$50,000 - \$200,000 **professional services** (Non-Standard Procurement Plan approved by department's level 2.5 manager or one Group Manager):

- Direct engagement
- Obtain 2 written quotes
- Contract variation/extension

>\$200,000 **all procurements** (Non-Standard Procurement Plan approved by two Group Managers):

- Direct engagement
- Obtain 3+ written quotes
- Contract variation/extension
- Utilise All of Government Contract
- Utilise Supplier Panel

Non-Standard Procurement Plans are required for all non-standard procurements.

An overview diagram for procurement planning can be found at Appendix A.

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Procurement of professional services

Any procurement for the engagement of professional consultants and independent contractors that is valued at over \$50,000 (GST exclusive) must follow the tender procedures and have a procurement plan, to ensure that Council acts in accordance with the key principles in this Policy. Direct appointment can be utilised for procurement for the engagement of professional consultants and independent contractors that is valued at under \$50,000 (GST exclusive). Where appropriate the quotation procedure or tender procedures should be utilised.

For professional service procurements between \$50,000 and \$200,000, the quotation procedure, an AoG contract, or supplier panel must be utilised. Where these procedures are not utilised, a Non-Standard Procurement Plan must be completed and approved by the procuring department's level 2.5 manager. In the absence of a 2.5 manager, the procuring department's Group Manager must provide approval.

A Non-Standard Procurement Plan must be completed for any professional services engagements over \$200,000 that do not utilise a tender process. This Non-Standard Procurement Plan must be approved by two members of ELT.

Officers may utilise Panels to engage suitably qualified professional consultants and independent contractors as this enables a streamlined process. Further detail on Panels is documented later in this policy.

An overview diagram for procurement planning can be found at Appendix A.

Refer to the glossary for a definition of professional services. Refer to the Risk & Procurement Advisor in the event you are unsure whether your procurement is classed a professional service.

Quotations

Procurements with a spend of >\$10,000 – \$200,000 require three quotes to be obtained and evaluated. All quotes received must be written. The method of evaluation of quotes must be decided upon prior to requests being sent to firms. Quotation Procedures must be followed when undertaking this activity.

Business Case

All procurements costing \$200,000 (GST exclusive) or more require a business case. Where a procurement costs less than \$200,000, but is complex or of high importance, consideration should be given to completing a business case.

The scale and complexity of the business case should be proportionate to the risk and value of the procurement. In some instances, a preliminary business case or equivalent document may be used in the early stages of a particularly large or complex procurement. This will then be refined and transformed as the procurement/project continues.

A Business Case Template is linked in the Templates & Tools section of this policy.

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Procurement Planning

All procurement activity should be planned in accordance with business needs. A decision should be taken by the department or person completing the procurement as to whether a request for quote, tender or proposal is required. Procedures for each level of procurement are linked in the Related Documents section of this policy.

All procurements costing \$200,000 (GST exclusive) or more require a Procurement Plan. ~~As found in the Procurement Plan Templates, plans should include the following: All non-standard procurements require completion of a Non-Standard Procurement Plan.~~

Procurement Plan Templates are linked in the Templates & Tools section of this policy.

~~An overview diagram for procurement planning can be found at Appendix A.~~

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Tender Documentation

Tender documentation should be produced in line with this policy and the relevant procedure. Procuring officers are encouraged to use available templates to produce tender documentation, however, these are not a requirement. Minimum standards are detailed in procedure documentation.

Changes to scope or requirements

Where ~~there are changes to the~~ scope or requirements of ~~a~~ procurement ~~change~~activity, the action taken by Council is dependent on a number of factors, including at what stage the change is identified and the value and risk associated with the activity.

When change is identified	Acceptable Actions	Considerations
Prior to inviting suppliers to provide quotes, tenders or proposals	Update specification or requirements	Consider how this impacts total spend – if this takes the spend into another category the correct procedural documentation must be used (e.g., from <\$10,000 to >\$10,000)
Once procurement has been advertised/ suppliers have been engaged, but prior to deadline	Update specification or requirements	Consider how much more time the suppliers will need to respond to the new requirements. Ensure that all participating suppliers are notified at the same time.
After responses have been received to original request, but prior to evaluation	Consider updating specification or requirements based on materiality	Consider how to approach suppliers fairly and how the integrity of the process will be preserved if the requirements are changed at this stage. Consider the additional spend and whether, had this been advertised originally, additional suppliers may have responded with a bid. Obtain approval from one-up manager with appropriate financial delegation.

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<p>After contract awarded – Contract Variation</p>	<p>Variations may be considered.</p> <p><u>Variations of 20% or less can be approved by an individual with delegated authority.</u></p> <p><u>Variations of over 20% are classed as new procurement and must follow the non-standard procurement approval process to proceed.</u> If material (i.e., over 20% of initial contract), consider new tender or, where best value can be gained through contract variation, refer to the Risk & Procurement Advisor, and seek approval from your Executive Team Member, followed by final approval from an independent Executive Team Member.</p>	<p>Consider the additional spend and whether this materially changes the requirements or specification. Achievement of 'best value' should be considered in these scenarios and detailed reasoning for decisions made should be documented and saved with relevant project/procurement information. For a contract variation of <=20%, approval can be provided by a one-up manager with appropriate financial delegation (<u>delegation for the contract price + variation</u>). For a variation of >20%, approval must be sought from the relevant Executive Team Member and an independent Executive Team Member, following referral to the Risk & Procurement Advisor, in line with the non-standard procurement process. In all cases, detailed reasoning and consideration of other approaches must be documented in the approval request. All requests and responses must be saved for audit trail purposes. Consider risks, such as reputational damage, prior to making a final decision.</p> <p>Approval can only be granted if within the approver's financial delegation.</p>
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Third Party Agents/Consultants

Council may use an agent to act on its behalf in procurement activities. This does not change the basic obligation on Council. Even if from the private sector, an agent, when acting for Council, must meet the same standards of good procurement practice.

Council will not engage any agent to provide advice or act on its behalf if the agent has a commercial interest in the contract opportunity. Any potential or actual conflicts of interest should be raised immediately and escalated to the Finance and Corporate Development Group Manager.

Subcontracting

Council requires all suppliers to meet the same standards through sub-contracting as they would in fulfilling the contract themselves. It is in the planning stage that Council should

decide whether subcontracting is acceptable for the procurement in question. Following receipt of tenders this decision can be reconsidered if appropriate.

Technical Specifications

When defining technical specifications or prescribing conformance requirements, these must not be written in a way that creates unnecessary obstacles for suppliers.

Where appropriate, technical specifications must be based on:

- a. performance and functional requirements, not on design or a prescribed licensing model or a description of their characteristics, and/or
- b. international standards where they exist, otherwise the appropriate New Zealand technical regulations, standards, or building codes.

[c. Austroads Guidance as primary reference for roading activity, as well as the State Highway Geometric Design Manual as a secondary reference document.](#)

[ed.](#) specific item detail where compatibility is required with existing infrastructure or assets.

IT Software and Hardware

[You must involve Information Services \(IS\) prior to procuring a solution that contains any software, hardware, or online services. Note that this includes free phone and tablet apps and free online software due to the security, data, and licensing impacts. Information Services will work with you to ensure that procurement involving technology and data aligns with our organisational needs, integrates with existing infrastructure, and complies with Local Government security and compliance standards. Email \[issupport@waitaki.govt.nz\]\(mailto:issupport@waitaki.govt.nz\) at the earliest opportunity to seek guidance and approval. Refer to \[WDC Software Purchase and Change Policy.pdf\]\(#\) for further information.](#)

Procurement of professional services

~~Any procurement for the engagement of professional consultants and independent contractors that is valued at over \$50,000 (GST exclusive) must follow the tender procedures and have a procurement plan, to ensure that Council acts in accordance with the key principles in this Policy. Direct appointment can be utilised for procurement for the engagement of professional consultants and independent contractors that is valued at under \$50,000 (GST exclusive). Where appropriate the quotation procedure, or tender procedures should be utilised.~~

~~Officers may utilise Panels to engage suitably qualified professional consultants and independent contractors as this enables a streamlined process. Further detail on Panels is documented later in this policy.~~

APPROACHING THE MARKET

Open Advertising

In general, Council aims to openly advertise contract opportunities. This may be through the Government Electronic Tenders Service (GETS) website, or via a different solution suitable

for the type of procurement and its associated cost. It should be noted that advertisement on GETS is encouraged as this is a free service for Council and suppliers.

When advertising on GETS, Government Procurement Rules 36, 37 and 38 should be followed. These can be found in the Government Procurement Rules [here](#).

Closed Tenders

In some cases, the type of service, goods or works to be procured may mean that an open call for tender or proposal is not practicable or cost-effective or may not produce the best procurement outcome. In these cases, a closed tender may be the preferred procurement method. [In order to To](#) minimise the risk that a better source of supply may be missed, officers will document the reason for pursuing a closed tender such that the following conditions are satisfied:

- Appropriate market research has identified that the goods or services are only available from a few suppliers;
- The [public entity procuring officer](#) can demonstrate that it is not practical or cost-effective to conduct an open tender or proposal; or
- There is genuine limited time for the procurement process, and it is not limited because a contract is due to expire without having been properly managed in good time.

These details can be documented in a [Non-standard Standard Procurement Report Plan](#). Once documented, the reason should be supplied to a one-up approver independent of the procurement activity – this could be the procuring officer's direct manager if they have had no prior involvement in the procurement. Approval must be documented and saved for audit trail purposes.

Multi-stage tenders

~~A multi-stage tender is an appropriate procurement method where Council wishes to limit the number of tenders or proposals or is unsure about the size of the market.~~

~~When deciding whether to use a multi-stage open tender or proposal process, the following must be considered:~~

- ~~• the value and risk associated with the procurement;~~
- ~~• the degree to which the entity is able to specify the requirement;~~
- ~~• the number of available suppliers and current market conditions;~~
- ~~• whether the entity is looking for innovative solutions; and~~
- ~~• the cost and resources required of both the entity and the potential suppliers.~~

Sufficient Time

~~Council must allow sufficient time for suppliers to respond to requests for quotes, tenders or proposals.~~

~~Officers must take into account:~~

- ~~• The nature and complexity of the procurement~~
- ~~• The type of information and level of detail suppliers need to provide~~
- ~~• The level of risk~~
- ~~• The nature of the goods, services or works~~

- ~~• The extent of any subcontracting~~
- ~~• The time it takes for domestic and foreign suppliers to submit tenders~~

~~No supplier can be given more or less time than any other supplier. Council may accept a late response if the delay was solely Council's fault.~~

~~Suggested timescales can be found in procedural documentation linked in the Related Documents section of this policy.~~

Supplier Panels

In order to achieve best value for ratepayers, Council may employ the use of Supplier Panels for the procurement of goods, services or works. Panel procurement can be completed up to \$200,000 exc. GST, per transaction with anything over \$200,000 requiring the use of the Tender Procedures.

When establishing a panel, each department must follow the Supplier Panel Procedures, ensuring the following steps are taken: :

- Open advertisement of the opportunity, including required detail as listed in the Supplier Panel Procedures;
- Upfront definition of evaluation method and ideal number of suppliers on the panel;
- Effective, informed evaluation of suppliers before appointment to the panel;
- Agreement of panel approach to secondary procurement; and
- Nomination of a panel manager to monitor performance and distribution of work.

Supplier Panel Procedures are linked in the Related Documents section of this policy.

~~Supplier Panels must not be utilised for procurements that are financially assisted by Waka Kotahi New Zealand Transport Agency.~~

Contact with potential suppliers during procurement

Informal communication between evaluation personnel and potential suppliers could prejudice the integrity of the evaluation. Officers must ensure that all communications take place on a formal basis.

~~Confirmation from suppliers that they have not canvassed any member, director, employee, or adviser of the entity in connection with the proposed award of the contract, and that they will not do so during the tender process can be covered off with an 'Appropriate Contact Agreement' which can be included with tender documentation for suppliers to return. This is linked in the Templates & Tools section of this policy. Specific provisions would allow Council to disregard any tender from a supplier who is found to have attempted to influence the process outcome in such a way.~~

Particular care should be exercised with regard to contact with any current supplier when they will be tendering for a future contract.

EVALUATION AND CONTRACT AWARD

Evaluation team

For all procurements following the tender procedures, an ~~e~~Evaluation ~~T~~Team will be established. The procuring department or officer will ensure the composition of the

evaluation team is determined at the planning stage of the procurement. The panel will comprise suitably qualified personnel to undertake the procurement activity. The size and membership of the evaluation team will depend on the value, complexity, and risk of the procurement.

An evaluation team member may hold multiple positions where appropriate i.e., they may hold the position of a person with commercial expertise and a person with technical expertise.

For all Waka Kotahi New Zealand Transport Agency (NZTA) funded procurements, one person within the tender evaluation team must hold the NZ Certificate in Infrastructure Procurement Procedures (Level 6).

Spend Level	Team Constitution
>\$200,000 - <\$500,000	<p>- Suitably qualified personnel (based on value, complexity and risk of the procurement), including where possible <u>or appropriate</u>:</p> <ul style="list-style-type: none"> • an officer with procurement knowledge, who ensures that the evaluation process is managed in a fair, robust, and defensible manner, and who understands the rules of the evaluation and ensures that they are followed; • a person with commercial or financial expertise; • a person with appropriate technical expertise; and • <u>aA chairperson (who should be appointed from within the team this chairperson can be a voting or non-voting member of the team).</u>
>\$500,000 - <\$1,000,000	<p>- Suitably qualified personnel (based on value, complexity and risk of the procurement), including where possible <u>or appropriate</u>:</p> <ul style="list-style-type: none"> • an officer with procurement knowledge, who ensures that the evaluation process is managed in a fair, robust, and defensible manner, and who understands the rules of the evaluation and ensures that they are followed; • a person with commercial or financial expertise; • a person with appropriate technical expertise; and • <u>aA chairperson (who should be appointed from within the team this chairperson can be a voting or non-voting member of the team).</u> <p>- Member from a department other than the procuring department.</p>
>\$1,000,000	<p>- Suitably qualified personnel (based on value, complexity and risk of the procurement), including where possible <u>or appropriate</u>:</p> <ul style="list-style-type: none"> • an officer with procurement knowledge, who ensures that the evaluation process is managed in a fair, robust, and defensible manner, and who understands the rules of the evaluation and ensures that they are followed; • a person with commercial or financial expertise; • a person with appropriate technical expertise; and • <u>aA chairperson (who should be appointed from within the team this chairperson can be a voting or non-voting member of the team).</u>

- | | |
|--|--|
| | <ul style="list-style-type: none">- Representative from the Finance and Corporate Development group <u>where value could be added by such expertise.</u>- Consideration to including a member from an external business entity where that entity is believed to provide expertise, diversity and/or insight that would benefit the procurement activity and increase value. |
|--|--|

Where a procurement has a value over \$1,000,000 and is high profile or high risk, engagement of a probity auditor must be considered. The role of probity auditor can be undertaken by a suitably qualified individual within the organisation, or an external party.

The details of the evaluation team should be included in the Procurement Plan.

Treatment and Evaluation of Responses

Council must guarantee that all suppliers' responses are treated fairly. This includes receiving, opening and evaluating responses.

The procuring ~~d~~Department will identify and document the evaluation model during the procurement planning. The Procurement ~~p~~Plan will document the reason why it chose that evaluation model.

The evaluation model will be set out in the procurement documents so that suppliers know how the tender or proposal will be evaluated. The evaluation criteria will be detailed enough to enable the assessment of the relative strengths and weaknesses of each respondent.

When selecting an evaluation model, officers should consider a model that is appropriate to the specific needs of the procurement activity. The following evaluation models are for consideration:

- The lowest-price conforming model
- The weighted-attribute model
- Price Quality Method (PQM)
- The target-price model
- The Brooks' Law model

Details of these models can be found in procedural documentation.

To be considered for an award of contract, a supplier must submit a response in writing, either electronically or paper-based.

Responses received after the deadline ~~will not be considered unless the delay is solely Council's fault.~~ may be considered in the event contact is made by the tenderer to agree an extension prior to the deadline, or where the delay is Council's fault. Where a late submission is accepted, this must be documented along with rationale for acceptance. Where a late submission is not accepted, this must be documented along with rationale for non-acceptance.

Where total spend does not exceed \$50,000 and variance between bids is $\leq 5\%$, preference will be given to local suppliers where it has been made clear in the request for quotes that we will reserve the right not to choose the cheapest quote.

Due Diligence

Council requires due diligence checks of the preferred participants for all high value, high risk, or complex procurements to ensure that the participant has the capacity and stability to fulfil all the requirements of the contract. Due diligence activity should ensure that the supplier meets all the necessary legal and regulatory requirements where these apply.

The need for due diligence will be documented in the tender or proposal documents to ensure tenderers are aware of the process and potential timing.

Post-evaluation Negotiations

Council supports post-evaluation negotiation as an effective tool to manage risk and seek to achieve cost reductions without compromising on quality. From Council’s perspective, the primary objective of the negotiations should be to:

- test the understandings and underlying assumptions that have influenced a participant in preparing the costs;
- **clarify and negotiate tags;** and
- achieve a reduction in costs, where appropriate.

Council will negotiate first with the highest ranked participant. If the outcome is unsatisfactory, Council will then negotiate with the next highest ranked participant, and so on down the list until a satisfactory outcome is achieved.

Concurrent negotiations may be required in limited circumstances. Concurrent negotiations must be approached with care to ensure that they remain fair.

The final outcome of the negotiations should be recorded in writing and included in the contract.

Variation Between Estimated Price and Received Bids

Council will allow a certain level of variance between initial cost estimates and received bids or quotes. A variance of <=15% (exc. GST) can proceed without further approval.

Where price is the only deciding factor outside pre-conditions, once all bids have been received, they should be immediately opened and reviewed against the estimate. Where all quoted prices exceed the estimate by >15%, approval to continue should be sought in accordance with the table below.

In the event that non-price attributes are evaluated prior to the opening of price quotations, the evaluation should proceed until a successful bidder has been decided. Where the winning bid has a variance of >15%, detail of the other bids along with evaluation criteria and scores, should be provided to the Risk & Procurement Advisor, [the](#) procuring department’s Executive Team Member, and an independent Executive Team Member for review and, where deemed appropriate, approval.

The following table shows the actions that are acceptable in each circumstance:

Variance from estimate	Action
<=15%	This level of variance is acceptable, and bids can be assessed in accordance with procurement plans.
>15%	This level of variance should be reviewed and, if found to be reasonable, a request for approval of variance should be reviewed by the Risk & Procurement Advisor, receive initial approval from the procuring department’s Executive Team

	Member, and receive final approval from an independent Executive Team Member where delegation allows. Chief Executive approval is required where financial delegation for Group Managers is exceeded.
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Suspending or cancelling a tender process

Council will reserve the right to cancel or suspend a tender where appropriate. Generally, this will be as a result of an emergency situation, where bids materially exceed budget, or where the business case for the procurement is no longer valid i.e. the procurement is no longer of any value. Council will advise tenderers upon their participation in the tender of Council's rights to cancel or suspend a tender. Where a procurement activity will be cancelled, Council will communicate equally with all tenderers advising of the termination.

Where a tender is suspended, Council will communicate with each tenderer advising of the suspension duration and for the need to maintain the procurement terms and agreements.

Awarding the Contract

The Chair of the Evaluation Team or an alternatealternative officer of the team will document the procurement outcome and make a recommendation on the preferred tenderer. For tenders, this will be in the form of a tender evaluation summary report and should contain details of all relevant activity through the process. The recommendation to award the contract will be communicated to an officer with appropriate delegation to authorise the award of the contract. The recommendation of the preferred participant should reflect the outcome of the evaluation process. The recommendation should include enough information to allow the approving authority to understand the evaluation process and the rationale for the recommendation.

The approving authority shall be a one-up approval and within the approver's delegated authority. All contracts with a value of over \$1.5m must be approved by Council, unless a resolution to delegate this authority to the Chief Executive has been passed.

If the approving authority rejects the recommendation, they should:

- Clearly document the reason for not accepting the recommendation; and
- Ensure that the reason is legitimate (this would usually be the result of an unforeseen event that was not identifiable earlier in the process).

In the event that the approving authority has concerns or identifies issues in relation to the probity of the process, the matter will be referred to the Finance and Corporate Development Group Manager in the first instance and, where appropriate, to the Chief Executive for advice and action.

The successful participant will be formally notified of their initial success. Negotiations and discussions about any tags within the tender procedure will take place, and once all parties are comfortable, the contract will be signed.

Officers will lodge the executed contract within Council's contract register to ensure Council remains aware of the contract's expiry date so that it can plan for future provision well before that date.

Notifying and debriefing unsuccessful participants

Unsuccessful participants are to be notified of the outcome and offered a debriefing. Care should be taken during the debriefing process not to disclose commercially sensitive information that relates to other tenders or proposals.

Participants should be notified via email of the result of the process. A template for notification can be found in the Template and Tools section of this policy. Where appropriate, initial notification can take place over the phone and be followed by written notification. All submitters must be informed of the result on the same day.

Debriefing will be delegated only to staff who have the necessary experience and sensitivity to carry it out constructively/successfully. The debriefing should include a balanced view of the strengths and weaknesses of the tender or proposal against the evaluation criteria and how the participant can improve, rather than being just a comparison of the participant's strengths or weaknesses relative to the other participants.

POST-AWARD ACTIVITIES

Contractual Considerations

Officers should be aware of, and able to comply with, the relevant law concerning the formation and performance of contracts.

Contracts

Council's own contracts have preference over supplier proffered contract documents. Contracts should be written in a practical, simple and readily understood manner consistent with a realistic assessment of the likelihood of a conflict arising. It is expected that employees involved with contracts will have experience in formulating contracts or have the required level of competency.

Legal advice should always be sought where contracts are negotiated or non-standard or the circumstances are unusual, or the risks associated with the relationship are high.

Standard contract templates are linked in the Templates & Tools section of this policy.

Contracts must be logged on the Council Contracts Register.

Contract Variations

Contract variations can be considered. If material (i.e., over 20% of initial contract), consider a new tender or, where best value can be gained through contract variation, refer to the Risk & Procurement Advisor, and seek approval from your Executive Team Member, followed by final approval from an independent Executive Team Member. This approach must follow the non-standard procurement process.

Consider the additional spend and whether this materially changes the requirements or specification. Achievement of 'best value' should be considered in these scenarios and detailed reasoning for decisions made should be documented and saved with relevant project/procurement information.

For a contract variation of $\leq 20\%$, approval can be provided by a one-up manager with appropriate financial delegation for the full spend level (original contract + x%). Where a contract is worth $> \$1.5m$ and must therefore be awarded by Council, officers should consider requesting a delegation for variations is awarded to the Chief Executive. This

approved delegation would allow variations of $\leq 20\%$ to be reviewed and approved by the Chief Executive in order to allow for efficiency in processing variations on high-value contracts.

For a variation of $>20\%$, approval must be sought from the relevant Executive Team Member and an independent Executive Team Member, following referral to the Risk & Procurement Advisor. In all cases, detailed reasoning and consideration of other approaches must be documented in the approval request. All requests and responses must be saved for audit trail purposes.

Consider risks, such as reputational damage, prior to making a final decision. Approval can only be granted if within the approver's financial delegation.

Contract Management

Completion of procurement activity will be followed-up by robust contract management. The department responsible for the procurement is expected to ensure terms of the contract are adhered to during the contract by regularly monitoring that the goods or services are delivered:

- on time;
- at the agreed cost; and
- to the required quality.

The department responsible for the procurement will maintain records in Council's document management system of the monitoring and contract management that they have carried out.

Completion and contract review

Where appropriate a formal contract completion process (including debrief) will be undertaken when the contract expires or ends.

Prior to renewing the contract via an appropriate procurement activity, Council staff will review the contract and past performance to assess how well the objectives have been achieved and determine where it can make any improvements.

Retentions and Bonds

Where a contract includes retentions, bonds in lieu of retentions, or performance bonds, care must be taken to ensure the correct process is followed.

Finance must be notified of any retentions being held, and the retentions process must be followed.

Where bonds have been requested, evidence of the bonds in place must be provided by the supplier. Council does not require a physical copy of the bond to be provided.

NON-STANDARD PROCUREMENT OPTIONS CONSIDERATIONS

Aggregated or Joint Procurement Initiatives

Council participates or may participate in a range of shared services or joint procurement activities. When considering these joint initiatives, Council should carefully consider the effects that joint procurement activity could have on the market to ensure that they do not create a monopoly or oligopoly situation.

Negotiated Supply Arrangements

There may be instances where it can be shown that the best outcome for Council, without compromising obligations as to fairness and avoiding monopolies, can be achieved through the negotiation of a longer-term supply agreement. This could include such things as "Alliancing", "Public Private Partnerships" or simply a negotiated contract for a particular (or range of) product or service.

In the event that approval is granted in accordance with spend level and financial delegations, a carefully defined negotiation strategy should be documented along with appropriate decision structures, objectives and "exit strategies".

Where [New Zealand Transport Agency \(NZTA\)](#) Waka Kotahi co-investment forms part of the project, prior approval from [NZTA](#) Waka Kotahi would be required.

All of Government (AOG) Contracts

Where an AOG contract is in place, due consideration should be given to whether we should utilise these arrangements. Where this is beneficial, a direct source approach will be used. The following steps should be taken when procuring goods, works, or services via AOGs:

Spend Level (exc. GST)	Action
<=\$200,000	Obtain one-up approval in line with financial delegation.
>\$200,000	Obtain approval from the procuring department's Group Manager, within delegation. Where delegation is exceeded, approval can be sought from the Chief Executive or Governance Team, however, other options such as conducting a tender process, must be considered and detailed in the approval request.

COMPLIANCE

Organisational Compliance and Monitoring

The Risk & Procurement Advisor is responsible for monitoring compliance with this Policy and managing the exemption process.

The implementation of, and compliance with, this Policy and the supporting procedures will be audited as part of Council's internal audit cycle.

Legal Compliance

Legal risks may exist in relation to procurement by Council, and officers should consider seeking legal advice, when necessary, to assess and manage these (and any other) risks.

Officers should seek timely legal advice for any new or unusual contractual relationships – such as those contemplated in negotiated supply arrangements. Compliance with legislation is mandatory in all procurement activity.

Council's governing legislation, particularly the Local Government Act 2002, include obligations to consult with the community or key stakeholders, on significant issues.

If a tender or other procurement process may result in significant changes to the content or level of services being delivered to the community by Council (e.g., Library Services), Council may need to consider the relationship between the procurement process and community consultation obligations.

Insurance Considerations

Assessing the nature of the work or services being procured helps determine the risk exposure to Council and the type and level of insurance cover that may be required by various parties. As there can be many exposures that exist and these are not always obvious, Council as a general principle operates within guidelines recommended by its insurance brokers particularly in relation to public liability, professional indemnity and contract works cover.

Commercially Sensitive Information

Council should take particular care in its handling of commercially sensitive information.

Confidentiality is a common characteristic of any competitive procurement process. However, Council may face particular risks in its handling of confidential information when it procures goods or services in a statutory context.

Intellectual Property and Copyright

Officers should consider the risks associated with the development of intellectual property in the course of procurement. They should consider the value of any intellectual property ownership, and whether it would be more cost effective to leave ownership with a supplier in return for a lower priced contract.

In any case, Council should:

- identify all intellectual property likely to be developed or created in the course of a procurement, and any background intellectual property;
- seek legal advice on how to secure its continuing right to use intellectual property as required – including in the event that a contract is placed with a different supplier in future; and
- be clear about the difference between what is intellectual property and what is said commercially in confidence.

Liability

When contracting for goods or services, a supplier may try to limit its liability under the contract; for example, it is not uncommon for suppliers to propose limiting liability to an amount that is a multiple of the value of the contract value or fee.

Limiting a supplier's liability within a contract has the effect of exposing Council to liability above the limit within the contract. This may have both direct and indirect costs to Council. The contract needs to be very clear about:

- the scope and limit of the liability;

- the events that might cause liability to be incurred; and
- the number of those events to be covered.

In circumstances where there is a limit on a supplier's liability, associated costs to Council should be taken into account when considering that supplier's goods or services. Without a limit being defined in the contract, the supplier's liability will be determined by the general law.

Officers should be aware of any "hold harmless"/indemnity or "waivers of subrogation" clauses that may be contained in any response or amended within the Indemnity and Insurance sections of contracts or agreements.

Generally, these are detrimental to Council and have the potential to adversely affect Council's insurance programme and or legal rights. Any such waivers or hold harmless provisions should be referred to the Finance and Corporate Development Group Manager who will determine if legal advice is required.

Accuracy and use of information

Council requires its staff to:

- respect the confidentiality of information received in the course of their work;
- not use this information for personal gain;
- always communicate information accurately, impartially, and in a manner not designed to mislead; and
- respect the sensitivity of information provided by potential suppliers during the procurement process. Officers must not use confidential information in a way which may influence other potential suppliers.

Technical Compliance

The objective of the technical compliance is to ensure conformance with any technical requirements. For example; IT Governance, IT Security Architecture, Playground Standards or streetscape design documents. It is the responsibility of the business area (procuring the goods/services) to ensure:

- a) Technical requirements are understood and documented appropriately, and that technical approval has been obtained prior to purchase if required;
- b) Where the purchase involves change to business practices the Business Change and Transformation Policy is implemented; and
- c) Where the purchase includes information technology, be it hardware or software, regardless of price, the IT Governance policy, Software Purchase and Change Policy and Device and Equipment Purchase and BYOD Policy must be implemented.

Record keeping

Officers will keep adequate records of key procurement decisions. Good record keeping is a key component that supports accountability and ongoing transparency.

The complexity of the procurement will determine the nature and amount of documentation which is desirable, along with the obligation in the Public Records Act 2005 to maintain full and accurate records in accordance with normal prudent business practice.

In particular, Council should keep sufficient records to show that due process was followed, with officers having due consideration to each offer, and having observed the overall principle of equity and fairness; responded to queries from unsuccessful suppliers; recorded

the outcome of meetings or correspondence during the procurement process; provided evidence for audit purposes; and planned any subsequent re-tendering.

FURTHER INFORMATION

Glossary

Item	Definition
Procurement	Business processes associated with purchasing, spanning the whole cycle from the identification of needs to the end of a service contract or the end of the useful life and subsequent disposal of an asset.
Total Contract Value	Total value of the contract, including any contingency, stated in NZD.
Value for Money	Using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve.
OAG	Office of the Auditor-General
ICT	Information and Communication Technology
Public-private partnership	An arrangement between a public sector entity or entities (including Council) and a private sector entity or entities for the purpose of jointly or cooperatively undertaking a project for mutual benefit.
Local supplier	A ratepayer of the Waitaki District Council and/or an organisation that employs Waitaki District residents.
Broader Outcomes	The secondary benefits that are generated from the procurement activity. They can be environmental, social, economic, or cultural benefits.
GETS	Government Electronic Tenders Service – a free tendering portal for government procurement.
Hold harmless or indemnity clause	A hold harmless agreement protects business owners from being sued when someone suffers damage, bodily injury, or financial loss on business property or while a service is being provided. If a supplier inserted such a clause into a contract, we would have no legal recourse in the event of any of these incidents occurring.
Waivers of subrogation	A waiver of subrogation prevents an insurer from seeking recovery from a third party for damages paid. In other words, if subrogation is waived, the insurance company cannot "step into the client's shoes" once a claim has been settled and sue the other party to recoup their losses. Thus, if subrogation is waived, the insurer is exposed to greater risk.
<u>Professional Services</u>	<u>A service requiring specialised knowledge and skill often requiring a license, certification, or registration. Examples include lawyers, accountants, consultants, IT specialists, or quantity surveyors.</u>

Related Documents

This policy is linked to a number of internal documents, which should be read and understood. The related procedure documents represent the minimum standard for

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procurement activity and should be followed as required. Related documents are listed below:

- [Quotation Procedure](#)
- [Level 1 Tender Procedure \(>\\$200,000 - <=\\$500,000\)](#)
- [Level 2 Tender Procedure \(>\\$500,000 - <=\\$1,000,000\)](#)
- [Level 3 Tender Procedure \(>\\$1,000,000\)](#)
- [Supplier Panels Procedure](#)
- [Financial Delegations Register](#)
- [WDC Financially Assisted Roading Procurement Strategy](#)

Templates & Tools

Templates have been defined and should be referred to as a minimum standard. Procuring officers are permitted to use different templates where procurement activity requires a more unique approach, however, the detail in templates below should always be included.

All templates and tools can be found at: [Policy, Strategy and Plans - Procurement - All Documents \(sharepoint.com\)](#)

Additional templates can be found at [procurement.govt.nz](#)

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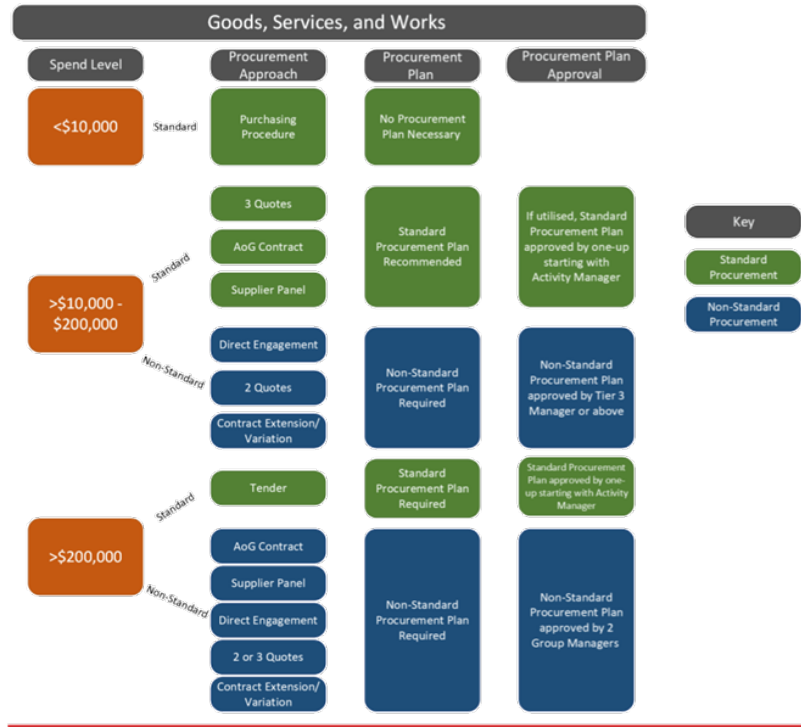
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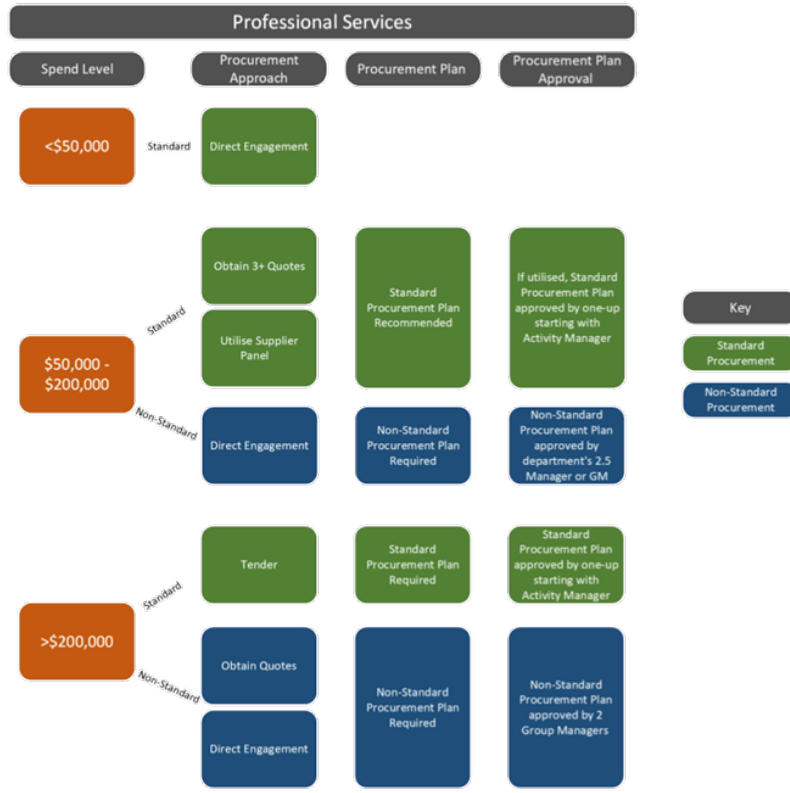
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APPENDIX A

Procurement Approval Diagrams





5 MEMORANDUM REPORTS

5.1 PROCUREMENT UPDATE

Author: Amelia Lines, Risk and Procurement Advisor

Authoriser: Paul Hope, Finance and Corporate Development Group Manager

Attachments: 1. **Contracts Awarded December 2023, January 2024, and February 2024**

RECOMMENDATION

That the Performance, Audit and Risk Committee receives and notes the information.

PURPOSE

This report provides an update on procurement activity throughout the last quarter (December 2023, and January and February 2024).

PROCUREMENT OVERVIEW

Over the last quarter, Council entered into 30 contracts with a value of over \$10,000 for the provision of goods, services, and works.

The table below shows the breakdown of all contracts with a value of over \$10,000 entered throughout the last quarter (December 2023, and January and February 2024).

Department	Procurement within the quarter (December 2023, and January and February 2024)			
	Number of contracts awarded	Value of contracts awarded	Standard Procurement	Non-standard Procurement
Property	2	\$29,572.61	2	0
Roading	6	\$177,793.57	2	4
Waters	7	\$233,674.43	4	3
Parks and Recreation	7	\$148,601.28	4	3
Transformation	1	\$12,800.00	1	0
Regulatory	1	\$13,372.16	1	0
Solid Waste	2	\$32,771.37	2	0
Economic Development	1	\$17,695.05	0	1
Building Control	1	\$11,195.25	1	0
Information Services	1	\$21,570.25	1	0
Opera House	1	\$15,000.00	0	1
Totals	30	\$714,045.97	18	12

Of the 30 contracts awarded, 13 related to professional services and 17 related to goods or works. Further details can be found in Attachment 1.

All non-standard procurements require additional approval as per the Procurement Policy.

ONGOING PROCUREMENT ACTIVITY

Over the last several months, work has been ongoing to review and revise how Council procures office supplies. Consideration was given to joining the All of Government (AoG) contract for office supplies. However, following a proposal from Brackens Office Products Depot (Brackens), the decision was made to remain utilising Brackens as our office supplies provider. Part of the proposal from Brackens included a new way of ordering and receiving office products to ensure we are acting in the most efficient and cost-effective manner. The changes to process are underway and should be fully functional by the end of the next quarter. In addition to efficiencies in the ordering and delivering of office supplies, Brackens provided a revised pricing list for our most purchased products, ensuring that savings are tailored to Council's needs. Whilst the AoG pricing offered a minor saving in comparison to the revised pricing from Brackens, the additional benefits of retaining a strong local relationship with flexibility and the ability to adapt processes to ensure the best fit for Council, outweighed the minor savings available.

Consideration was also given to joining the AoG contract for external legal services. This contract offers a saving on hourly rates for legal services and will lead to process improvements for engaging such providers. The Executive Leadership Team decided Council should join this contract. Progress has been made to complete the joining process.

The Council contracts register has become widely used over the last quarter, with the requirement for all new contracts with a value of over \$10,000 to be logged.

PROCUREMENT POLICY REVIEW

The Procurement Policy has been reviewed and updated. Feedback was requested from stakeholders across the organisation and incorporated into the revised policy. The revised policy has been submitted to the Performance, Audit, and Risk Committee under separate cover at this meeting, for a recommendation to Council.

PROCUREMENT COMMUNITY OF PRACTICE

In January, the first Procurement Community of Practice meeting was held. This meeting brings together individuals from across the organisation who are involved in procurement to share knowledge and encourage collaboration. These meetings will continue to be held quarterly.

CONCLUSION AND NEXT STEPS

Quarterly reporting will continue to be produced and provided to the Performance, Audit, and Risk Committee meetings. Following approval and adoption of the revised Procurement Policy, work will be undertaken to roll out the changes across the organisation.

Goods and Works

Procurement Update
Attachment 1

Group	Department	Supplier	Procurement Description	Month	Total Value	Procurement Approach
Assets Group	Roading	Clements Electrical Ltd	Install Christmas decorations in townships and remove.	Feb-24	\$22,937.90	Non-Standard
People and Culture Group	Oamaru Opera House	Bruce Noel Albiston	Purchase of Fixed Assets - Bechstein Piano	Feb-24	\$15,000.00	Non-Standard
Assets Group	Waters	Paul Mathias Civil Drainage Ltd	To replace water main which run across two private properties , replace it and relocate it onto the road reserve . Supply two new manifolds at property boundaries.	Feb-24	\$19,925.49	Non-Standard
Assets Group	Parks and Recreation	Waitaki Refrigeration Ltd	Replacement Variable Speed drive for compressor for heat pump	Feb-24	\$16,134.50	Non-Standard
Assets Group	Parks and Recreation	William Murray Ltd	Gardens Display House - January 2024 Labour	Feb-24	\$17,438.60	Non-Standard
Assets Group	Waters	KSouth	Landscaping services for Omarama WTP.	Jan-24	\$28,508.50	Non-Standard
Assets Group	Roading	J Reid Contracting	Horse Range Road Bridge maintenance: Using our ORC consent to remove vegetation and debris from around the bridge piers, use alluvium build up to fill in deep scour holes, supply and place rock to protect piers-remove(cut) old wooden bridge piers down to water level to reduce future snag traps. Notification sent to DOC, Fish and Game, Moeraki Runanga and ORC. Advice received from F&G. Time and materials.	Jan-24	\$41,204.50	Non-Standard
Assets Group	Waters	Aeris Global Ltd	1x Generation aerator for Pond 3 Oamaru Wastewater Treatment Plant. This is already installed onsite (as it was being trialled) and will be upgraded to Generation 2 at no cost.	Jan-24	\$107,951.65	Non-Standard
Assets Group	Roading	J Reid Contracting	To remove alluvium build up from under Awakino Bridge deposited by flood events and to construct and place rock protection to the bridge piers on Earthquake bridge which were severely undermined.	Jan-24	\$29,139.17	Non-Standard
CEO	Economic Development	The Vibrant Group Ltd	Staging and event lighting - NYE event	Jan-24	\$17,695.05	Non-Standard
Assets Group	Parks and Recreation	Awamoa Sanitation Ltd	Campground portaloos 2023-24	Jan-24	\$15,300.00	Non-Standard
Assets Group	Waters	Parklink Ltd	Diffused bubbler to aerate the raw water reservoir pond at Stoneburn	Jan-24	\$25,553.49	Non-Standard
Assets Group	Property	Banks Building Services Ltd	The Forge - 62604 - Project - engaged to replace bottom plates on the interior and 200x25 exterior board and battens	Dec-23	\$15,830.11	Standard
Assets Group	Parks and Recreation	Paul Smith Earthmoving 2002 Ltd	Otematata Fencing renewal - Ahuriri reserves Improvements	Dec-23	\$23,000.00	Standard
Assets Group	Parks and Recreation	Paul Smith Earthmoving 2002 Ltd	Otematata Fencing Renewals - Renewals budget	Dec-23	\$27,780.55	Standard
Assets Group	Parks and Recreation	Recreation Construction (2021) Ltd	Rakis Tunnel drainage work	Dec-23	\$32,959.42	Standard
Assets Group	Roading	Graymont Makaraero Lime Works	To supply Lime aggregate for unsealed road renewals in Macraes area-product only.	Dec-23	\$42,227.64	Non-Standard
Total					\$498,586.57	

Professional Services

Procurement Update
Attachment 1

Group	Department	Supplier	Procurement Description	Month	Total Value	Procurement Approach
Assets Group	Waters	Fluent Infrastructure Solutions Ltd	To carry out Phase One - Oamaru Water Treatment Plant Capacity Improvements I&O report	Feb-24	\$22,468.13	Standard
Heritage, Environment and Regulatory Group	Building Control	Tonkin & Taylor	Geotechnical review for 158 Haven St and 171 Shag Point	Feb-24	\$11,195.25	Standard
Information Services	Systems/IT	Waugh Infrastructure Management Ltd	Professional services to support the upgrade of IP S/Hansen application to version 2023.04; and trans fer of IPS/Hansen to the new server.	Feb-24	\$21,570.25	Standard
Heritage, Environment and Regulatory Group	Solid Waste	LizardExpertNZ	Project Reclaim Hampden Lizard Management Plan	Jan-24	\$13,800.00	Standard
Heritage, Environment and Regulatory Group	Solid Waste	LizardExpertNZ	Project Reclaim Translocation of skinks from Hampden Closed Landfill	Jan-24	\$18,971.37	Standard
Assets Group	Roading	Washingtons Exploration Ltd	Contract 950: Exploration drilling works Haven Street Closure Works	Jan-24	\$26,943.36	Standard
CEO	Transformation	Louise Buchanan	Snapshot on Transformation Readiness Assessment	Dec-23	\$12,800.00	Standard
Assets Group	Parks and Recreation	Survey Waitaki Ltd	Farmers market and carpark survey and soil tests.	Dec-23	\$15,988.21	Standard
Assets Group	Roading	WSP New Zealand Ltd (OPUS)	WSP technical support for pavement rehabilitation	Dec-23	\$15,341.00	Standard
Assets Group	Waters	Tonkin & Taylor	Ardgowan Dam Potential Impact Classification	Dec-23	\$12,514.88	Standard
Heritage, Environment and Regulatory Group	Health Admin and Inspection	Anderson Lloyd Lawyers	Contracted legal services for RMA enforcement	Dec-23	\$13,372.16	Standard
Assets Group	Waters	Fluent Infrastructure Solutions Ltd	Professional consultant services for the South Hill reservoir project.	Dec-23	\$16,752.29	Standard
Assets Group	Property	Speight Drilling Ltd	Geotechnical investigations to determine extent of voids and concrete remediation required.	Dec-23	\$13,742.50	Standard
Total					\$215,459.40	

5.2 RISK MANAGEMENT UPDATE

Author:	Amelia Lines, Risk and Procurement Advisor
Authoriser:	Paul Hope, Finance and Corporate Development Group Manager
Attachments:	1. Risk Management Overview 2. Key Risk Register March 2024 3. New and Changed Key Risks March 2024

RECOMMENDATION

That the Performance, Audit and Risk Committee receives and notes the information.

PURPOSE

This memorandum provides an update on the Key Risk Register and Operational Risks that have been accepted as out of appetite.

SUMMARY

A high-level overview of the detail provided in this report can be found at Attachment 1.

The report aims to promote discussion about both the external and internal risk landscape currently being faced by Council.

KEY RISK QUARTERLY REVIEW

The Key Risk Register has been reviewed and updated by the Executive Leadership Team (ELT). This register contains the strategic, financial, and cross-departmental operational risks facing Council. As the owners of this register, ELT must review the risks on a quarterly basis, discussing and debating the current exposure. All Key Risks can be found at Attachment 2.

This quarter, a new risk has been identified and included within the register. This risk has become the joint top risk facing the organisation, with a rating of very high. The risk relates to the management of water supplies under Council responsibility that are not managed by the Council Water Services team. Due to increasing regulatory requirements, a number of water supplies that fall into this category must be upgraded by the end of 2024. There is a significant risk that these updates will not be completed on time, which could result in serious implications for Council staff and Council as a whole. The water regulator, Taumata Arowai, has been engaged in discussions with both Corriedale Water Management Limited and Council's Water Services team.

In addition to the new risk, this quarter's review identified an increase in risks rated as 'very high'. The total number of risks rated residually (with controls in place) as 'very high' is six (6).

This is an increase from five last quarter.

The six 'very high' risks are:

- Externally Managed Council Water Supplies
- Political Uncertainty
- 3 Waters Transition
- Climate Change

- Credit Risk failure by borrowing entity
- District Development.

The climate change risk remains stable, having been rated 'very high' since its addition to the reworked register 12 months ago.

This is the third consecutive quarter that both 'credit risk failure by borrowing entity' and 'district development' have been rated as 'very high'.

The joint top risk for this quarter, '3 Waters Transition', retained last quarter's rating of 'very high'. The impacts of the repeal of the Water Services Act and the new directives for the provision of water services remain unclear. This uncertainty, coupled with increased regulatory compliance requirements, have resulted in the 'very high' rating of this risk.

The Long Term Plan (LTP) risk was previously rated 'very high' and has reduced this quarter to 'high'. This is due to the Council decision to defer the LTP and complete an Annual Plan for 2024/25.

New and changed key risks can be found at Attachment 3.

OUT OF APPETITE OPERATIONAL RISKS

No new Operational Risks were accepted as out of appetite this quarter. Work is ongoing to ensure Operational Risk Registers remain fit for purpose.

OPERATIONAL RISK EVENTS

The new Operational Risk Event (ORE) process has been rolled out across the organisation. This process aims to identify issues that have occurred that may result in negative impacts upon Council, individuals, or communities. The process has increased risk awareness across all teams and has resulted in an increase in the reported OREs. None of the OREs logged have an impact that would trigger a report to this Committee.

CONCLUSION

For the third consecutive quarter, we have seen an increase in the number of Key Risks being assessed as 'very high'. This is reflective of the instability caused by a change in central government, combined with a challenging economic environment, and increasing regulatory compliance requirements for water services.

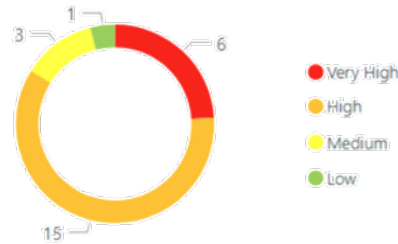
As we continue to see an increase in the number of risks within the Key Risk Register, consideration will be given to how these risks are reviewed and reported to ensure that the risks are given appropriate attention.

We will continue to monitor our risk exposure through the processes defined within the Risk Management Policy and will take appropriate action to reduce exposure where possible.

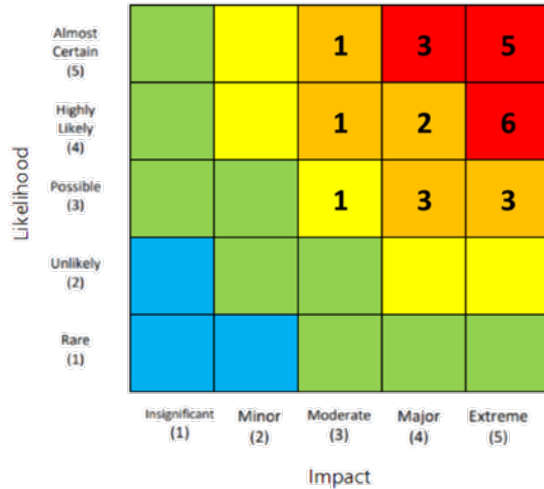
Key Risks

Total number of Key Risks
25

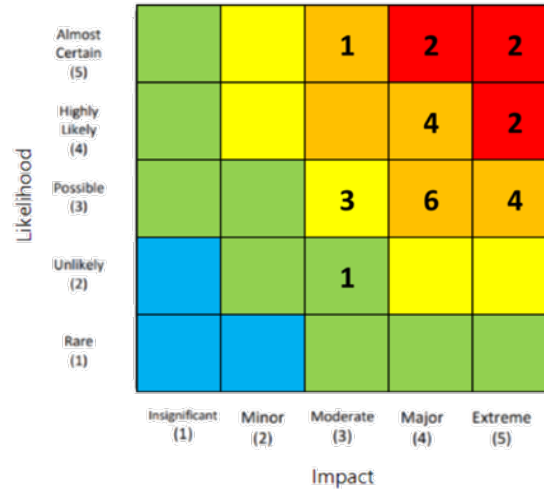
Residual Risk Scores



Inherent Risk Scores



Residual Risk Scores



Operational Risks

Total number of Operational Risks
272

Accepted Out of Appetite Operational Risks

Quarter	No. Risks Accepted
Q1 2024	0

Risks with significant reduction from inherent to residual score

Inherent to Residual Score Change	No. Risks
Very High to Very Low	0
Very High to Low	4

Impact Criteria

Impact	Score	Financial	Health & Safety	Service Delivery	Legislative	Reputational
Extreme	5	Capex overspend of >50% of approved budget Unanticipated costs or losses of >\$1.5 million	H&S incident resulting in one or more fatalities. Long term severe health effects, including life-changing injuries, for an individual. Site shut down, investigation, and notification to Worksafe.	Key services not available to the majority of community for over a week. Severe service degradation ongoing for over a month. Critical assets are destroyed or rendered unusable for several months.	Breaches result in severe penalties for officers of Council. Compliance failures result in severe restrictions placed upon two or more areas of core Council business.	National adverse political or media comment with a requirement for public apology or defence. Consistent and long-term public outcry against policies or actions of Council. Long-term loss of confidence in Council's capabilities and standing.
Major	4	Capex overspend of >30% of approved budget Unanticipated costs or losses of \$500k - \$1.5m	H&S incident involving multiple casualties requiring hospitalisation. Long term severe health effects, including life-changing injuries, for an individual. Site shut down, investigation, and notification to Worksafe.	Key service not available to a significant portion of the community for a period of less than a week. Continued severe service degradation. Critical assets rendered unusable for several weeks and repair or replacement is difficult or time consuming.	Breaches result in legal action being taken against officers of Council. Compliance failures result in substantial restrictions placed on one core Council activity.	Very brief national adverse political or media comment. Regional adverse political or media comment for more than one week. Prolonged public dissatisfaction with the policies or actions of Council. Loss of confidence in Council's capabilities and standing, lasting for several months.
Moderate	3	Capex overspend of >20% of approved budget Unanticipated costs or losses of \$100k - \$500k	H&S incident involving multiple casualties requiring urgent medical attention. Medium term health effects for one or more people. Site shut down and investigation, possible notification to Worksafe.	Key service not available to some of the community for a period of less than a week. Continued service degradation. Multiple assets rendered unusable for at least a week and repair or replacement is difficult or time consuming.	Breaches require significant attention or corrective action. Compliance failures result in restrictions placed upon limited areas of core Council business.	Regional adverse political or media comment. Public dissatisfaction with Council's policies or actions lasting from days to weeks.
Minor	2	Capex overspend of >5% of approved budget. Unanticipated costs or losses of \$30k to \$100k	H&S incident requiring first aider attention resulting in short term, minor negative health impacts. Site investigation required.	Short-term reduced service delivery that does not compromise community outcomes. Small number of assets unusable for a short time period (less than a week), during which they are fixed or replaced easily.	Breach or compliance failure that requires minor remedial action. No restrictions placed on activities.	Very brief regional adverse political or media coverage. Limited dissatisfaction
Insignificant	1	Opex or Capex overspend of less than \$30k	H&S incident resulting in momentary or limited health impact. No assistance required.	Service delivery delays, with no negative impact on the community. Assets remain in use, but with superficial damage.	Compliance failure that does not result in a breach, with no disruption to performance of duties.	Negative personal views about Council publicly shared with negligible impact on Council's reputation. Public confidence in Council is unaffected.

Likelihood Criteria

Likelihood	Score	Description
Almost Certain	5	Is expected to occur and is almost inevitable (occurs once or more in the next 12 months)
Likely	4	Is expected to occur in some circumstances. Not surprised if it happens (occurs in the next 1-3 years)
Possible	3	Might occur in some circumstances (occurs in the next 4 - 10 years)
Unlikely	2	Could occur in some circumstances, but would be surprised if it happens (occurs in the next 11-20 years)
Rare	1	Unlikely to occur, but may in exceptional circumstances. It would be highly unexpected (does not occur in the next 20 years)

Key Risk March 2024

Risk Management Update
Attachment 2

Risk Description	Risk Type	Owner	Inherent		Controls	Future Controls	Risk Rating Dec	March Risk Rating			Change from December	
			I	L				Residual Impact	Residual Risk Score	Risk Rating March		
Risk that water supplies falling under Council responsibility but outside Council management do not meet required levels of compliance by the regulator's deadline, which may be due to lack of resource, skilled personnel, or planning. This could result in an inability to ensure water safety, legislative breach, Taumata Arowai enforcement action, potential financial loss via fines, and reputational damage.	Operational Risk	Alex Parmley	5	5		<ul style="list-style-type: none"> - Formalised agreement with external water supply management body, adopted by Governance Team and including key targets, such as meeting the Taumata Arowai expectations. - Regular governance oversight meetings to be established - Independent assessment of risk 		5	5	25	Very High	NEW
Risk that Council is unable to effectively manage 3 Waters Reform activity, due to changes in central government approach, lack of preparation and strategy, or poor communication with external stakeholders. This could result in less favourable outcomes for staff, ratepayers, and residents.	Strategic Risk	Paul Hope	5	5	<ul style="list-style-type: none"> - Dedicated transition resource - Actively engaged with NTU - Transformation project includes a Waters representative to establish a transition strategy - Regional response involvement (Canterbury preference stated) - If necessary, service delivery will be prioritised over transition activity - Engaging with other Councils to share information 		Very High	5	5	25	Very High	↔
Risk that Council's priorities and actions are not aligned with central government expectations or reform activity due to political uncertainty, or lack of external consideration in decision-making, resulting in inefficient use of time, resources, and funds, public dissatisfaction, and reputational damage.	Strategic Risk	Alex Parmley	4	5	<ul style="list-style-type: none"> - Central government decisions and updates are monitored and discussed as a standing agenda item at ELT meetings - When submitting Annual Plan Projects, managers must state where decisions and direction have the potential to be impacted by central government decisions and direction - Modelling of impacts of reforms - Membership of networks across regions and local government - LTP forecasting assumptions 		High	4	5	20	Very High	↑
Risk that the negative impacts of Climate Change are more severe or difficult to manage as a result of Council inaction and lack of understanding or strategy, resulting in environmental harm, an inability of Council to effectively respond to weather events or coastal erosion, loss of key income streams for the district, breach of legislation, and increased financial burden.	Strategic Risk	Roger Cook	5	4	<ul style="list-style-type: none"> - Newly created Climate Change role (this control will develop further as the role becomes more established) - Climate Change declaration agreed - Water sensitive urban design principles incorporated into District Plan - (partially implemented) Design/Placement of new infrastructure considers climate change vulnerabilities 	<ul style="list-style-type: none"> - Infrastructure considerations - Budget - Climate change Action Plan 	Very High	5	4	20	Very High	↔
Risk that a borrowing entity is unable to fulfil their payment obligations due to market volatility or poor performance, resulting in financial loss and loss of value for ratepayers.	Financial Risk	Paul Hope	5	4	<ul style="list-style-type: none"> - Monitoring of payment dates undertaken - late payments are flagged and discussed with borrowing entities - Council lending criteria in place and being adhered to - Board representation or observer status held - Any changes to or additional lending/borrowing approved by Elected Members 		Very High	5	4	20	Very High	↔
Risk that district economic and social wellbeing outcomes are not achieved due to non-adherence to defined strategies, poor planning, or ineffective relationship management, resulting in lower district wellbeing and community dissatisfaction.	Strategic Risk	Alex Parmley	4	5	<ul style="list-style-type: none"> - New ED strategy approved, for implementation through to 2033 - Community and network relationships managed through Stronger Waitaki framework 	<ul style="list-style-type: none"> - OPMF and OKR to support performance and delivery - Implementation plan for ED strategy to be developed - Increased understanding of Stronger Waitaki Framework to be utilised to support the implementation of strategy and ongoing improvement 	Very High	4	5	20	Very High	↔
Risk of serious injury or fatality incident at a Council facility, on Council land, or when attending, participating in, or undertaking a Council service due to failings relating to physical safety, lack of H&S training and awareness, or untreated hazards, resulting in reputational damage, potential fine, legislative breach, and staff dissatisfaction.	Operational Risk (People)	Paul Hope	5	4	<ul style="list-style-type: none"> - Health & Safety Hazard register maintained - H&S audits of construction sites and Council facilities undertaken on a rolling basis - Health & Safety incidents logged in Safehold and follow up action taken to resolve issues - where action has not been taken within the expected timeframe, the relevant manager is notified to ensure resolution - Health & Safety aware culture - Staff engagement and participation in H&S Committee - Restricted access and site security at facilities - Building WOFs undertaken annually 	<ul style="list-style-type: none"> - Annual programme of H&S audits - Near miss recording establishment - Further H&S training required - Traffic & Airport Management - Aeronautical study commissioned 	High(12)	4	4	16	High	↑

Key Risk March 2024

Risk Management Update
Attachment 2

Risk that a closely related entity is unable to maintain financial viability due to inflation, lack of external funding, and increasing legislative requirements, resulting in increased financial burden on Council, or the need for Council to assume ownership.	Financial Risk	Alex Parmley	5	5	- Meetings take place on a monthly basis to discuss financial position and action being taken - Reports received and reviewed 6-monthly - Letter of expectation in place - Audited accounts shared with Council annually - Underwriting letter and line of credit provided		High (12)	4	4	16	High	↑
Risk that a judgement is made against Council relating to final Code of Compliance sign off under joint and several liability, aspects of which are not covered by insurance. This could result in a significant financial loss and an increase in rates.	Operational Risk (External)	Roger Cook	5	4	- All Building Control Officers are accredited and must complete continued professional development in order to maintain accreditation - Biannual accreditation - Indemnity insurance		High	4	4	16	High	↔
Risk of loss of biodiversity or harm to the natural environment within the district, due to policies not being effectively defined or followed, or misalignment in decision making or strategy, resulting in reputational damage, community dissatisfaction, breach of the RMA, and negative impacts on stakeholder relationships.	Strategic Risk	Roger Cook	4	5	- District Plan defines requirements for natural environment and biodiversity protection - Valued environment community outcome forms part of WDC's Strategic Framework and is considered when proposing AP and LTP projects - Alignment to community outcomes is documented in decision reports - Elected Member Training on the National Policy Statement on Biodiversity - Working with ORC/ECAN to ensure alignment of policy and planning		High	4	4	16	High	↔
Risk that the long term plan is ineffective or not fit for purpose, due to conflicting and uncertain requirements and directives from central government, resulting in wasted time and resources, an inability to set rates, and the need to complete a Long Term Plan amendment	Operational Risk (Process)	Paul Hope	5	3	- PH is a member of cross-council working party to develop a consistent understanding and approach to the upcoming LTP - LTP planning has begun, to ensure appropriate lead time - Council will obtain Governance Team and community buy in to the approach that ensures the Long Term Plan meets the community's needs.		Very High	5	3	15	High	↓
Risk that Council is unable to perform its core, essential duties due to a business continuity or disaster recovery event, resulting in legislative breaches, dissatisfaction amongst ratepayers and residents, financial loss, and reputational damage.	Operational Risk (External)	Roger Cook	5	5	- Business Continuity Plan in place - Updates to Business Continuity Plans, including overall ownership of process to be defined	- BC scenario testing exercises to be undertaken	High	5	3	15	High	↔
Risk that systems are compromised by an external source (e.g., hacking, ransomware, DOS) due to a system security lapse, lack of staff awareness of phishing attacks, or failure to maintain a sufficiently secure environment, resulting in loss of data, system outage, compliance breaches, financial loss, and an inability to provide critical services.	Operational Risk (Systems)	Lisa Baillie	5	5	- Controls in place		High	5	3	15	High	↔
Risk that a critical asset or infrastructure fails or is damaged, due to a one-off incident, failure to identify ongoing deterioration, or maintenance/ oversight processes not being followed or not being fit for purpose, resulting in critical services/infrastructure being unavailable to the community, financial loss, and potential reputational damage.	Strategic Risk	Paul Hope	5	4	- Building WOFs completed annually - Roading maintenance contract in place and performance regularly monitored - Water maintenance contract in place and performance regularly monitored - Water assets managed via AMPs - Assets valued on a 3 yearly basis and insured as appropriate	- Critical Asset Management Plan to be defined	High	5	3	15	High	↔
Risk that housing availability and suitability in the district is inadequate for the growing population, resulting in loss of current residents, an inability to attract new residents to the district, business growth stagnation, and failure to achieve economic development goals.	Strategic Risk	Paul Hope	3	5	- Housing Strategy - Community Development Housing Solutions Advisor position funded through Better Off Funding (Temp 2 year) - Spatial Plan informs the District Plan, to ensure the two documents are aligned		High	3	5	15	High	↔

Key Risk March 2024

Risk Management Update
Attachment 2

Risk that data provided to customers or used to inform decision-making is incomplete or inaccurate due to digital or physical data/files not being available or identifiable, system inaccuracies, and inconsistency throughout digitised files, resulting in customer dissatisfaction, claims made against Council, reputational damage, and financial loss.	Operational Risk (Process)	Lisa Baillie	4	4	- LIM process documented in ProMapp - Information Management staff trained in LIM process - Live queries matching WDC property data with LINZ to identify data inconsistencies	- Digitisation project to be undertaken, including rectification of previously digitised files to ensure consistency in naming convention and accuracy of file location - All relevant processes documented and staff trained accordingly - Transformation supports improvements - Understanding of ownership of data	High	4	3	12	High	↔
Risk that data is inappropriately accessed or shared, due to processes not being accurately defined or followed, human error, or malicious intent, resulting in breach of legislation, increased system vulnerability, and reputational damage.	Operational Risk (Process)	Lisa Baillie	4	3	- Information Management training provided to all staff - LGOMA process documented and followed - Employment contract clauses to deter deliberate breaches of confidentiality	- Deploy an IRM policy to cover Office 365 suite (SharePoint, Email, OneDrive, etc), IRM protects files from unauthorised copying, viewing, printing, forwarding, deleting, and editing - Privacy training for all staff - Increased and improved consistency when collecting and storing personal data - Physical building security improvements	High	4	3	12	High	↔
Risk that the district is severely impacted by a major economic event or financial crisis, resulting in significant reduction in business, loss of jobs, and severely diminished regional economy.	Strategic Risk	Alex Pamrley	5	3	- Ensuring diverse economy through ED Strategy	- Increased/improved relationships with local large employers	High	4	3	12	High	↔
Risk that Council is unable to adequately respond to a civil defence or emergency event, due to insufficient civil defence staffing numbers, lack of budget, or ineffective planning, resulting in legislative breaches, increased safety concerns, dissatisfaction amongst ratepayers and residents, and reputational damage.	Operational Risk (External)	Roger Cook	5	3	- EOC members receive ongoing training - Comms with ORC and ECAN regarding potential natural disaster events - Home working capability available for most staff - EOC capability can be supplied from other districts - Crisis Management Team in place - Additional resource from neighbouring Councils - Civil Defence and BCP exercises undertaken	- Expanded EOC training for community, to allow Council staff to perform usual duties during an event - Community resilience plans to be developed and implemented - Resilience-focussed asset management planning	Medium	4	3	12	High	↑
Risk that Council's relationship with twi fails to develop and improve due to a lack of adequate communication and engagement, resulting in poor community outcomes, missed opportunities, inappropriate or uninformed decision-making, legislative breach, loss of funding and reputational damage.	Strategic Risk	Alex Pamrley	4	3	- Regular meetings undertaken - Memorandum of Understanding in operation with Moeraki	- Partnership agreement to be drafted, reviewed, and agreed	High	4	3	12	High	↔
Risk that a major fraud is perpetrated by a member of staff, owing to a lack of preventative measures and oversight, resulting in financial loss and reputational damage.	Operational Risk (People)	Paul Hope	4	4	- Procure to Pay system requires manager sign off, regardless of financial delegation of purchaser - Segregation of duties in Finance Team - Suite of policies in place and available to staff on central page - Increased Finance Team resourcing following appointment of CFO	- Fraud video training - Reminder to be sent to staff to familiarise themselves with the contents of the Fraud Policy on an annual basis	High	4	3	12	High	↔
Risk that Council capacity for change activity is exceeded due to ongoing transformation activity coupled with an increasing number of directives from central government. This could result in staff dissatisfaction, reduced staff wellbeing, non-compliant or failed implementations, legislative breach, financial loss, and reputational damage.	Strategic Risk	Lisa Baillie	4	3	- PMLT review of projects moving into delivery phase to discuss and assess capacity - Transformation Project Board Governance - ELT review of ongoing change activity - Transformation Project engagement and communication - Reporting received from Employee Assistance Programme to identify stress - Exit interviews offered to all leavers - Staff satisfaction survey undertaken annually - Prioritisation of Transformation vs. BAU - Upskilling of Transformation team through training and development - Review of approach to workstreams including one-off opportunities - Change training for staff	- Data on projects/change activity - pulse surveys through Ask Your Team - Comms following change training to complete follow up - Change training for Elected Members	Medium	3	3	9	Medium	↔

Key Risk March 2024

Risk Management Update
Attachment 2

Risk that council does not adhere to legislative and regulatory requirements, due to processes not being appropriately defined or followed, or lack of staff understanding and performance of responsibilities, resulting in fines, censure, and reputational damage and legislative breach.	Operational Risk (Process)	Alex Parmley	5	4	<ul style="list-style-type: none"> - Audit of Annual Plan, Annual Report, and Long-Term Plan to ensure legislative compliance - Membership of professional and sector bodies - External legal advice sought as and when required - Membership of Building Services Act Advisory Services Southern Cluster - Thompson Reuters updates received confirming changes in industry and law 	<ul style="list-style-type: none"> - Implementation of register of relevant legislation including identified subject matter experts and previously provided legal advice - Consideration of legal role within Council - Delegations Register reviewed and updated 	Medium	3	3	9	Medium	↔
Risk that the utilisation of volunteers across Council is not consistent or effective, due to policies and processes not being defined or followed, resulting in reputational damage, community dissatisfaction, and volunteer dissatisfaction.	Operational Risk (People)	Lisa Baillie	3	4	<ul style="list-style-type: none"> - Coordinated approach to volunteer sign up across Cultural Facilities (not Parks eg tree planting etc) - Documented volunteer induction offered in each facility. - Intermittent training for volunteers in Situational Safety and Tactical Communications. - Police vetting volunteers in the library. - Staff supervision (mostly) and observation of volunteer practice. - Active management and rostering of volunteers and recruitment as required. - Celebrate Volunteers Day and other key events. 	<ul style="list-style-type: none"> - Volunteer Management Policy and Processes/strategy to be defined - Need to consider longevity of volunteer programme and suitability in all areas eg unsupervised in community libraries etc. Also further refinement of the coordinated approach across all facilities. - Checks in place to ensure compliance eg inductions carried out, training currency etc. 	Medium	3	3	9	Medium	↔
Risk that a critical supplier ceases to operate or is unable to fulfill their contract due to circumstances outside Council control, resulting in service degradation or delay, unbudgeted financial outlay, and community dissatisfaction.	Operational Risk (External)	Paul Hope	3	3	<ul style="list-style-type: none"> - Relationship management with contracted suppliers and others in the market - Bonds and retentions utilised - Assessment of capability through Procurement process 	<ul style="list-style-type: none"> - Consideration in procurement of critical contracts to financial sustainability and credit 	Low	3	2	6	Low	↔

New and Changed Key Risks March 2024

Risk Management Update
Attachment 3

Risk Name	Risk Description	Risk Type	Owner	Inherent		Controls	Future Controls	Risk Rating Dec	Residual		March Risk Rating		Change from December
				I	L				Impact	Likelihood	Risk Score	Risk Rating March	
Externally Managed Council Water Supplies	Risk that water supplies falling under Council responsibility but outside Council management do not meet required levels of compliance by the regulator's deadline, which may be due to lack of resource, skilled personnel, or planning. This could result in an inability to ensure water safety, legislative breach, Taumata Arowai enforcement action, potential financial loss via fines, and reputational damage.	Operational Risk	Alex Parmley	5	5		- Formalised agreement with external water supply management body, adopted by Governance Team and including key targets, such as meeting the Taumata Arowai expectations. - Regular governance oversight meetings to be established - Independent assessment of risk		5	5	25	Very High	NEW
Political Uncertainty	Risk that Council's priorities and actions are not aligned with central government expectations or reform activity due to political uncertainty, or lack of external consideration in decision-making, resulting in inefficient use of time, resources, and funds, public dissatisfaction, and reputational damage.	Strategic Risk	Alex Parmley	4	5	- Central government decisions and updates are monitored and discussed as a standing agenda item at ELT meetings - When submitting Annual Plan Projects, managers must state where decisions and direction have the potential to be impacted by central government decisions and direction - Modelling of impacts of reforms - Membership of networks across regions and local government - LTP forecasting assumptions		High	4	5	20	Very High	↑
Serious Harm Incident	Risk of serious injury or fatality incident at a Council facility, on Council land, or when attending, participating in, or undertaking a Council service due to fallings relating to physical safety, lack of H&S training and awareness, or untreated hazards, resulting in reputational damage, potential fine, legislative breach, and staff dissatisfaction.	Operational Risk (People)	Paul Hope	5	4	- Health & Safety Hazard register maintained - H&S audits of construction sites and Council facilities undertaken on a rolling basis - Health & Safety incidents logged in Safehold and follow up action taken to resolve issues - where action has not been taken within the expected timeframe, the relevant manager is notified to ensure resolution - Health & Safety aware culture - Staff engagement and participation in H&S Committee - Restricted access and site security at facilities - Building WOFs undertaken annually	- Annual programme of H&S audits - Near miss recording establishment - Further H&S training required - Traffic & Airport Management - Aeronautical study commissioned	High(12)	4	4	16	High	↑
Failure of a closely related entity	Risk that a closely related entity is unable to maintain financial viability due to inflation, lack of external funding, and increasing legislative requirements, resulting in increased financial burden on Council, or the need for Council to assume ownership.	Financial Risk	Alex Parmley	5	5	- Meetings take place on a monthly basis to discuss financial position and action being taken - Reports received and reviewed 6-monthly - Letter of expectation in place - Audited accounts shared with Council annually - Underwriting letter and line of credit provided		High (12)	4	4	16	High	↑
Long Term Plan	Risk that the long term plan is ineffective or not fit for purpose, due to conflicting and uncertain requirements and directives from central government, resulting in wasted time and resources, an inability to set rates, and the need to complete a Long Term Plan amendment	Operational Risk (Process)	Paul Hope	5	3	- PH is a member of cross-council working party to develop a consistent understanding and approach to the upcoming LTP - LTP planning has begun, to ensure appropriate lead time - Council will obtain Governance Team and community buy in to the approach that ensures the Long Term Plan meets the community's needs.		Very High	5	3	15	High	↓
Major Emergency Event	Risk that Council is unable to adequately respond to a civil defence or emergency event, due to insufficient civil defence staffing numbers, lack of budget, or ineffective planning, resulting in legislative breaches, increased safety concerns, dissatisfaction amongst ratepayers and residents, and reputational damage.	Operational Risk (External)	Roger Cook	5	3	- EOC members receive ongoing training - Comms with ORC and EGAN regarding potential natural disaster events - Home working capability available for most staff - EOC capability can be supplied from other districts - Crisis Management Team in place - Additional resource from neighbouring Councils - Civil Defence and BCP exercises undertaken	- Expanded EOC training for community, to allow Council staff to perform usual duties during an event - Community resilience plans to be developed and implemented - Resilience-focussed asset management planning	Medium	4	3	12	High	↑

5.3 PLACEHOLDER REPORT - FINANCIAL SUMMARY (TO 29 FEBRUARY 2024)

Author: Ainslee Hooper, Governance and Policy Advisor

Authoriser: Paul Hope, Finance and Corporate Development Group Manager

RECOMMENDATION

That the Performance, Audit and Risk Committee receives this brief report as a PLACEHOLDER in the agenda for the Financial Summary (to 29 February 2024) to be considered at the 26 March 2024 Committee Meeting.

PURPOSE

The purpose of this report is to provide a PLACEHOLDER for a late agenda report that will be published in an Agenda Addendum ahead of the meeting.

SUMMARY

As a result of delayed availability of necessary data and of officer absence due to illness, the Financial Summary report (to 29 February 2024) was not able to be completed by the deadline for inclusion in the final agenda papers to this meeting.

Therefore, this is a PLACEHOLDER for that report, which will be published in a separate Agenda Addendum ahead of the meeting.

6 RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p>7.1 - Public Excluded Minutes of the Performance, Audit and Risk Committee Meeting held on 27 February 2024</p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>s48(1)(a)(i) - 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 would exist under section 6 or section 7</p>

7 PUBLIC EXCLUDED SECTION

8 RESOLUTION TO RETURN TO THE PUBLIC MEETING

RECOMMENDATION

That the Performance, Audit and Risk Committee resumes in open meeting and decisions made in public excluded session are confirmed and made public as and when required and considered.

9 RELEASE OF PUBLIC EXCLUDED INFORMATION

In accordance with Waitaki District Council Standing Orders, and pursuant to resolutions in the public excluded session of the meeting, any previously public excluded information that the Performance, Audit and Risk Committee decides to release will be included under this agenda item in the Public Minutes of this meeting.

10 MEETING CLOSE