

3 August 2022

[REDACTED]

[REDACTED]

Request for Official Information responded to under the Local Government and Official Information and Meetings Act 1987 (LGOIMA) (the Act) – reference: OIR 2122-316

I refer to your information request we received on 8 July 2022 for the following:

Pursuant to the above could you please supply me with copies of all documented policy statements/rules, that KCDC has, with regard to managing conflicts of interest;

- 1. Between KCDC and its employees.***
- 2. Between KCDC and its sub-contractors/contractors.***

I am unable to find any information relating to this on the KCDC website.

Council response regarding your request

1. Between KCDC and its employees

The Council has a staff code of conduct which contains references to conflict of interest. Conflict of interest is also covered in employment agreements. A copy of this information is included in Appendix 1.

Employment Agreements contain reference to conflict of interest. A copy of this information is included in Appendix 1.

As part of the recruitment and selection process before the interview concludes candidates are asked this question: ***“Do you have any relationship or association either private or professional that may potentially pose a perceived or actual conflict of interest for you as an employee of our Council?”*** This question also appears on the Council’s “Application for Employment” form.

As part of the ‘Acting’ arrangements for staff stepping up to cover the absence of a Group Manager role, this declaration is also included in the Delegation Authority:

“I, <name> confirm that in conjunction with accepting this delegation, I have no declaration or conflict of interest to disclose which may influence my decision making/judgement in my capacity as Acting <role>. Where I have a disclosure in this regard, I will provide this information directly to the Chief Executive”.

A Conflict of Interest Register is held by Human Resources. This register is used for employees and contractors for service, who are undertaking work in the corporate based environment. A blank page of this document is included with this response in Appendix 2.

The Council has the following policies which include reference to conflict of interest. These policies are included with this response in Appendix 3: Procurement Policy - page 5 refers; Mitigation of Fraud Policy - page 3-5 refers; Pre-election Protocol for Council Employees - page 3 refers; Gifting Assets Policy - page 2 refers; Enterprise Risk Management Policy - page 12 refers.

2. *Between KCDC and its sub-contractors/contractors*

The Council's Procurement Policy (in Appendix 3) is used between the Council and sub-contractors/contractors for non-Corporate Office based/major works.

As to the absence on the Councils public website of information relating to conflict of interest, I will be following that matter up with the staff concerned. Thank you for bringing it to my attention.

Ngā mihi



Dianne Andrew
Organisational Development Manager
Te Kaihautū mo te Hunga Mahi

APPENDIX ONE

A. Extract from Staff Code of Conduct

Conflicts of interest and compromising integrity

The integrity of Council employees is critical to the Council's ability to maintain public trust and confidence. You must act with integrity in all aspects of your work and perform your duties honestly and impartially. You must avoid any personal, financial or professional situations which might compromise your integrity or otherwise lead to an actual or potential conflict of interest. If you find yourself in a situation where a conflict of interest may exist, please contact a member of the HR team in the first instance who will be able to work this through with you and then progress it to your Group Manager in need. The non-exhaustive examples below outline some situations where conflict or compromise may occur:

- *using your position as a Council officer for personal gain;*
- *witnessing inappropriate behaviour or misconduct by another employee and not reporting it;*
- *accepting any form of benefit that is not provided by the Council;*
- *in a personal capacity you have an undeclared involvement in a Trust or Community organisation that is funded by or linked to the Council; and*
- *your personal values, interests and views could be seen to influence or compromise the performance of your duties.*

Where any such situations occur you must inform your manager. The situation will be discussed with you, your manager and Group Manager whereby it will be determined if there is a conflict of interest, or your integrity is being compromised. Your Group Manager, in consultation with HR, will determine the best course of action to resolve the situation.

You must also ensure that you do not abuse the advantages of your position as a Council employee for personal gain, or solicit or accept gifts, rewards or benefits that may or may be seen to compromise your integrity. Where such an offer is made, you are obliged to discuss this with your manager who will determine the appropriate response.

B. Extract from Collective Employment Agreement

CONFLICT OF INTEREST

- (a) *Employees may undertake other business-related activities outside of work hours provided that they do not interfere with their work performance and/or wellbeing, or create a potential conflict of interest.*
- (b) *Employees are required to formally disclose any conflict of interest or potential for conflict of interest. This is to enable the employer to effectively and proactively manage any potential risk for the organisation and the employee.*

C. Extract from Application for Employment Form*

***Note: this question is also asked of candidates who are interviewed for vacancies.**

CONFLICT OF INTEREST:	
<i>Declaration of a conflict of interest does not necessarily exclude employment opportunities within the Council. The following question is to ensure we identify any conflicts whether actual, perceived or potential.</i>	
Do you have any private or professional interests or associations that have the potential to impact on your ability to carry out, or be seen to carry out, your duties impartially and in the Councils interest?	Yes / No
If YES, please specify your private/professional interest and/or associations	

KĀPITI COAST DISTRICT COUNCIL – CORPORATE POLICY

Corporate policy title:	PROCUREMENT POLICY		
Policy number:	Corp-18-040	Pages:	8
Group responsible:	Corporate Services		
Approval dates:			
- Originally approved on:	August 2008		
- Current version approved on:	May 2021		
- Next review due on:	August 2025		

1. POLICY OBJECTIVES

- 1.1 The Procurement Policy (the Policy) outlines the fundamental principles and high-level rules that apply to all our procurement activity. It's supported by our Procurement Manual which details the processes we should follow.

2. SCOPE AND APPLICATION OF THIS POLICY

- 2.1 This Policy is for our own people, as well as people we engage to do procurement work on our behalf.
- 2.2 Some of our procurement is funded through the National Land Transport Programme and is subject to the Waka Kotahi NZ Transport Agency Procurement Manual (the NZTA manual). If there's any conflict between this Policy and the NZTA manual for work funded through the National Land Transport Programme, then the NZTA manual takes precedence.
- 2.3 This Policy doesn't apply to:
- the engagement of employees;
 - the acquisition or lease of land or buildings;
 - disposals and sales of Council assets;
 - investments, loans, guarantees, or other financial instruments;
 - gifts, donations and grants;
 - licences and agreements regarding commercial operations carried out by third parties (traders) on Council property;
 - non-binding agreements (for example MOUs with public sector agencies);
or
 - appointments by Council.
- 2.4 In a genuine emergency, and only with the approval of the relevant Group Manager, we might need to depart from this Policy to source products, services, or works that are urgently needed for assistance and relief. In emergencies we need to consider what's practical and justifiable in the circumstances.

3. DEFINITIONS

- 3.1 **All of Government (AOG) deal** – A supply arrangement established by the Crown for common products and services purchased in the NZ public sector.
- 3.2 **Closed competition** – A competitive procurement process where we invite more than one selected supplier to respond to a contract opportunity.
- 3.3 **Construction works** – The physical work to build, repair/maintain or renew/refurbish a physical building or infrastructure asset. This includes associated professional services (such as architectural/design services, engineering/specialist services etc.) only where such services are included in the same contract/supply arrangement as the physical work.
- 3.4 **Direct sourcing** – A non-competitive procurement process where we deal directly with a single supplier.
- 3.5 **Emergency procurement** – Procurement needed as part of the response to a disruptive incident, where life, health, property or equipment is at immediate risk and the procurement is needed to restore or maintain Council’s critical activities and services to the community to within acceptable, predefined levels. Emergency procurement is also procurement required in anticipation to or in response to a local state of emergency declared by a person authorised by the Wellington Regional Emergency Management Office (WREMO), or a national state of emergency declared by the Minister of Civil Defence and Management, in accordance with the Civil Defence and Emergency Management (CDEM) Act 2002.
- 3.6 **Open competition** – A competitive procurement process where we invite all potential suppliers to respond to a contract opportunity.
- 3.7 **Procurement** – All aspects of acquiring products, services and works. Procurement starts with identifying and specifying something we need. It includes engaging with suppliers, entering into contracts, and managing supply arrangements. It finishes when the service ends or when a product or asset is no longer useful.
- 3.8 **Supplier panel** – A type of supply arrangement between Council and two or more suppliers for the same or similar services or products. Terms and conditions are agreed when the panel is established and then purchases are made as and when the need arises. A secondary procurement process (only involving suppliers on the panel) may or may not be carried out when allocating work.
- 3.9 **Supply arrangement** – An arrangement between Council and one or more suppliers for the provision of products, services or works.
- 3.10 **Syndicated deal** – A type of supply arrangement where a group of organisations with common needs combine their requirements under a single contract.
- 3.11 **Total value** – An estimate of the total contract cost over its entire term, including the initial term and all renewal terms (where applicable). Total value is used to determine process requirements and to identify who can approve certain steps in a procurement process, such as the award of contract. The total value might be the cost of a single contract, or in the case of a supplier panel it’s the cost of all contracts that make up the supplier panel.

3.12 **Value for money** – The best available outcome for the money spent. It means using resources effectively, economically, and without waste, considering the total costs and benefits of a purchase and the outcome achieved. The best possible value for money is not necessarily the lowest price.

3.13 **Whole of life cost** – An estimate of the total cost of a product, service or works over the whole of its life, often used to compare options or to analyse an investment decision. The whole of life cost typically includes the cost of the initial purchase, as well as the implementation/change costs, support and maintenance costs, and operational costs. From time to time other costs and benefits might also be relevant, such as the cost of capital, impacts on overheads, and the cost or residual value of asset disposal.

4. PROCUREMENT PRINCIPLES

4.1 The type of supply arrangement we choose

4.1.1 We are a relatively small buyer, so we will collaborate with other organisations to get better deals where we can. We will utilise ‘All of Government’ and ‘syndicated’ deals where they meet Council’s needs.

4.1.2 We will not fragment our buying. We’ll standardise our requirements across Council and we’ll work as one organisation where possible.

4.1.3 We will choose the best type of supply arrangement for the procurement category. For example, if we have an ongoing need for the same or similar things and our needs can’t be met by a single supplier, then we’ll consider establishing a supplier panel, or a supply arrangement that includes subcontracting.

4.2 Healthy competition

4.2.1 We will encourage competition for our business.

4.2.2 We will not specify requirements in a way that unnecessarily excludes potential solutions or suppliers. We want to keep our options open.

4.2.3 We will seek to understand the market and our effect on it. While it’s inevitable that there will be winners and losers, we’ll avoid procurement outcomes that might damage healthy competitive markets.

4.3 Value, risk and complexity of the procurement

4.3.1 We will classify our procurement based on the value, risk and complexity of the procurement. Our procurement classification will determine the extent of planning that we do, the people that do the procurement work, the processes we follow and the standard templates we use.

4.3.2 We will estimate the value of the procurement in good faith, using the best information available. We won’t break a supply arrangement into smaller parts to make it appear less expensive.

4.4 Health and safety

4.4.1 We are committed to protecting the health and safety of:

- workers that work for, or are engaged by Council;
- workers whose activities are influenced or directed by the Council; and
- other people that might be put at risk because of our activities.

- 4.4.2 We need to consider health and safety early, and throughout the procurement process. In so far as is reasonably practicable, we need to minimise or eliminate health and safety risks. We need to assess the likelihood of the risk occurring, the degree of harm that might occur, the availability and suitability of ways to eliminate or minimise the risk or hazard, and only after considering these things, whether the cost of dealing with the risk or hazard is grossly disproportionate to the risk.
- 4.4.3 Our people need to be familiar with the duties that are required of them which are set out in the Health and Safety at Work Act 2015. Among other things, these duties require us to consult with others over health and safety matters.

4.5 Social, cultural, economic and environmental wellbeing

- 4.5.1 In addition to meeting our direct needs, we will look for ways to use our procurement activity to improve social, cultural, economic and environmental wellbeing. Broader outcomes for each wellbeing will be considered when we develop procurement category strategies and plan our procurement work and will be taken into account throughout our procurement processes.
- 4.5.2 The broader outcomes we wish to achieve will be defined on a case by case basis considering the nature of the supply arrangement. The definition of broader outcomes will be specific and measurable.
- 4.5.3 When competitive tenders/proposals/quotes/submissions are being sought, the requirements relating to broader outcomes will be reflected in the supplier evaluation criteria. All competing suppliers will have an equal opportunity to respond and their responses will be evaluated fairly and without discrimination.
- 4.5.4 We will seek opportunities to engage with local and regional businesses, small to medium enterprises, social enterprises and Māori and Pasifika businesses to better understand their capabilities and to remove any barriers to their participation in our procurement processes.
- 4.5.5 We will seek opportunities to award some of our contract opportunities directly to local and regional businesses, small to medium enterprises, social enterprises, Māori and Pasifika businesses or any supplier that is well positioned to improve social, cultural, economic or environmental wellbeing, provided that they offer fit-for-purpose solutions and good value for money, except where open competition is a requirement under clause 5.2 of this Procurement Policy.
- 4.5.6 Broader outcomes that improve social wellbeing include (but are not limited to):
- providing opportunities for people from vulnerable groups, including disabled people, to participate in their community, the economy and society;
 - supporting the viability and work of social enterprises;
 - supporting fair and ethical trade and good working conditions;
 - promoting the health and wellbeing of workers, including physical and mental health; and
 - mitigation of social issues such as crime, poverty and sub-standard housing.

- 4.5.7 Broader outcomes that improve economic wellbeing include (but are not limited to):
- employing local people;
 - supporting the unemployed and/or young people with skills development and training (or re-training), work experience, career/job-seeker advice, school visits etc;
 - providing opportunities for entrepreneurship and innovation;
 - providing opportunities for small and medium businesses to win work and grow;
 - donating time or money for local community initiatives.
- 4.5.8 Broader outcomes that improve environmental wellbeing include (but are not limited to):
- reducing carbon emissions and/or mitigating the effects of climate change;
 - improving the state of the natural environment in terms of air, land, water, habitats and biodiversity;
 - reducing the use of natural resources (where supply is limited);
 - reducing waste and the use of hazardous materials and substances.
- 4.5.9 Broader outcomes that improve cultural wellbeing include (but are not limited to):
- providing opportunities for Māori and Pasifika businesses to win work;
 - respecting cultural values, perspectives and customs and the effective engagement of Māori in the design and delivery of goods, services and works;
 - recognising and protecting Māori rights and interests;
 - giving effect to Te Tiriti o Waitangi.

4.6 Value for money and whole of life costs

- 4.6.1 When we compare deals, we will consider whole of life costs rather than just the initial up-front cost. We will seek the best value for money, which is not necessarily the lowest price.

4.7 Being a good and fair customer

- 4.7.1 We will be clear about what we need, and we will communicate well throughout our procurement processes to keep suppliers well informed and to maintain the integrity of the procurement process. We will listen to what our suppliers have to say.
- 4.7.2 Our processes will be efficient and well implemented. We understand that it is expensive and time-consuming for suppliers to prepare responses, so we will make it as easy as possible for suppliers to deal with us.
- 4.7.3 We will maintain a 'level playing field' for our suppliers so they can compete fairly for our business. We'll identify and manage any conflicts of interest so that we remain impartial.
- 4.7.4 We will make it clear how we assess suppliers' responses. We'll offer unsuccessful suppliers a debrief so they know how to improve their responses next time.

4.8 Managing procurement risk

- 4.8.1 We will take a balanced approach to managing and allocating procurement risks. This means thinking ahead, identifying procurement risks and their impacts, as well as suitable risk mitigations.
- 4.8.2 It will often be helpful to engage with others, including our Legal team and suppliers, to identify the most practicable and cost-effective risk management approach.

5. PROCUREMENT RULES

5.1 Our behaviours and actions

- 5.1.1 We must always be reasonable and transparent in our dealings. Everyone involved in procurement work must act responsibly, lawfully and with integrity. We are accountable for our actions, and we will keep accurate and complete records of our procurement processes in accordance with the Management of Information Policy.
- 5.1.2 We must protect suppliers' commercially sensitive or confidential information and must not disclose it unless the supplier has consented, or the disclosure is required by law.
- 5.1.3 We must only collect personal information that is necessary in order to conduct a procurement process, and we must protect the personal information we collect. We must explain the purpose of collecting the personal information to the provider of the personal information, and we must only use the personal information for the stated purpose. Refer to the Privacy Policy for more information.

5.2 Open competition requirement

- 5.2.1 We must use open competition to establish a new supply arrangement with an estimated total value of \$500,000 and over for Construction Works, and \$100,000 and over for non-Construction Works, unless we can justify an exemption because:
- our options are limited because our requirements are so specialised or technical; and/or
 - there are only a limited number of suppliers that can supply what we need, when we need it; and/or
 - one or more suppliers are in a unique position to deliver what we need in challenging/exceptional circumstances, and in doing so are able to minimise risk and provide good value for money.
- 5.2.2 When using open competition, we must advertise the contract opportunity on the Government Electronic Tender Service (GETS).
- 5.2.3 If open competition is not required, or if an exemption to the open competition requirement is justified in accordance with clause 5.2.1, then we will choose between closed competition or direct sourcing using the tool: "Deciding the extent of competition needed", which is an Appendix to the Procurement Manual. We'll take into account the number of capable suppliers that are available for the work, whether any suppliers are in a unique position to deliver what we need, and whether the benefits of closed competition outweigh the time and cost of closed competition.

- 5.2.4 The open competition requirement does not apply to:
- the utilisation of an “All of Government” (AOG) deal which has been established using open competition; and
 - the allocation of work to a supplier within a supplier panel, provided that the supplier panel was established using open competition.

5.3 Gifts and hospitality

- 5.3.1 No-one is permitted to accept a gift, favour, prize or hospitality from a supplier that’s participating in or likely to participate in a procurement process Refer to the Receipt of Gifts and Hospitality Policy for more detail.

5.4 Health and safety prequalification

- 5.4.1 All suppliers for physical works must be health and safety prequalified and awarded the status of “Approved Contractor” in accordance with the Contractors’ Health and Safety Management Policy. This means the supplier has demonstrated a systematic approach to managing health and safety that has been assessed and deemed acceptable to Council. Health and Safety prequalification can occur prior to, or during the procurement process, but in all cases before the contract is awarded.

5.5 Approvals

- 5.5.1 Approval must be obtained from the person with Delegated Financial Authority for:
- procurement plans and/or the commencement of a procurement process (with the Chief Executive having authority to approve procurement plans of any value);
 - the award of contracts; and
 - variations to existing contracts.
- 5.5.2 Exemptions to the open competition requirement must be approved by the applicable Group Manager or the Chief Executive within their financial delegations. If the estimated total value is over the Chief Executive’s financial delegation, then the exemption must be approved by the Council.
- 5.5.3 If a procurement process reveals that the total value of a preferred supply arrangement exceeds the available budget, the contract may be awarded on the proviso that:
- a. the available budget is exceeded by less than 10% and the evaluation summary clearly states how the unbudgeted amounts will be funded; or
 - b. the contract includes a provision to amend the scope of work to accommodate the available budget; and
 - c. the applicable Group Manager approves the award of contract.

6. EXTERNAL REFERENCES AND RELEVANT LEGISLATION

- Local Government Act 2002
- Contract and Commercial Law Act 2017
- Commerce Act 1986
- Construction Contracts Act 2002
- Health and Safety at Work Act 2015

- Local Government Official Information and Meetings Act 1987
- Privacy Act 2020
- The Office of the Auditor-General's (OAG) Procurement Guidance for Public Entities 2008
- The Waka Kotahi NZTA Procurement Manual for activities funded through the National Land Transport Programme

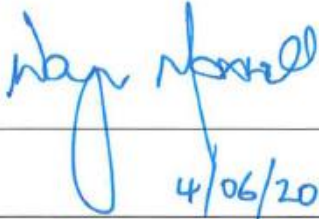
7. ASSOCIATED COUNCIL POLICIES AND DOCUMENTS

- Procurement Manual
- General Expenses Policy
- Receipt of Gifts and Expenses Policy
- Code of Conduct
- Contractors Health and Safety Management Policy
- Management of Information Policy
- Privacy Policy
- Delegations Made by Council to Chief Executive and Staff

8. POLICY HISTORY

Version	Date	Policy Owner	Amended By	Brief Description of Change	Approved By
1	Aug 2008	Group Manager Finance		New Policy	Senior Leadership Team
2	July 2016	Group Manager Corporate Services		Policy re-written	Senior Leadership Team
3	Aug 2018	Group Manager Corporate Services		Policy re-written	Senior Leadership Team
4	May 2021	Group Manager Corporate Services	Steve Bickers, Procurement Lead	Policy amended	Senior Leadership Team

9. SLT APPROVAL

Chief Executive Name:	Wayne Maxwell
Chief Executive Signature:	
Date:	4/06/2021

KĀPITI COAST DISTRICT COUNCIL – CORPORATE POLICY

Corporate Policy Title:	MITIGATION OF FRAUD		
Policy No:	FIN-13-009	Pages:	1 – 15
Group Responsible:	Finance		
Approval Dates:			
Originally approved on:	14 March 2007		
Current version approved on:	21 December 2020		
Next review due on:	21 December 2023		

POLICY OBJECTIVE

- 1 Kāpiti Coast District Council (the Council) must maintain the highest standards when administering ratepayer funds.
- 2 The Objective of this policy is to:
 - 2.1. Protect the integrity of our financial systems and assets from fraudulent conduct by employees, contractors engaged to assist the Council and others and to ensure that such conduct, when it occurs, is detected and acted upon;
 - 2.2. Set out the Council’s practice, principles and procedures relating to preventing, identifying and dealing with fraudulent conduct by employees, contractors and others;
 - 2.3. Ensure all employees, contractors and others understand that the Council has a zero tolerance towards fraud or theft of any type;
 - 2.4. Encourage an environment of open discussion regarding fraud or theft;
 - 2.5. Ensure appropriate controls, including policies and procedures, are in place to prevent fraud, and that these are regularly reviewed; and
 - 2.6. Provide guidelines regarding appropriate actions to follow for the reporting and investigation of suspected fraud or similar activities.
- 3 This Policy is made up of three parts:
 - 3.1 **Part One: Council’s Policy**
Sets out the Council’s zero tolerance policy and the responsibilities of all parts of the organisation to prevent fraud.
 - 3.2 **Part Two: Fraud Prevention Strategy**
Sets out the strategies and policies that address different aspects of the control environment where potential fraud risk exposure exists.
 - 3.3 **Part Three: Fraud Detection and Investigation**
Provides principles and procedures for investigating any allegations of fraud.

SCOPE

- 4 This policy applies to all suspected, alleged, or proven fraud and corruption incidents.

DEFINITIONS

- 5 For the purposes of this policy, unless otherwise stated, the following definitions shall apply:

- **Employee**
All employees of the Council, all contractors undertaking work for the Council, anyone, including volunteers, joint appointments and third parties (i.e. suppliers and customers) and people with honorary or unpaid status who undertake tasks for or on behalf of the Council including temporary employees and contractors.
- **Fraud**
An intentional and dishonest act that involves *deception* or misrepresentation where the perpetrator obtains (or attempts to obtain) an advantage for themselves or another person. Fraud can be committed by management, employees, contractors, or third parties such as suppliers, customers, etc.

The question of whether a fraud has been committed may only be formally determined following a decision by a court of law. For convenience this policy uses the term “fraud” even though the Council will normally be concerned with suspected, rather than proven, fraud. Invariably, some discretion will be needed by the Investigator in determining whether the matter concerned constitutes fraud or serious misconduct as each type of event can have differing consequences.

- **Theft**
To *dishonestly take* or deal with any property with intent to permanently deprive any owner or person with an interest in the property, of the property or their interest in it. Theft also includes dishonestly dealing with property so that it cannot be restored to its original condition.
- **Corruption**
The *abuse of entrusted power* for private gain i.e. soliciting, receiving or paying gifts or other gratuities to perform part of an official function, or omit to perform an official duty.
- **Inappropriate**
Behaviour that is deemed unacceptable.
- **Dishonest**
An act that is not truthful or is unlawful.
- **Misuse of resources**
This term is used to describe employee behaviour that may not be criminal in nature but is beyond what the Council would consider as fair and reasonable. This behaviour, if proven, could reasonably be seen as serious misconduct. These behaviours cover things like:
 - claiming reimbursement for privately incurred expenses, where these expenses are clearly not Council business related expenses; or
 - committing the Council to pay for purchases which are clearly not Council business expenses.

PART ONE: COUNCIL'S FRAUD POLICY

Zero Tolerance

- 6 The Council regards fraud as totally unacceptable and will apply a principle of "zero tolerance" to fraud, corruption, theft and/or dishonesty.
- 7 Following internal investigation, all matters of suspected fraud and/or corruption will be reported to the Chief Executive, referred to the NZ Police at the discretion of the Chief Executive, and where considered appropriate to the Serious Fraud Office. All matters of suspected fraud and/or corruption where the Chief Executive is suspected must be reported to the Mayor, referred to the NZ Police at the discretion of the Mayor and where considered appropriate to the Serious Fraud Office.
- 8 Employees who commit fraud and/or are involved in corruption, or are suspected of fraud and/or corruption may be suspended on full pay while an investigation is carried out and will also be subject to the Council's disciplinary procedures.
- 9 Hired third parties and contractors who commit fraud and/or are involved in corruption, or are suspected of fraud and/or corruption may be suspended on full pay while an investigation is carried out, and will be subject to remedies available under the contract and common law.
- 10 Recovery of any misappropriated funds will be actively pursued.
- 11 Practical examples of what is meant by, or what could involve suspected fraudulent activity includes but is not limited to:
 - stealing of cash or the conversion of cheques;
 - misappropriation of Council property - this can include thefts of sensitive equipment like laptop computers or cell phones;
 - the offering, giving or acceptance of an inducement or reward, which may influence the actions taken by the Council employees;
 - the failure to declare a conflict of interest in making decisions that have a financial or beneficial impact upon the Council employee or their close associates;
 - submitting of false invoices for payment;
 - processing for payment invoices known to be false;
 - alteration of a document for pecuniary gain – like falsely modifying a bank account number on the Council's creditors/debtors master file or our payment systems;
 - dishonest use of the Council credit card, fuel card or any other purchasing card;
 - submitting false personal expense claims or false travel advance requests;
 - falsification of time records; and/or
 - improper use of commercially sensitive client information or the Council's intellectual property for either your own or another person's pecuniary gain.

- 12 Practical examples of what is meant by, or what could involve suspected corrupt conduct includes, but is not limited to:
- improper use of commercially sensitive client information or our own intellectual property for either your own or another person's pecuniary gain;
 - an employee improperly uses, or tries to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others;
 - an employee acts dishonestly or unfairly, or breaches public trust;
 - a member of the public influences, or tries to influence, an employee to use his or her position in a way that is dishonest, biased or breaches public trust, for example by offering or giving an inducement or reward; or,
 - the failure to declare a conflict of interest in making decisions that have a financial or beneficial impact upon the employee or their close associates.

RESPONSIBILITIES

Management Responsibilities

- 13 Ensure employees are aware of this policy and their obligations under it, including regularly advising employees that fraud and/or corruption is not tolerated and the associated consequences, how employees can help to prevent fraud and/or corruption and to ensure they are always watching for it, and how they can raise any concerns they may have.
- 14 Support a culture of honesty and openness where employees are not discouraged from questioning events or processes or of reporting suspected fraud or corruption.
- 15 Identify fraud/corruption risks in their area and notify the Financial Accounting Manager of these risks.
- 16 Ensure that controls and processes in place are actively complied with.
- 17 Managers of the Council have a duty to conduct their affairs in a fair, business like manner, with reasonable care, skill, and caution and with due regard to the interests of the ratepayers that they serve.
- 18 Maintaining internal controls, including setting appropriate policies and monitoring compliance with these, and maintaining proper accounting records and other appropriate management information that ensures effective stewardship of ratepayers' funds as required under the Local Government Act.
- 19 Management should be familiar with the types of improprieties that might occur within their respective areas and be alert for any indication of irregularity.
- 20 The Group Manager Corporate Services is primarily responsible for the Council's Financial Internal Control Systems and Fraud Control and is available to provide guidance as required.
- 21 The Group Manager Corporate Services is also responsible for the communication of the fraud strategy awareness programme to employees.

Employee Responsibilities

- 22 All employees acting in the role of authorising, certifying and approving Council's expenditure and processing financial transactions have a duty to properly carry out authorisation and approval procedures they are responsible for and to comply with any relevant delegations they operate under.
- 23 Suspected internal fraud/corruption and suspected misuse of resources fall within the definition of "serious wrongdoing" as defined in Council's Protected Disclosures Policy and the Protected Disclosures Act 2000.
- 24 All employees have a duty to disclose suspicious acts that may represent a suspected internal fraud/corruption or a suspected misuse of resources.
- 25 While Council prefer that the employee making such a disclosure identify themselves, the Council will accept anonymous disclosures. Further information on initial disclosure steps if an employee suspect's fraud/corruption or misuse of resources is outlined within the Council's Protected Disclosures Policy.
- 26 The Council will maintain a Fraud Register to record all suspected fraud/corruption notifications and the resultant outcome for each of these notifications. This Register is covered by separate policy statements (see Fraud Register section clause 65 onwards).
- 27 The Council will seek full recovery of amounts misappropriated by internal fraud/corruption from implicated employee(s) or persons (unless it is extremely uneconomic to do so).
- 28 Fraud/corruption risk will be assessed as part of the Council's risk management framework. This process will involve ongoing internal fraud/corruption risk assessment and the monitoring of the adequacy of relevant internal controls and alignment of related Council policies to the fraud policy. The Council will make this policy accessible to employees on HubKap.
- 29 Employees must be scrupulously fair and honest in their dealings with their employer, elected members, suppliers, contractors, other service providers or third parties, and their fellow employees.
- 30 All employees must take reasonable steps to safeguard the Council's funds and assets against fraud, waste, loss, unauthorised use and misappropriation.
- 31 Employees must immediately report suspected fraud, corruption, and/or breakdowns in internal control systems to their managers or other parties as soon as they become aware of them, as detailed in the fraud notification section.

Contracted Provider Responsibilities

- 32 The Council's contracts with providers specify services to be delivered and the terms and conditions for payment for those services. It is the Council's expectation that:
 - 32.1 The provider delivers a quantity and quality of services that meet the terms and conditions of its contract;
 - 32.2 Claims only that funding that the terms and conditions of the contract entitles it to claim; and,

32.3 Deliberate claiming of payment for amounts outside the terms and conditions set out in the contract, or for services claimed to be delivered when they have not been, may be regarded as fraud by the Council.

Management Responsibilities Matrix

Action	Primary responsibility	Secondary responsibility	Shared responsibility
External reporting of suspected employee fraud or corruption	Chief Executive	Group Manager Corporate Services	All reporting agents under our Protected Disclosure procedures
Approval of any engagement contract or letter employing an external forensic investigator	Chief Executive	SLT/Senior Legal Counsel	SLT/Senior Legal Counsel
Referral of suspected cases to SFO or Police	Chief Executive	Senior Legal Counsel/Group Manager Corporate Services	Group Manager whose employee it is under investigation and SLT
Maintenance of Fraud Register	Group Manager Corporate Services	Senior Legal Counsel	-
Reporting of Fraud Register to: <ul style="list-style-type: none"> • SLT annually; and • Audit & Risk Subcommittee annually 	Group Manager Corporate Services	Chief Financial Officer	-
Internal audit review programme to include employee fraud aspects	Group Manager Corporate Services	Chief Financial Officer/Audit & Risk Subcommittee	-
Fraud and corruption risk monitoring	Group Manager Corporate Services	Chief Financial Officer/Senior Legal Counsel	-
Induction process on the Fraud Policy	Chief Financial Officer	Organisational Development Manager	-
Maintenance of internal control procedures	Chief Financial Officer	Financial Accounting Manager	All employees involved in processing financial transactions

PART TWO: FRAUD PREVENTION FRAMEWORK

Context

- 33 Whilst it is not always possible to eliminate fraud or corruption, it is possible to significantly reduce opportunities for fraud and corruption through the adoption of multiple aligned strategies and policies that address different aspects of the control environment where potential fraud and corruption risk exposures exist.

Key Risk Areas

- 34 Analysis of the Council spend identifies the following primary areas of exposure. These areas are:
- 34.1 Payroll systems and financial management systems;
 - 34.2 Contracts and payments to suppliers of goods and services; and
 - 34.3 Revenue collected in cash at various sites around the District.
- 35 The Council via the Audit and Risk Subcommittee will be kept informed of its understanding of key risks by reviewing the external auditors organisational risk assessments annually.

Fraud Control Framework

- 36 The control framework sets out the strategies that form the basis for the multi stranded approach to fraud and corruption prevention and detection. The control framework will be supported by appropriate policies.
- 37 The Fraud Strategy Framework component of this policy identifies high risk areas for potential fraud. Fraud and corruption risks are to be assessed regularly to ensure internal control procedures are reviewed as any business practice changes.

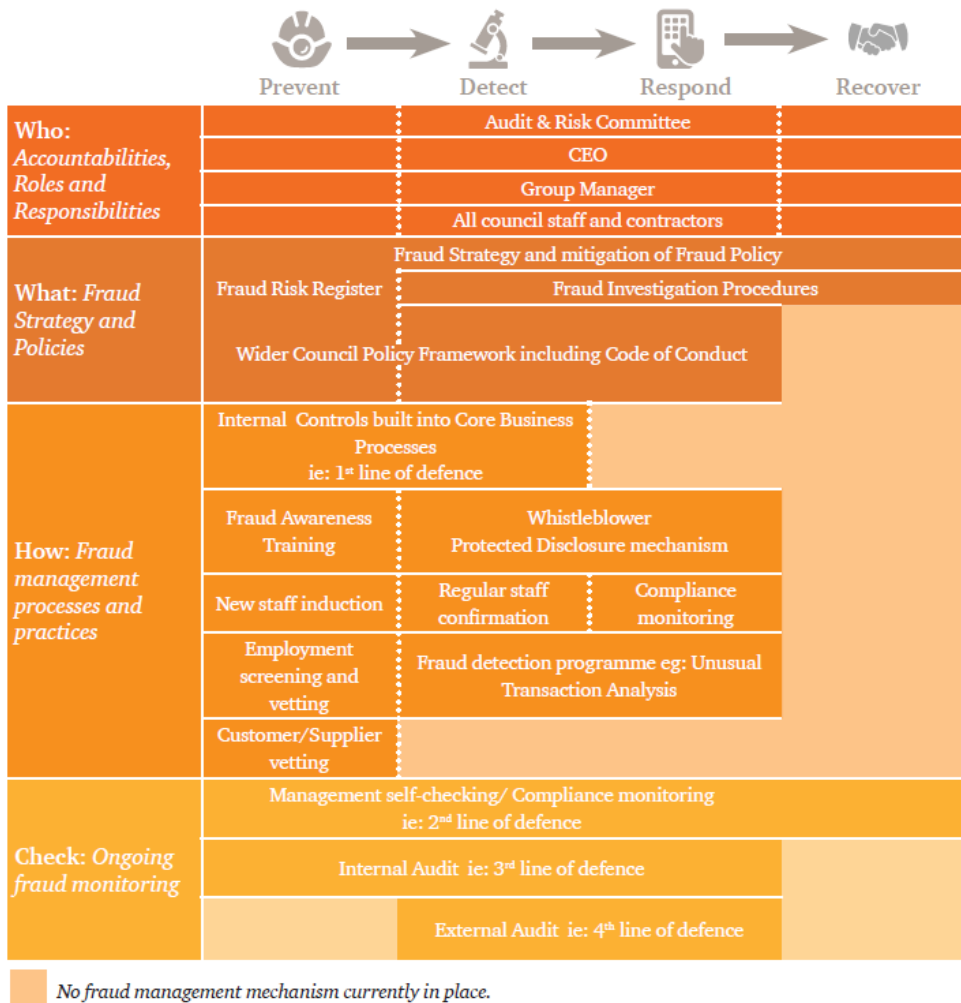


Table 1: The Fraud Control Framework

- 38 To assist with fraud/corruption prevention and detection:
- 38.1 The Council uses the Electronic Purchase Order system and a semi-automated Accounts Payable system for Council’s expenditure processes to:
- 38.1.1. Ensure authorisers of expenditure cannot authorise expenditure above financial delegation (system will not allow authorisation of orders above financial delegations set for individual staff positions in the system); and
 - 38.1.2. Segregate duties – person authorising purchase order must be separate from the initiator of the purchase order (system will not allow initiator and authorisation by the same person).

- Managers review monthly financial reports and work with Finance to understand any financial exceptions;
- Significant financial exceptions are reported to the Council via the Strategy and Operations Committee on a quarterly basis
- Council maintains a contracts database;
- Monthly review of credit card expenditure is required and sign off by two other persons; and
- Regular reviews are carried out by the Finance Team of new supplier requests

38.1.3. Council reserves the right to undertake covert camera surveillance.

38.1.4. Council will undertake fraud risk assessment.

38.1.5. Regular reviews of financial systems are carried out to ensure internal controls are robust and operating as planned.

Human Resources

39 Human Resource policies and processes will outline the behaviour expected of management and employees. They will project a clear expectation of honesty and full disclosure and support the creation and maintenance of an ethical work environment. Specific policies and processes are:

39.1 Recruitment Screening & Declarations (e.g. CV checks, criminal record checks, registration checks, academic qualification reference checks, etc.);

39.2 Development of appropriate culture e.g. inclusion of fraud alert in orientation program and encouragement of ongoing discussion between managers and their staff on fraud/corruption and the risk of fraud/corruption;

39.3 Introducing "Fraud Awareness" training in conjunction with the Group Manager Corporate Services and the Chief Financial Officer;

39.4 Robust payroll processes (segregation of duties, review and appropriate authorities);

39.5 Annual payroll audit/review using forensic software (e.g. IRD number checks, duplicate bank account checks, etc.) as per the Council's tax governance strategy;

39.6 Three yearly review of all policies to ensure they are still appropriate and relevant. This includes policies covering:

- Claiming of Expenses;
- Code of Conduct; and
- Receipt of Gifts and Hospitality Policy.

External Audit

- 40 Council regularly engages external auditors to provide a “fourth line of defence” against fraud, as external audit provides an autonomous assessment of the first “three lines of defence” (operational management i.e. policies and control frameworks; special risk management, controlling and compliance functions i.e. spot checks and data review; internal audit).
- 41 While external audit is primarily influenced by the Office of the Auditor General and largely focuses on financial statements, opportunities to maximise the value of the audit in a fraud control context will be utilised. This will include:
- 41.1 Reporting all incidents of fraud to the external auditor;
- 41.2 Carrying out sample transaction tests validation/ratification/ ‘appropriateness test’;
- 41.3 Maximising the interaction between the external and internal audit processes.

Procurement Processes

- 42 Procurement of goods and services is governed by the Procurement Policy. This covers many aspects of the process including ensuring that there is compliance with current good practice requirements. To mitigate fraud, the policy needs to ensure there are robust processes in place for the selection of suppliers and approval of contracts. It will cover:
- selection of suppliers, quotations and tenders;
 - approval of sensitive expenditure;
 - credit card approval processes;
 - travel expenditure;
 - conflicts of interest in purchasing process;
 - personal pecuniary gain and/or association;
 - maintaining a central contracts database; and
 - an annual review of high use suppliers, by cumulative spend, and authorising officer.

Regular review of all policies

- 43 All fraud prevention policies and controls should be reviewed at least three yearly to ensure they continue to provide robust protection.

PART THREE: FRAUD DETECTION AND INVESTIGATION

Investigation Principles

- 44 All allegations of fraud will be thoroughly and fairly investigated with reference to other organisational policies as required, e.g. the disciplinary policy.
- 45 External agencies may be used for investigation if deemed appropriate.
- 46 Allegations should be documented and include:
- a summary of the matter;
 - the quantity and/or value of the fraud or corruption;
 - the source of the information and explanation of how the individual became aware of the matter;
 - names and positions of any employees or third parties involved;
 - any details of significant times, dates and locations relating to the matter;
 - detail of any information and evidence to support the allegation (documents, records, etc); and
 - a list of any other persons who may be able to assist in any investigation.
- 47 Verbal reports however can be made; the Manager to whom the matter is being reported must make notes as above and confirm its accuracy with the person making the disclosure.
- 48 Any investigation must be fully documented. Following internal investigation, where matters of fraud and/or corruption are suspected, the matter will be reported to the NZ Police at the discretion of the Chief Executive (or the Mayor if the Chief Executive is suspected of fraud and/or corruption) and a complaint laid. This may result in criminal prosecution.
- 49 Following internal investigation, where matters of fraud or serious wrongdoing are suspected and where no criminal prosecution is likely or delayed, the Council may exercise any civil or contractual remedies open to it if deemed appropriate.

Confidentiality

- 50 It should be noted that maintaining confidentiality is particularly important as the individual(s) allegedly involved will not normally be alerted to the process of gathering and assessing evidential information. This is also to protect the rights of individual(s) involved.
- 51 The employee discovering suspected fraud should not discuss the suspicion with anyone other than the person they report it to, or as otherwise directed by their manager or investigator.
- 52 Employees must not attempt to investigate their concerns themselves or to contact the suspected individual(s) in an effort to determine the facts.

- 53 The Council will make best endeavours not to disclose any identifying information. However, confidentiality cannot be guaranteed. For example, confidentiality may not be able to be maintained where the disclosure of identifying information is in the public interest or is essential to having regard for the principles of natural justice, the effective investigation of an allegation, legal proceedings or criminal complaint.

Protected Disclosures

- 54 The Protected Disclosures “Whistleblower” Policy and the legislation Protected Disclosure Act 2000, details the obligations and rights of employees and employers relating to notification of “serious wrongdoing”.
- 55 The Protected Disclosures Act 2000 defines a serious wrongdoing to include:
- 55.1 an unlawful, corrupt, or irregular use of public funds or public resources an act, omission or course of conduct that constitutes a serious risk to public health or public safety or the environment an act, omission or course of conduct that constitutes;
- 55.2 a serious risk to the maintenance of the law, including the prevention, investigation, and detection of offences and the right to a fair trial an act, omission, or course of conduct that constitutes an offence an act, omission, or course of conduct by an employee that is oppressive, improperly discriminatory, or grossly negligent, or that constitutes gross mismanagement.
- 56 Individuals who make false or vexatious allegations or otherwise act in bad faith may not be afforded protection under the Protected Disclosures Act 2000 and may be dealt with under the Employee Code of Conduct.

Fraud Notification

- 57 Employees may contact their Manager, Union Representative, a lawyer, or the Office of the Ombudsman, for advice prior to making a disclosure.

If an employee suspects fraud by:	They should report it to	Parties involved in the initial investigation
Another Employee	Group Manager Corporate Services and the Chief Executive Officer	Organisational Development Manager and others as deemed necessary and appropriate
Their Line Manager	Group Manager Corporate Services and the Chief Executive Officer	Organisational Development Manager and others as deemed necessary and appropriate
Group Managers	Chief Executive	Organisational Development Manager and others as deemed necessary and appropriate
The Chief Executive	Mayor	Chair of the Audit and Risk Subcommittee and others as deemed necessary and appropriate
All other parties	Chief Executive/Group Manager Corporate Services	Senior Legal Counsel and others as deemed necessary and appropriate

Internal Procedure for Investigation following Notification

58 Management will investigate all allegations (anonymous or otherwise) of suspected internal fraud or misuse of resources.

The Investigator:

59 Shall undertake a preliminary assessment for the purposes of seeking clarification and gathering further information. The purpose of the preliminary assessment is to:

59.1 seek clarification and determine if there is any substance to the allegation;

59.2 protect employees or contractors from false or vexatious allegations;

59.3 gather and protect further evidence (a Forensic Accountant may be engaged);

- photocopies should be used during the investigation, with any original documents to be retained in a secure location as they may be required for court proceedings.

59.4 provide a set of recommended actions for the Chief Executive; and

59.5 liaise with appropriate parties including Senior Legal Counsel, NZ Police and employment lawyers in order to seek advice as deemed necessary to protect all parties.

60 Where the preliminary assessment appears to show a case of fraud, and has been approved by the Chief Executive, the allegation should be fully investigated including any assistance and resources as deemed necessary, including by a Forensic Accountant and/or NZ Police where appropriate.

61 Employees who commit fraud and/or are involved in corruption, or are suspected of fraud and/or corruption, may be suspended on full pay while an investigation is carried out, and will also be subject to the Council's disciplinary procedures.

62 The investigation shall ensure full documentation is kept of any preliminary and subsequent full investigation and filed/stored appropriately.

The Fraud Register

63 The Group Manager Corporate Services will compile and maintain the Council's Fraud Register (the Register).

64 The Register shall contain information on all suspected fraud notifications and how the Council handled these. It will record how the notification was resolved, the outcome by way of financial loss and details of amounts recovered, and if any changes are required to existing management policies, procedures or systems.

65 The Register will not contain any employee information of a private nature. Rather the Register's content will be at a high level focusing on how management dealt with this issue and what changes, if any, were required.

66 Access to the Register will be restricted to the Senior Leadership Team and Organisational Development Manager.

67 The Fraud Register will be reported to the Senior Leadership Team annually.

- 68 All information in the Register will be purged after a period of seven years unless management action in respect of a recorded item remains incomplete.
- 69 An update on the Fraud Register will be reported to the Audit & Risk Subcommittee annually.
- 70 The register will incorporate:
- 70.1 nature of event;
 - 70.2 amounts involved and/or recovered;
 - 70.3 investigation detail;
 - 70.4 recommendation/outcome;
 - 70.5 control environment issues/weaknesses; and
 - 70.6 control improvements made (if any).

Media

- 71 All information relating to a fraud or corruption investigation will not be disclosed without the expressed permission of the Chief Executive and/or the Group Manager Corporate Services, and must align with the Council's Corporate Communications Policy.

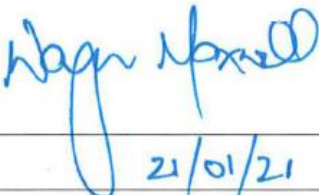
RELATED POLICIES AND DOCUMENTS

- Employee Code of Conduct
- Employment Agreements
- Receipt of Gifts and Hospitality Policy
- Procurement Policy
- General Expenses Policy
- Protected Disclosures "Whistleblower" Policy
- Protected Disclosures Act 2000
- Privacy Act 2020
- Local Government Act 2002
- Employment Relations Act and subsequent amendments

POLICY HISTORY

Version	Date	Policy Owner	Amended By	Brief Description of Change	Approved by
1	14 March 2007	Group Manager Finance & Corporate Services	Warwick Read, Group Manager Finance	New policy	SLT
2	August 2013	Group Manager Finance	Warwick Read, Group Manager Finance	Reviewed and updated	SLT
3	21 December 2020	Group Manager Corporate Services	Aston Mitchell, Policy Advisor	Reviewed and updated	SLT

SLT APPROVAL

Chief Executive name:	Wayne Maxwell
Chief Executive signature:	
Date:	21/01/21

Corporate Policy Title:	PRE-ELECTION PROTOCOL FOR COUNCIL EMPLOYEES		
Lead/Support Policy No:	Corp-DEM-01	Pages:	5
Group Responsible:	People & Partnerships		
Date Adopted:	March 2010		
Current Date Updated:	May 2022		
Next Review Date:	February 2025		
Document Location:	GO/04/03/02		

1. POLICY OBJECTIVES

This policy provides all Kāpiti Coast District Council employees with guidance on communication matters pertinent to dealing with elected members and the public in the pre-election period leading up to the local body elections. For the 2022 election this three-month period is 8 July to 8 October 2022 inclusive. Although July-October is generally understood to be the pre-election period, employees should be mindful of their responsibilities under this policy before, during and after the local body elections.

This policy applies to all staff employed on a permanent, contractual and temporary basis by the Kāpiti Coast District Council, including contractors, consultants and any other specialist personnel ('employees').

2. EMPLOYEE INVOLVEMENT IN ELECTIONS

The key requirement for Council employees generally, but especially during the pre-election period, is to maintain political neutrality. This means that employees must carry out their duties in an impartial and unbiased manner. Actions by employees that invite allegations of bias could cause serious problems on both a personal level and an organisational level.

It is important to remember that employees of local authorities have the same rights of freedom of expression and freedom of assembly as other members of the public.

However, judgement and caution should be exercised by employees when taking part in, or assisting with, any activity in connection with the campaigning of any election candidate. This includes organising meetings on behalf of any candidate, assisting with the development of any campaign materials, signing election documents such as a nomination form, canvassing or any other activity in support of a particular candidate. If in doubt, the employee should discuss involvement in any such activities with their manager before engaging in them.

The exercise of judgement is particularly important for those who exercise decision-making responsibilities (such as those at senior levels of the organisation) or who provide policy advice to elected member or have regular dealings with elected members (such as policy, communications, and democracy services employees). Other employees should also be aware that these obligations exist, and exercise judgement accordingly.

Employees are entitled to vote and are encouraged to take reasonable steps to inform themselves prior to casting their vote. This might, for example, include researching a candidate's website or attending a candidate meeting. Employees should take care that this activity:

- takes place outside Council premises (this does not apply where a Council facility is available for public hire)
- does not take place using Council time (such as during the period you are required to be carrying out your duties as an employee of the Council) or Council resources (such as computers)
- does not compromise the ability of the employee to discharge their obligations as a Council employee.

In particular, employees should be mindful of an increased level of media and public scrutiny and must refrain from making comments to the media about election matters. Any enquiries from the media are to be directed to the Electoral Officer or the Council's Communications and Engagement Manager in the first instance.

Employees should also exercise caution when making comment or engaging in debate on social media forums about election matters or specific candidates. Council employees must adhere to the Code of Conduct and must not bring the Council into disrepute.

Employees standing for political office

An employee may stand for office but should discuss this intention with their Group

Manager in the first instance as the potential for conflict of interest will have to be assessed, as well as the potential impact on workflow. The Chief Executive will then consider each situation on its merits which may lead to one of the following determinations:

1. No serious conflict of interest exists during the pre-election period.
2. A conflict exists but may be satisfactorily managed by a change in the employee's work duties. Such a change would be considered at the discretion of the Chief Executive and would take into account a number of factors including the organisation's needs at that time. One of the options may be for the employee to take leave for the period.
3. A serious conflict exists and ongoing employment with the Kāpiti Coast District Council is incompatible with campaigning and/or holding political office. The employee must decide whether they wish to retain their employment with the Council or pursue public office.

Any decision will be made promptly and will include consultation with the employee.

Any employee standing for political office may not use Council time, Council property or Council resources of any kind at any time for campaigning purposes.

Employees elected to political office

A Kāpiti Coast District Council employee who is elected as a Kāpiti Coast District Councillor must resign from their position as an employee of the Council before taking up their position as a Councillor (see Section 41(5) of the Local Government Act 2002). There is no corresponding statutory restriction in the case of election to a Community Board or standing for another authority other than the Kāpiti Coast District Council. However, the potential impact of the new role on the employee's duties as an employee needs to be discussed with their Group Manager.

3. INTERACTIONS WITH ELECTED MEMBERS

As well as the requirements associated with personal and direct involvement in elections, employees need to be aware more broadly of the organisation's [Communications, Media and Social Media Policy](#) and the Code of Conduct during the pre-election period. Employees should inform their Group Manager or the Electoral Officer of any interactions with incumbent candidates where the interaction is linked to the elections or campaigning.

Provision of information to election candidates

Where Council information is requested by and supplied to a registered candidate (including a current elected member) through a Local Government Information Management Act (LGOIMA) request it should be assumed that the information may be used for campaign purposes. The information must be made available to other registered candidates as well. Any requests to staff must be immediately re-directed to informationrequest@kapiticoast.govt.nz so they can be managed in accordance with Council's [LGOIMA Request Policy](#).

The use of Council resources for campaigning purposes

A local authority must not promote nor be perceived to promote the re-election prospects of a sitting member. Therefore, the use by Elected Members of Council resources for re-election purposes is unacceptable and potentially unlawful under the Local Electoral Act 2001. This includes Council resources such as stationery, postage, internet, email or telephones where such resources are used explicitly for campaign purposes.

Except where routine business needs to be maintained, to avoid any impropriety all use of Council resources by elected members will be suspended from 1 July 2022 as outlined in a communication from the Electoral Officer. If any employee is in doubt as to what is appropriate in this context, they should seek direction from the Manager Democracy Services.

Information employees need to know regarding communication from Elected Members

Routine Council business must continue, and Elected Members, especially Council Committee Chairs and portfolio holders, often comment through media releases or in other ways on relevant matters of public interest. From the beginning of the pre-election period, and likely earlier their capacities as official spokespeople will continue but will be limited to what is necessary to maintain Council business. Photographic material or information that is not associated with what would otherwise be routine Council business will not be used during the pre-election period.

Facilities such as mayoral or members' columns in publications paid for by Council will be suspended.

The Office of the Controller and Auditor-General has issued guidelines on 'Good Practice for Managing Public Communications by Local Authorities'. The guidelines are based around a set of guiding principles and staff working with or in communications should be familiar with this publication. Elected Members will be separately briefed at an appropriate time on communications matters in the pre-election period.

4. FURTHER GUIDANCE

If employees are unsure as to how approach any situation covered by this policy, they should seek guidance from their Group Manager, Manager Democracy Services or Communications and Engagement Manager.

5. REFERENCES AND RELEVANT LEGISLATION

- Local Electoral Act 2001
- Local Government Act 2002
- Auditor-General's Office - "Good Practice for Managing Public Communications by Local Authorities"
- [Communications, Media and Social Media Policy](#)
- [Local Government Official Information and Meetings Act \(LGOIMA\) Request Policy](#)
- [Staff Code of Conduct](#)

6. BREACHES

Allegations of employees breaching this policy will be investigated by Human Resources. The outcome of any such investigation may incur disciplinary action, which may include dismissal, under the Council's Staff Code of Conduct. A breach could, in the worst-case scenario, also constitute a breach of the principles of the Local Electoral Act 2001, which could lead to an election result being overturned.

7. DOCUMENT HISTORY

Version	Date	Policy Owner	Description of Change	Approved By
1	March 2010	Vyvien Maffey	Changes from SLT	SLT on 7/4/2010
2	April 2013	Vyvien Starbuck-Maffey	Changes from SLT	SLT on 15/4/2013
3	January 2016	Vyvien Starbuck-Maffey	Changes from HR, Comms and SLT	SLT on 18/1/2016
4	June 2016	Vyvien Starbuck-Maffey	Changes re SOLGM advice	SLT on 20/6/2016
5	February 2019	Leyanne Belcher	Changes from HR, Comms and SLT	SLT on 25/2/2019
6	May 2022	Steffi Haefeli	Changes from Comms and Governance and Legal Services	SLT on 16/05/2022



Wayne Maxwell
CHIEF EXECUTIVE

CORPORATE POLICY TITLE:	Gifting Assets Policy		
GROUP RESPONSIBLE:	Place and Space		
POLICY NO:	CP-20-043	PAGES:	1 - 17
APPROVAL DATE:	ORIGINALLY APPROVED:	CURRENT VERSION APPROVED:	NEXT REVIEW DUE:
	August 2020	August 2020	August 2023

1. POLICY OBJECTIVES

The objective of the Gifting Assets Policy (**Policy**) is to provide guidance for all Kāpiti Coast District Council employees involved in decisions to accept or decline a proposed gift to the Council.

Employees must use this policy and follow the processes outlined in Appendix 1 to assess the feasibility of and impacts to the Council of any proposed gift.

2. POLICY STATEMENT

This Policy provides principles and guidelines to support decisions on accepting or rejecting a proposed gift.

Council will generally not accept gifting of assets unless they can be seen as providing benefit to Council or the community. Any gifts accepted must:

- not represent risk to rate payers or our community;
- not present on-going financial pressure on rates without justified benefit; and,
- must be assessed as being in good condition prior to acceptance.

The Policy is intended to ensure that Council is:

1. protected from unforeseen and unnecessary costs;
2. protected from unforeseen liabilities;
3. not subject to any obligation to the donor or any third party;
4. transparent and robust in its assessment of a proposed gift; and
5. aware of any benefits the proposed gift may have to local residents and/or communities.

Gifts this Policy applies to can include:

- goods, chattels or equipment;
- money;
- land;
- fixed assets; and/or

- fixtures.

Labour is also often associated with gifted assets. While Council values and supports effective volunteering for the benefit of our community, a determination on the use and nature of any labour proposed to support any gifted asset should be undertaken in-line with this policy and its' associated processes, prior to any work being undertaken. The determination will be dependent on the task offered to be undertaken and the state or standard to which any gifted asset must meet in order to satisfy Council's requirements under this policy. See section 6 on Implementation for further details.

Recent examples include a pump track, piano, and a public toilet installation.

This Policy does not cover:

- vested assets to the Council as a *part of new developments or subdivisions* i.e. land, roads, pipes;
- vested land to the Council under the Public Works Act or any other relevant legislation;
- art gifted to the Council (covered by the Public Art Policy);
- gifts and hospitality received by employees (covered by the Receipt of Gifts and Hospitality Policy); or
- commemorative seating (covered by the Commemorative Seating and Picnic Table Process).

3. RESPONSIBILITY FOR ASSESSING POTENTIAL GIFTS

The Activity Manager responsible for managing the gift if it is accepted by Council is also responsible for assessing whether the Council should accept or reject the gift in accordance with this Policy.

For example:

- A bicycle pump track would be the responsibility of the Parks and Recreation Team.
- A piano would be the responsibility of the Property Team.

Before commencing the Appendix 1 assessment, the Activity Manager must confirm that the donor has legal ownership of the proposed gift and the appropriate authority to gift it to the Council.

The gift should not be physically accepted until after the assessment process has been completed, and the Authorised Decision Maker has agreed to accept it.

Consideration should also be given as to whether there is a potential conflict of interest. If a conflict of interest is identified between the gift and/or its' donor and the responsible Activity Manager and/or the Authorised Decision Maker, this must be declared to next highest delegation level and next steps for assessment determined with them. It is expected that in these scenarios, the employee for whom conflict of interest is identified would not be involved in the assessment process except where absolutely necessary. This would need to be recorded and declared as a part of the assessment process.

4. DELEGATIONS

The Authorised Decision Maker has the final authority to decide on whether the Council will accept or reject the gift and must have the appropriate delegations for making this decision, including:

1. the appropriate financial delegation level based on an assessment of the whole of life cost of the gift; and
2. consideration of any risks or significance¹ associated with the gift.

Note: For gifts of Land:

- Land can only be accepted by Council resolution, so the decision maker is the Council;
- Land can be declined by the Senior Leadership Team.

Financial delegations for acceptance or refusal of a gift under this Policy are based on a Managers' (Tier Three/Activity Manager, Group Manager, Chief Executive) spending delegation. Check the delegation level before the decision maker is determined and any decision is made. Where there is a level of uncertainty or potential risk for higher whole of life costs than identified, the delegation should be raised to the appropriate higher level to ensure the potential whole of life total costs fits within that financial delegation band.

A Tier Three Manager **must** advise and check with their Group Manager before finalising his or her decision to accept or reject a proposed gift. This helps to ensure that all aspects of a potential gift are considered, including any potential impacts.

If a gift of any value may be controversial or high risk, the assessment **must** be sent to the Senior Leadership Team for a decision. In these circumstances, financial delegation is superseded, and the decision must be escalated as is appropriate.

Elected Members must be notified at the next available Council meeting of any potential controversial, high risk, and/or high cost gifts.

If appropriate (i.e. concerns regarding potential risk level or total spend), contact your Group Manager to discuss your concerns regardless of delegation level. Delegation level should not prevent escalation at any point if it is appropriate.

5. DOCUMENTATION MANAGEMENT

The Activity Manager must save all documentation related to a proposed gift into the Gifted Assets folder in Ed, including but not limited to:

- all correspondence between the donor and Council (i.e. the acknowledgement letter);
- assessment of the potential gift (both initial and detailed (if completed));
- memo/s or report/s on findings; and
- any decision(s) made.

¹ See the Council's Significance and Engagement Policy for further advice on the significance of a gift or project.

All proposed gifts to Council must be recorded on the Gifted Assets Register in Ed, whether accepted or rejected. This register can be found here: <http://ed/otcs/llisapi.dll/link/7116422>

Any accepted gifts must be notified to the Finance Business Analyst – Asset Management to record the asset into the Council’s fixed asset register.

6. DEFINITIONS

Activity Manager is the person responsible for managing the gift (if accepted) and for assessing whether Council should accept or reject the gift.

An **Authorised Decision Maker** is the person with the final authority to accept or reject the gift. They must have the appropriate delegation level, including financial, and risk and significance levels, to have the authority to make a determination. See Section 4. Delegations for further explanation.

A **controversial gift** means a gift that is likely to cause widespread or significant public disagreement if Council accept or reject it.

Donor means the person proposing to gift to Council;

A **high risk gift** is a gift that is likely to cause reputational, financial, environmental, cultural damage to the Council or expose the Council to litigation.

7. REFERENCES

8. RELATED POLICIES AND DOCUMENTS

- FIN-13-10 Receipt of Gifts and Hospitality.
- CS-14-1335 – Strategic Property Purchase – Prioritisation Methodology (505538).
- Significance and Engagement Policy.
- Reserves, Structures, and Commemorative Places Naming Policy.
- Public Art Policy 2013.
- Open Spaces Strategy – This will provide some clear guidance on whether to accept or reject land, in conjunction with this policy.
- Subdivision Principles and Development Principles and Requirements.

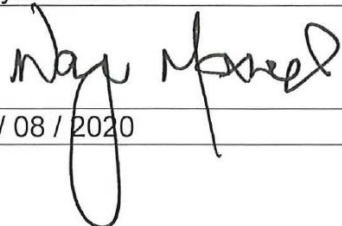
9. REVIEW PROCESS

- 9.1. Changes to the Policy may be made on recommendation of a Group Manager. Approval for the changes must be made by the Senior Leadership Team (SLT).
- 9.2. Every three years the Gifting Assets Policy will be formally reviewed and sent to the SLT for approval.

10. POLICY HISTORY

Version	Date	Policy Owner	Amended By	Brief Description of Change	Approved By
1	August 2020	Place & Space	Aston Mitchell, Policy Advisor	New policy	CE

11. SLT APPROVAL

Chief Executive Name:	Wayne Maxwell
Chief Executive Signature:	
Date:	10 / 08 / 2020

APPENDIX 1

PROCESS TO ASSESS A POTENTIAL GIFT TO COUNCIL

1. ACKNOWLEDGEMENT OF A POTENTIAL GIFT

Once Council has been notified of the proposed gift, the Council will formally acknowledge receipt of the proposal from the donor by sending a letter and/or email (a copy must be scanned and saved in Ed). The letter must outline the process Council will follow before deciding to accept or reject the gift.

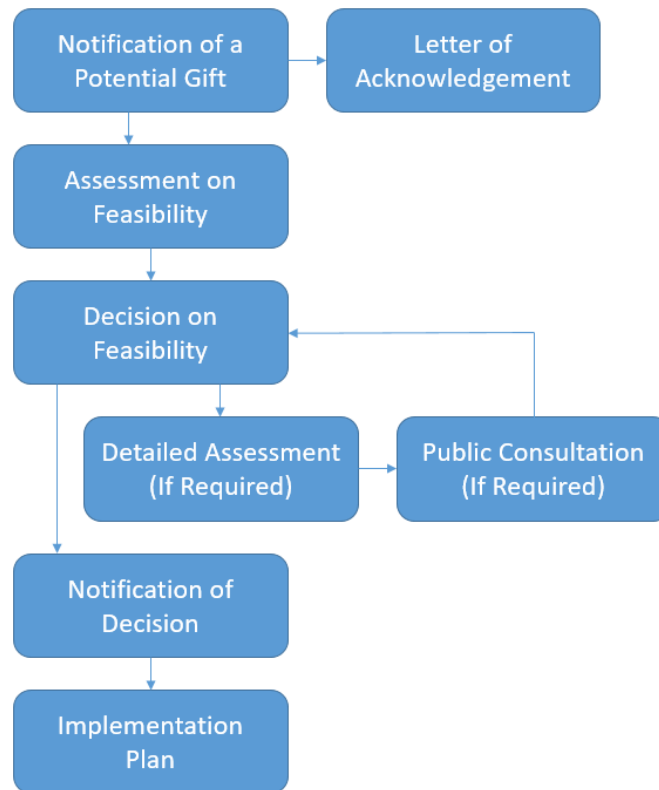
2. ASSESSMENT ON FEASIBILITY

The Activity Manager (or their nominated council officer) will carry out an assessment to determine the feasibility of acceptance. This could be simple and quick assessment, or detailed assessment depending on the nature of the gift (note: a detailed assessment should be completed if further information or consultation is required).

The officer must liaise with key internal stakeholders during the assessment as appropriate, including with, but not limited to: Iwi Partnerships, Property, Resource Consents, Building Consents, Parks and Recreation, Finance, Access and Transport, District Planning, Compliance, and Communications.

On conclusion of the assessment on feasibility, the Activity Manager must provide a memo or report including their rationale and recommendation on the gift to the authorised decision maker.

FIGURE 1: Assessment of a Proposed Gift to Council



This assessment should include:

2.1. Initial review on **whole of life costs**, including any:

- Initial costs (including any installation costs);
- on-going maintenance;
- insurance (cost and coverage);
- renewal costs if appropriate; and
- removal costs for end of life, if appropriate.

The financial impact on Council should include any impact on rates, borrowings, capex, and any likely implications to the Long Term Plan.

2.2. Condition of gift: Any gift accepted must be of good condition and usable quality, and must meet any required standards to deem it usable i.e. a gifted building must meet the New Zealand Building Code standards. If any exceptions to this criterion are to be made, the Group Manager **must** approve this exception.

2.3. Potential staff input (time and costs) for any delivery, installation and/or on-going maintenance or repairs.

2.4. Location of proposed gift, including any difficulties this may cause, or if there is a better proposed alternative. This could interlink with clause 2.5 and 2.6.

- 2.5.** Any potential **environmental impact**. Contact the Infrastructure Group (Transport, Sustainability and Resilience, and Three Waters), as well as the Parks and Recreation, District Planning, Compliance, and the Iwi Partnerships teams to discuss any potential impacts. This could include any potential impact on any nearby nesting sites, or cumulative noticeable erosion, trampling, or water/air quality changes, as well as any impact on Māori food or plant gathering. If any adverse effects cannot be avoided, remedy or mitigation effects should be outlined. This could relate to clause 2.4 if a proposed site is ecologically sensitive, and an alternative site would have less adverse environmental impacts.
- 2.6.** Any potential **cultural impact** - this should be discussed with the Iwi Partnerships team and may require consultation directly with local iwi. This should include, where relevant, any information on the cultural values associated with the proposed gift or installation site, and any effect on those values, as well as any recommendations to avoid, remedy, or mitigate any adverse effects. It may link to clause 2.5 if a proposed site is Wahi Tapu or activities could impact cultural sensitivities. Examples include if the proposed gift may be culturally insensitive to accept or reject; or the placement of a proposed gifted public toilet block was on or near sacred land.
- 2.7.** Outline any **external funding requirements**:
- 2.7.1. If the proposed gift is not fully paid for or is subject to any debts or security interests and the Council are not expected to input funds to it, Council is unable to accept said gift until the funds to pay for it in full are secured, in accordance with clause 2.7.2.
- 2.7.2. If the proposed gift is offered as a joint project where Council are expected to input funding (for example a building offering public benefit), the Activity Manager may use their delegation to fund the project. If appropriate, the project will need to be sent to Council for a decision.
- 2.7.3. The external funding must be in place prior to commencement of the project.
- 2.8.** Outline any **donor conditions**:
- 2.8.1. The Council is not expected to pay for or purchase the gift from the donor. All purchases by the Council are completed under the purchase policy.
- 2.8.2. The Authorised Decision Maker has the discretion to accept the gift (or alternatively reject it) if it is gifted with certain conditions. Acceptance of such gifts should generally be discouraged, and if accepted then any conditions must be minor or cause minimal or no effect to Council, financial or otherwise.
- 2.9.** **Legal** review. Not applicable for all potential gift types. This is a requirement when the proposed gift is land, including confirming the donor owns the land and is on the Record of Title.
- 2.10.** Assessment of the **risk, controversy, and significance level** of the proposed gift including assessment against Council's Significance and Engagement Policy.

This will identify if any public consultation is required – if so, this may identify the need for a further DETAILED ASSESSMENT stage.

- 2.11. Benefits** from acceptance – social/financial/environmental/cultural. This should include any linkages to the Long Term Plan or achieving goals and objectives of Council, Group Activity Plan or Local Community Outcomes.

If following the assessment, it is determined that it is not appropriate that the gift is managed under this policy and any associated processes, it may be suitable to shift the assessment and management to the appropriate policy/process instead (i.e. a painting to the Libraries team under the Arts Policy 2013). The relevant person should be identified and notified, and confirm receipt and processing of gift.

3. DECISION ON FEASIBILITY

The Authorised Decision Maker will base their decision on whether to accept or reject the gift on the assessment completed by the decision maker, and whether a detailed assessment process is required.

An Authorised Decision Maker must have the authority to make the decision. See DELEGATIONS under the Policy for further advice on who is authorised to make a decision on acceptance/refusal of a gift.

Acceptance of a gift can be made conditionally (i.e. to allow the donor to finalise their funding for purchasing a gift). Where this is the case there must be parameters set and specified (including end dates for any agreements based on budgets). Any conditions should be clearly reflected in any notification of agreement.

On accepting a gift, the Council will take sole ownership of it, and the responsible owner should ensure the asset is recorded in the Gifted Asset Register (<http://ed.otcs/llisapi.dll/link/7116422>), as well as the Asset Register which is held by the Finance team. Insurance requirements including cover start date must also be discussed with the Chief Financial Officer.

4. DETAILED ASSESSMENT (IF REQUIRED)

If the assessment of feasibility identifies a number of uncertainties, or identifies a need for public consultation, the Activity Manager must undertake a more detailed assessment to confirm the financial impacts and any other extraneous factors identified under 2. ASSESSMENT OF FEASIBILITY.

Any public or iwi consultation would need to be completed with feedback analysed, before a decision on the detailed assessment can be made. The Communications team can discuss with the owner the breadth of the consultation required.

- 4.1. Decision on Detailed Assessment:** On conclusion of the detailed assessment and any public consultation, a memo or report will need to be created to explain the assessment findings and request a decision from the delegated decision authority.

For gifts of land, if the recommendation is to accept the gift, a sale and purchase agreement should be included for the Council's consideration. The assessment report and agreement will require a review by legal before a final decision can be made.

The decision on the detailed assessment could confirm the initial decision to proceed, or change the decision to now reject the gift.

5. NOTIFICATION OF DECISION

There must be a formal notification in writing to the donor outlining the reasons for the decision. This can be made via email or letter, and must occur whether the gift is accepted or rejected. An example letter can be found under 9. EXAMPLE NOTIFICATION LETTER.

- 5.1.** If the proposal is accepted, the letter must include the following conditions if applicable:
- A. if anything is to change under the assessment (including but not limited to cost, cultural impact, environmental impact, controversy level, risk level), then the decision to accept the gift may be revisited;
 - B. if external funding is not confirmed, then this must be confirmed by a determined date (to be agreed at the relevant delegation level);
 - C. if any conditions from the donor are accepted, these must be stated clearly.

Note: 5.1 (A) does not apply for land as a resolution by Council is final.

- 5.2.** The notification letter sent out must also include the “Transfer of Ownership” form. The donor will need to sign this and return it to Council to confirm the transfer of ownership. A copy of this form can be found under 10. TRANSFER OF OWNERSHIP FORM.

6. IMPLEMENTATION

If the gift has been accepted by Council, an implementation plan for the gift will need to be created – the plan will be dependent on the gift type. It can be enacted once the donor has confirmed gifting – this will generally only be after a TRANSFER OF OWNERSHIP FORM or Sale and Purchase Agreement has been returned to Council. The implementation process may include project management from Council and any other Council processes that may be required e.g. links to future funding.

Where the gift is yet to be built (i.e. a basketball hoop and court, or a building), Council must be involved with the process for oversight, including decision-making, and to ensure that the gift will meet the required standards for the project as advised by Council – such as the NZ Building Code and Health and Safety at Work Act 2015. The implementation plan and implementation processes must also be carried out in accordance with other Council policies i.e. our Health and Safety policies.

7. ASSESSMENT ON FEASIBILITY CHECK LIST

The assessment on feasibility check list should be used to ensure a thorough assessment has occurred prior to a decision being made on whether Council will accept or reject the gift. This includes the identification and due consideration of areas outlined in section 2.1.

The notes summary can be used to provide a brief outline of each section i.e. whole of life costs - \$5000; environmental impact – none.

#	Section	Reviewed By	Reviewer Position	Date	Notes
1	Initial Valuation - Whole of Life Costs				
2	Potential Staff Input				
3	Condition of Gift				
4	Location				
5	Environmental Impact				
6	Cultural Impact				
7	External Funding Requirements				
8	Donor Conditions				
9	Legal				
10	Risk, Controversy, or Significance				
11	Public Consultation				
12	Benefits				

8. EXAMPLE ACKNOWLEDGEMENT LETTER

An example of the acknowledgement letter to be sent to the donor is below.

Due to the variable nature of gifts Council may be offered, it is appropriate that acknowledgement letters be tailored to each offered gift. Any optional wording should be filled in, added and deleted as is applicable to the gift offered. All letters must be sent on Kāpiti Coast District Council letterhead.

DD MM YYYY
ADDRESS

Dear XXXX

OFFER TO GIFT XXXX

Thank you for your offer to gift XXXX to the Kāpiti Coast District Council/Council on behalf of the community.

We will now proceed with an assessment process to consider your gift. The timing of the process is expected to take XXXX, however this may extend based on the level of detail required.

The assessment process begins with an initial assessment to determine viability, which will cover a range of factors that may affect the Council including:

- environmental impacts;
- cultural impacts; and
- any potential costs or liabilities.

Council reserves the right to complete a comprehensive assessment of your gift, which may include public consultation.

Once the assessment process has concluded, we will notify you in writing of the outcome of Council's assessment and confirm if it will accept your gift or not.

If you have any further enquiries, please contact me using the details below.

Yours sincerely,

OWNER NAME
OWNER TITLE
CONTACT DETAILS

9. EXAMPLE MEMO TO DELEGATED DECISION MAKER

An example of the memo to the delegated decision maker is below. Templates are updated on occasion – check that the memo you use is the current one provided by Democracy Services on Hub Kap.

Due to the variable nature of gifts Council may be offered, it is appropriate that memos are tailored to each offered gift. Wording should be filled in, added, and/or deleted as is applicable to the gift offered.

FOR DECISION

To: Group Manager/Senior Leadership Team/Council
From: OFFICER – ROLE, TEAM
Date: DD MMMMMM YYYY
SUBJECT: GIFT TO COUNCIL - XXXX

PURPOSE

- 1 The purpose of this report is to provide information on XXXX

BACKGROUND

- 2 Background information on the proposed gift XXX.

KEY POINTS - ASSESSMENT RESULTS

- 3 XXX
- 4 XXX

This should include whether any public consultation is required (identified under the Significance and Engagement Policy), and whether there is any potential for the gift to be high risk or controversial.

FINANCIAL IMPLICATIONS

- 5 XXX

LEGAL IMPLICATIONS

- 6 XXX

POLICY IMPLICATIONS

- 7 XXX

IWI CONSIDERATIONS

- 8 XXX

OTHER CONSIDERATIONS

- 9 XXX

RECOMMENDATIONS

- 1 **Note** the key assessment points and implications listed in this report.
- 2 **Note** the full assessment detail in Appendix 1.

- 3 **Determine** whether to accept/refuse XXXX, and whether a detailed assessment will be required for further consideration.

Prepared by:

Approved for submission by:

.....
OFFICER
ROLE, GROUP

.....
GM
Group Manager, **GROUP**

ATTACHMENTS

- 1 Appendix 1: **Assessment/detailed** assessment

10. EXAMPLE NOTIFICATION LETTER

An example of the notification letter to be sent to the potential donor is below.

Due to the variable nature of gifts Council may be offered, it is appropriate that notification letters be tailored to each offered gift. Any optional wording should be filled in, added and deleted as is applicable to the gift offered. All letters must be sent on Kāpiti Coast District Council letterhead.

DD MM YYYY
ADDRESS

Dear XXXX
OFFER TO GIFT XXXX

Thank you for your offer to gift XXXX to the Kāpiti Coast District Council/Council. We are grateful for the opportunity.

We have undertaken this assessment process in accordance with our policy and would like to inform you that we will happily accept/regretfully decline your gift.

[WHY] – Provide a brief explanation as to why we are accepting/declining the gift. i.e. We feel the community will greatly benefit from XXX as it will provide YYY/Unfortunately the costs to maintain XXX are too high for Council to take on this gift.

[ONLY USE IF EXTERNAL FUNDING IS NOT IN PLACE (not applicable for land)]

In order to give you time to finalise the funding for XXX (i.e. building a pump track), our agreement to accept your gift will remain in place until DD MM YYYY, after which our agreement will be rescinded. If you are wanting to proceed with gifting after this point, we will need to re-assess your offer.

The Council's decision to accept your gift is conditional on you finalising funding for it on or before DATE. If this condition is not satisfied by the due date, the Council's decision to accept your gift is revoked and the Council will not accept your gift. The Council's decision is final and any future assessment of your gift will be undertaken separately.

[ONLY USE IF ACCEPTING LAND/FIXED ASSET/TANGIBLE ITEM – CHECK WITH LEGAL FOR CORRECT PROCESS]

To complete transfer of ownership of the Gift, we require you to sign the attached Transfer of Ownership form/the Sale and Purchase Agreement (*for land only*) and return this to us by email to YOUR EMAIL or post to Kāpiti Coast District Council, TEAM NAME, 175 Rimu Road, Paraparaumu 5032. Once we receive this back from you, the transfer of ownership will be completed.

[FOR ACCEPTANCE ONLY - REMOVE IF NOT APPLICABLE]

Council advises that if there is any change to its assessment of your gift, the Council reserves its rights and its sole and absolute discretion to decline to accept any gift.

[ADD IN AS REQUIRED FURTHER INFORMATION]

i.e. We will be in touch with you to arrange pick up i.e. piano;

i.e. Our account number is XX XXXX XXXXXXXX XX for your deposit i.e. funds;

i.e. We will liaise with you regarding project management for the build i.e. bike pump track build.

[CONDITIONS] If you have agreed to accept the gift with conditions, please list these clearly.

If you have any more enquiries, please don't hesitate to contact me on the phone number below, or via email.

Yours sincerely,

OWNER NAME
OWNER TITLE
CONTACT DETAILS

11. TRANSFER OF OWNERSHIP TO COUNCIL FORM

The form to be sent to the donor to transfer ownership to Council is below.

This should be sent in all scenarios where Kāpiti Coast District Council agree to accept an offer of a gift (excluding land where a Sale and Purchase Agreement will replace this). Any XXX's should be filled in with the gift name. The form must be sent on Kāpiti Coast District Council letterhead.

I/we _____ agree to transfer free of all debts and liabilities ownership of XXX to the Kāpiti Coast District Council.

I/we acknowledge and confirm that I/we am/are the full legal owner/s or am authorised to act on behalf of the full legal owner/s of XXX and have the required authority to transfer ownership of the gift to Kāpiti Coast District Council, and that XXX is unencumbered.

I/we understand that on signing this form I/we will relinquish all rights to XXX now and in perpetuity.

In consideration of the gift, I/we hereby release and provide a complete discharge of and indemnify the Council from and against all actions, proceedings, claims, and demands whatsoever for or in respect of or on account of the gift up to and including the date of transfer of the gift to the Council.

SIGNATURE: _____

DATE SIGNED: _____

Name: _____

Address: _____

Phone Number: _____

11.

Corporate Policy Title:	Enterprise Risk Management (ERM) Policy		
Policy No:	CP-22-055	Pages:	20
Group Responsible:	Corporate Services		
Approval Dates:			
Originally approved on:	27/06/2022		
Current version approved on:	27/06/2022		
Next review due on:	27/06/2023		

PART A – POLICY

1 POLICY OBJECTIVE

- 1.1 The purpose of this policy is to set out Kapiti Coast District Council's (Council) high-level directions and expectations for Enterprise Risk Management.
- 1.2 Use of this policy will ensure that the Council:
- Has consistent organisation-wide risk management practices in place to better inform decision-making and achieve improved services and cost-effectiveness
 - Aligns to the AS/NZS/ISO 31000:2018 Standard: Risk management – Guidelines.

Policy Statement

Council is committed to managing risks which informs decision making, setting and achieving objectives and improving performance.

Council will manage and provide assurance that risk is managed based on Council's Enterprise Risk Management Guidance in an iterative way. This will assist Council to achieve the strategic, operational and project objectives.

Managing risk at Council is everyone's responsibility and part of all activities and considers the internal and external context.

2 BACKGROUND

Risk Management

- 2.1 Council is committed to consistently applying and integrating effective risk management principles and practices to all its key activities and decision-making in order to improve the reliability, timeliness and efficiency of achieving its strategic, operational and project objectives which include our Community Outcomes as set out in the Long Term Plan (LTP).
- 2.2 Risk management ensures a consistent approach to identifying, assessing, treating and monitoring risks – i.e. threats and opportunities - across the organisation. This consistency is essential to ensure reliable prioritisation of risk treatments, acceptance of some risks, and rational

well-informed decision-making which benefits the organisation as a whole rather than benefiting some parts of the organisation at the expense of others.

- 2.3 Successful risk management ensures that we are well prepared for any changes to our working environment – whether these changes occur suddenly - as in a natural disaster / pandemic - or whether they occur over the longer term - such as changes to stakeholder / customer expectations, legislative requirements, workforce, security or funding.
- 2.4 Ultimately, good risk management results in clearer priorities, better decision-making, timely action, added value and business resilience.

Meaning of Risk

- 2.5 Like all organisations, Council recognises that it faces a wide range of internal and external factors and influences that make it uncertain whether and when it will achieve its objectives. Risk is defined as ‘the effect of uncertainty on achieving our objectives’ (ISO 31000:2018) – in other words it is the things that stand in the way of achieving our goals/objectives. Risk is therefore an uncertainty of outcome and can either give rise to a positive outcome (opportunity) as well as a negative outcome (threat).

Common characteristics of Risk

- Uncertainty of an event
- Can happen in the future (not something happening right now)
- If it does happen it could affect what Council wanted to achieve either in a positive or negative way.

Risk Appetite

- 2.6 Risk appetite is the amount and type of risk that Council is willing to pursue or retain. Risk appetite is a high-level philosophy across the organisation that describes how much, and in what areas risks may be taken in the achievement of objectives. The Council Risk Management Policy provides a high-level statement of risk appetite. In some cases, specific risk appetite may be considered and developed by the Council outside these guidelines and to meet certain situations.

Types of Risk Appetite of the Council	
Extreme	considered to be an unacceptable level of risk (or if an opportunity = then must pursue)
High	generally considered to be an unacceptable level of risk but of lower priority to the Extreme Risk (or if an opportunity = should pursue)
Moderate	can be considered tolerable but only if further risk reduction is impracticable (or if an opportunity = may pursue)
Low	are usually tolerable and will not require further treatment (If an opportunity = would not pursue)

2.7 The above statements can help determine target risk rating and risk treatment options. This does not mean Target risk has to be “low” for the risk to be accepted. If residual risk equals target risk, the risk can be accepted. If residual risk is greater than target risk, further action will need to be taken to mitigate the risk and bring level of risk to an acceptable level.

Risk Tolerance

2.8 Risk tolerance is the amount of acceptable deviation from Councils risk appetite. While risk appetite is a broad, strategic theory that guides Councils risk management efforts, risk tolerance is a much more tactical concept that identifies the risk associated with a specific initiative and compares it to the Councils risk appetite.

Risk Tolerance Thresholds – Escalation of Risk

2.9 Effective risk management means that the risk is being managed at the right level. Risk needs to be escalated to a higher management level in the Council to ensure the risk is assessed by the right people and within the risk appetite of the Council.

2.10 A risk is escalated if the proposed mitigations to control the risk within its current level move out of the accepted risk appetite of the Council. A risk is escalated based on its residual rating not the inherent rating.

2.11 The table below shows Council’s escalation of risk as to who has the authority to accept the risk based on the residual risk rating.

Residual Risk	Risk Escalation / Acceptance
Extreme	Chief Executive
High	Deputy Chief Executive
Moderate	Group Manager
Low	Risk Owner

3 SCOPE

3.1 This policy applies to all Council staff and covers risk management within Kapiti Coast District Council.

Rules and requirements

Council is committed to following enterprise risk management practice as set out in International Standard (ISO 31000:2018) and any subsequent update.

All Council staff must:

- Ensure they understand the extent to which their role requires them to identify and manage risk.
- Understand the context of their individual responsibilities for risk management through the [risk management process](#).

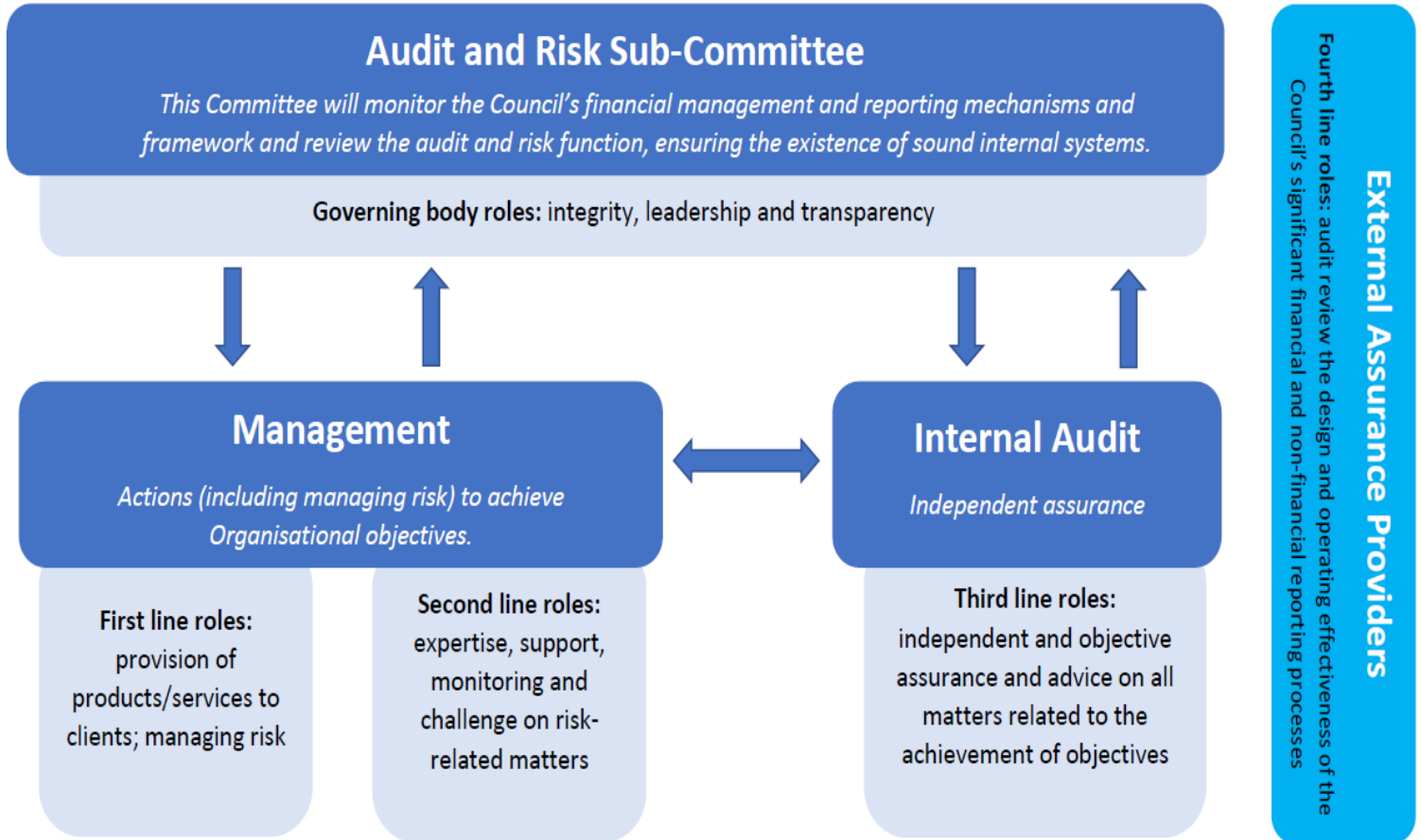
4 DEFINITIONS (ISO 31000:2018)

Term	Definition
Risk	The effect of uncertainty on achieving objectives. It can be positive, negative or both, and can create or result in opportunities and threats.
Risk Appetite	The amount of risk that Council is willing to pursue or retain to achieve its objectives.
Risk Assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk Tolerance	The threshold levels of risk exposure that, with appropriate approvals can be exceeded but when exceeded will trigger some form of response.
Risk Management	Coordinated activities to direct and control Councils uncertainties in relation to achieving objectives.
Risk Management Capability	The culture, practices, experience and application of risk management within Council.
Risk Management Guidance	A structured approach to identify, monitor and manage risk.
Risk Register	A record of information about identified risks and how they are being managed. There are three different types of registers, Strategic, Operational (Group) and Projects.
Inherent Risk Rating	The current risk level without taking into consideration existing control measures.
Residual Risk Rating	The current risk level taking into consideration existing risk controls.
Consequence	The outcome of an event which affects Council achieving its objectives.
Likelihood	The chance of something occurring.
Control	A measure that maintains and / or modifies the residual risk rating.

5 GOVERNANCE – COUNCIL’S WAY OF MANAGING RISK

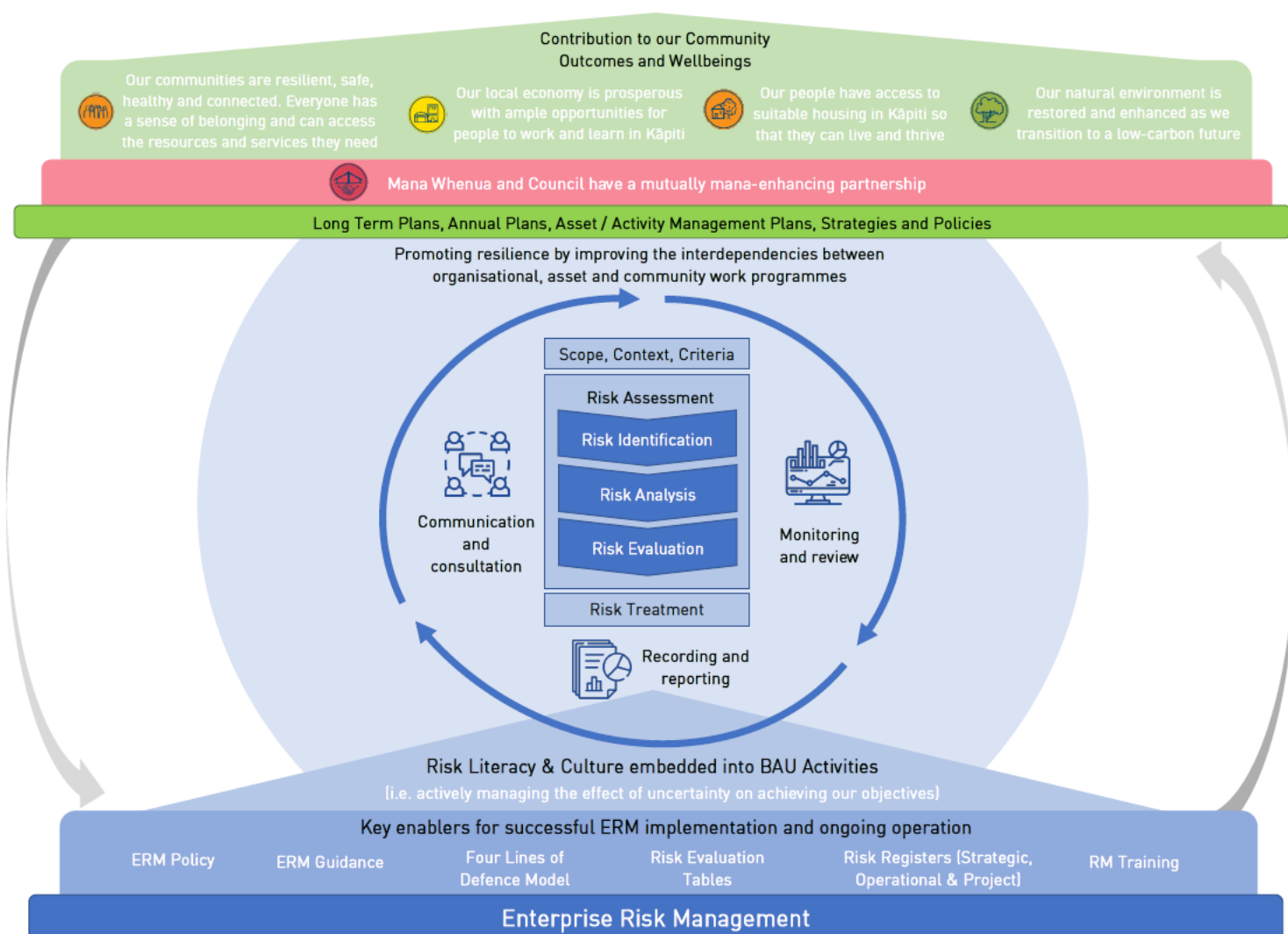
5.1 The four lines of defence model is an accepted regulated framework designed to facilitate an effective risk management system that clarifies roles and responsibilities.

5.2 The Council’s risk management responsibilities align to the four lines of defence model below:



5.3 While each of the four lines of defence have a different role to play, working together helps to draw a full picture of Assurance for the Council and how well the risks are being managed.

5.4 The diagram below outlines how Council will use Risk Management as a mechanism to build resilience into Business as Usual (BAU) which will help Council to effectively prioritise and set strategic objectives:



Who has oversight and accountability for Risk Management?

5.5 Roles and Responsibilities of Elected Members and Staff of Council:

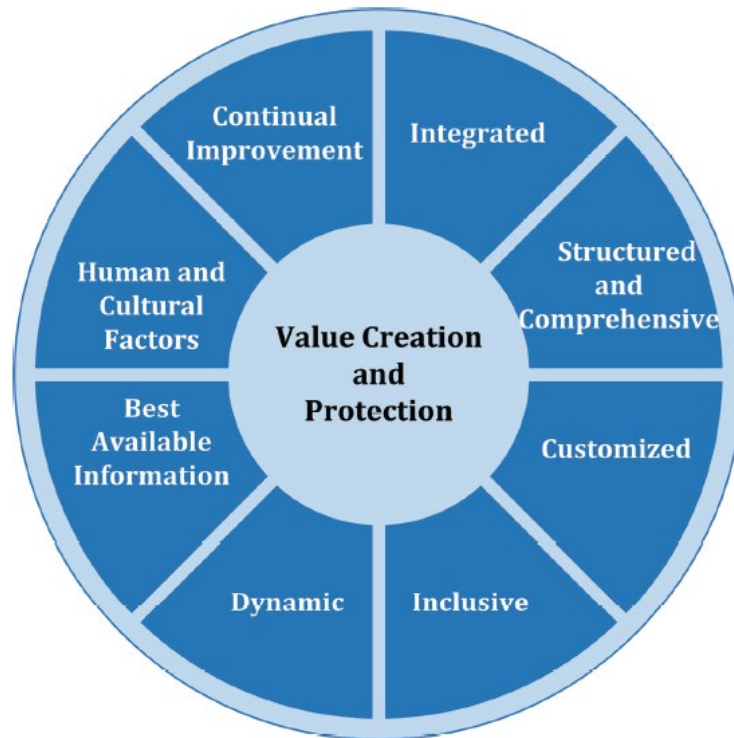
Role	Responsibilities
Governance & oversight	
Audit & Risk Sub-Committee	<ul style="list-style-type: none"> - Review and maintain the internal control process - Ensure Council has in place a current and comprehensive risk management process and making recommendations to the Council on risk mitigation
Chief Executive (CE)	<ul style="list-style-type: none"> - Overall responsibility of Risk Management in the Council - Approve the Risk Management Policy and Guidance
Business Groups – 1st Line of Defence	
Senior Leadership Team	<ul style="list-style-type: none"> - Identify new and emerging risks - Set and monitor Council’s risk appetite - Review Council Risk Registers on a scheduled basis - Risk-aware culture to be driven from Top-down

Role	Responsibilities
	<ul style="list-style-type: none"> - Escalate risks from business group to CE
Risk Owners e.g. SLT & Activity Managers	<ul style="list-style-type: none"> - Manage risks and are held accountable for mitigating the risk via treatments - Review the risks assigned on a scheduled basis - Ensure controls are designed and operating effectively to manage the risk - Design action plans to mitigate and manage the risk and monitor until completion
Risk Champions	<ul style="list-style-type: none"> - Keep up-to-date risk registers that are reviewed as scheduled - Risk discussions with Group Manager and escalation of risk where appropriate
Council Staff	<ul style="list-style-type: none"> - Have a responsibility to be risk-conscious in carrying out their duty - Use judgement to identify any potential risk through having discussions with their manager
Risk & Assurance – 2nd Line of Defence	
Risk Advisor, Business Improvement Manager & Group Manager Corporate Services.	<ul style="list-style-type: none"> - Implement the Risk Management Policy and Guidance - Embed Council's risk management capability and culture - Identify and report significant risks and issues to SLT / Audit & Risk Sub-Committee - Provide risk advice to SLT and support the management of risk across the Council - Work closely with independent providers for Internal audit to identify any weakness areas that require additional assurance - Ensure teams within business groups in the Council have a Business Continuity Plan (BCP) which is updated as scheduled to reflect any changes
Internal Audit – 3rd Line of Defence	
Internal Audit	<ul style="list-style-type: none"> - Provide independent assurance to the Audit & Risk Sub-Committee and Senior Leadership Team over the design and operation of the risk management process and internal controls within the Council
External Audit/Independent Provider – 4th Line of Defence	
External Audit	<ul style="list-style-type: none"> - Provide advice and recommendations to the Council through the Audit & Risk Sub-Committee and discussions with SLT based on control findings arising from interim and final audits

PART B – GUIDANCE

6 Why do we need Risk Management?

6.1 In striving to continually achieve optimal performance, Council has adopted the international standard ISO 31000:2018 'Risk Management - Guidelines' which describes an Enterprise Risk Management (ERM) model. ERM is a best practice approach that integrates the process for managing risk into overall governance, strategy and planning, management, reporting processes, policies, values and culture. The principles on the diagram below, provide guidance on the characteristics of effective and efficient risk management (ISO 31000:2018).



6.2 Using the principles above, Council has adopted the following ERM principles:

- **Risk management creates and protects value** by contributing to the achievement of Council's objectives, e.g. the Community Outcomes in the LTP and by improving performance, e.g. via legislative and regulatory compliance, use of reliable and accurate information for decision-making, effective project management, operational efficiency and robust governance.
- **Risk management is an integral part of all organisational processes** including Council's governance, strategic planning, project management, change management and business as usual activities.
- **Risk management is part of decision-making** by helping decision-makers at all levels at Council to accurately assess situations, make informed choices, prioritise actions and select the most appropriate course of action.
- **Risk management explicitly addresses uncertainty** by identifying and describing the nature and source of that uncertainty.

- **Risk management is systematic, structured and timely** to ensure consistent, comparable and reliable results which contribute to efficiency.
- **Risk management is based on the best available information** including historical data, experience, stakeholder / customer feedback, observation, evidence, forecasts, expert judgement while taking into account any limitations of the data or modelling used, or possible difference of expert opinion.
- **Risk management is tailored** to align with Council’s external and internal context and risk profile to be relevant - it is not a one size fits all.
- **Risk management is transparent and inclusive** to ensure that the views of all Council’s stakeholders / customers are taken into account in the process of identifying, assessing and treating risks, to ensure that risk management remains relevant and up to date.
- **Risk management is dynamic, iterative and responsive to change** to ensure that risk management senses and responds to changes in the external and internal context, including changes in knowledge. New risks emerge, current risks change, and others disappear.
- **Risk management facilitates continual improvement of the organisation** by implementing risk treatments which improve Council’s capability of achieving its goals by building the organisation’s capability to recognise and reduce risk in both the present and the future.

Risk Management and our Council Values

6.3 Risk Management is strongly positioned to align with Council’s values as set out below:

How we treat each other around here

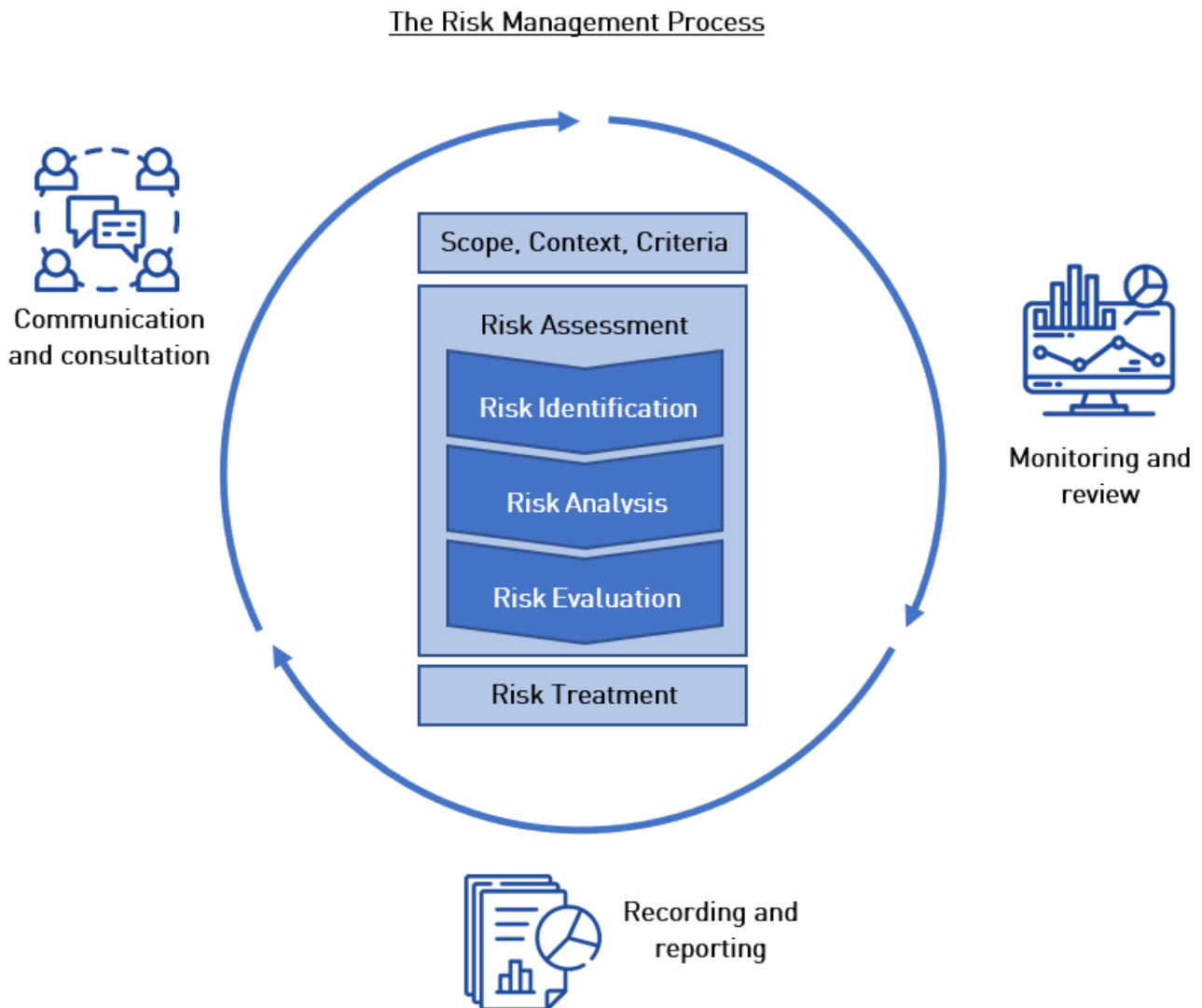
<p>Above the line: owning it We will...</p>  <p>Act with honesty and integrity Be genuine and our authentic selves Respect Others</p>	 <p>Listen and understand Be constructive and open minded Be prepared to do things differently</p>	 <p>Look for solutions Work together Own it and take responsibility</p>	
Our values ...	CARING	DYNAMIC	EFFECTIVE
<p>Below the line: denying it We won't...</p>  <p>Intimidate Threaten Blame</p>	 <p>Make excuses Duck for cover Avoid the issue</p>	 <p>Divide and conquer Undermine others Ignore</p>	



7 Manage Risk across Council

Risk Management Process (ISO 31000:2018)

7.1 The Risk Management Process is defined as a structured approach in identification of risk, evaluation, monitoring and managing potential risks by having controls in place, to minimise the negative impact they may have on the Council. Risk Management is an ongoing process, iterative in nature where steps are revisited to account for new information as detailed in the diagram below.



Step 1 - Scope, Context, Criteria

7.2 Understanding the Council objectives helps to establish the context for the operating environment which is influenced by external and internal factors. This helps to define the scope and purpose of the risk assessment and who is the right person to determine the risk rating criteria for the assessment of risks.

7.3 Starting with a clear understanding of what we are trying to achieve, and the operating environment will help identify risks that stand in the way of achievement of our objectives.

Considerations to keep in mind while planning an approach to Risk Management include but not limited to:

Some questions for consideration to determine scope, context and risk criteria

Scope

- What are the objectives and decisions that need to be made?
- What is the time, location, any specific inclusions or exclusions?
- Are the appropriate techniques being used to assess risk?
- What are the resources required and their assigned responsibilities?
- What relationship does this have with other projects, processes and activities?

External/Internal Environment

- Are there any political, economic, social, technological, legal or environmental (PESTLE) factors whether local, regional, or international to consider?
- Will our external stakeholder relationships be negatively impacted and to what extent?
- Can we continue fulfilling our contractual commitments and obligations?
- Are there any laws / regulations we would need to consider?
- What are the factors that influence the internal context, e.g., governance, organisational structure of the Council, culture, strategies, policies and processes, information systems, interdependencies etc.?

Setting Risk Criteria

- What is the nature and type of uncertainty that could affect Council's objectives?
- How are consequences and likelihood of risk for Council defined and measured?
- How is the level of risk determined?
- Are we consistent in the use of measurements?
- Are combinations and sequences of multiple risks considered?
- Does Council have capacity to handle the risk?

Step 2 - Risk Identification

7.4 The purpose of risk identification is to find, recognise and describe the risk that threatens the achievement of Council's objective. Relevant, appropriate and up-to date information is very important for the purposes of risk identification. Risk Identification can be done through any one of the following techniques, but a combination of techniques would be ideal to gain consensus and consider all possible sources of risk.

Common Risk Identification Techniques

Top-down Techniques

- Group discussions/Workshops (brainstorming)
- One on one interviews
- Scenario analysis
- SWOT Analysis (Strength, Weakness, Opportunity and Threat)
- Horizon scanning

Bottom-up Techniques

- Root cause analysis
- Bow tie analysis
- Process mapping
- Learning from incidents

Types of Risk

7.5 The main types of risk at the Council are:

Strategic Risk - risks that affect the growth and performance of the Council and can be created from strategic business decisions taken.

Operational (Group) Risk – Risks that arise from “business as usual” Council activities.

Project Risk - Risk that affects the fulfillment of project objectives.

Step 3 - Risk Analysis

7.6 Risk Analysis refers to rating the risk. A [Risk Rating Matrix \(Appendix 1\)](#) is used to rate risks at Council, this is completed by identifying the [likelihood \(Appendix 2\)](#) of a risk event occurring and its potential [consequence \(Appendix 3\)](#) should it occur. Risks are rated from “low” to “extreme”.

Risk Analysis consists of three steps:

- **Assess Inherent Risk** – assess likelihood and impact of risk in the absence of any controls
- **Identify current controls and evaluate the effectiveness of controls** – identify controls and evaluate if the controls are effective enough to mitigate the risk
- **Assess Residual Risk** – assess likelihood and impact of risk considering the effectiveness of existing controls. The risk that remains is the current level of risk for the Council.

Step 4 - Risk Evaluation

7.7 The purpose of risk evaluation is to support decisions. Risk evaluation refers to the level of comfort derived from the residual risk which is based on the current controls that are operating in the system.

What is a Control?

7.8 A control is defined in the ISO 31000:2018 standard as “Controls include any process, policy, device, practice, or other actions that modify risk” (in other words a control reduces the likelihood/impact when the risk occurs). There are different types of controls:

Type of Control	Purpose	Examples
Preventative	Control designed to reduce the likelihood of the occurrence of risk	Segregation of duties to prevent fraud, access codes to enter sensitive areas in MagiQ or RAD
Detective	Control designed to find gaps within the Council’s system/processes	Manager reviews monthly spend report of their staff
Corrective	Control designed to mitigate the impact once the risk has occurred	Managing a Conflict-of-Interest declaration through an investigation procedure
Directive	Control designed to guide required behaviour of staff	Training, Guidelines, Incentives

Effectiveness of Controls

7.9 It is important to rate controls individually to identify if a control is operating as it is intended to reduce the likelihood/impact of the risk when it occurs. The assessment of control rating is based on the following criteria:

Control Rating	Description
Not Assessed	Effectiveness of Control has not yet been assessed.
Ineffective	Significant control gaps exist and do not reduce the risk as the operating effectiveness of the control is ineffective
Partially Effective	Deficiencies in the control design that do not address the risk or control may not be consistently applied, meaning the risk is only partially reduced
Effective	Control is well designed and operating effectively to reduce risk. These controls are consistently applied to address the root cause of risk

7.10 If the Council is not satisfied with the residual risk rating based on the current controls operating in the environment, the Council will consider further treatment options and this assessment is called Target Risk Rating. Target Risk is defined as the level of risk the Council will accept i.e. do we need to add controls to mitigate the residual risk further.

Factors to consider for assessment of Risk Evaluation

- Council's appetite for risk
- Are the controls working as Council intended to mitigate the risk?
- Costs, benefits and opportunities from the risk

Step 5 - Risk Treatment

7.11 Risk Treatment refers to the process of selecting and implementing control measures to modify the likelihood or impact of risk. The following are the risk treatment responses for the Council.

Council Risk Treatment Response	Meaning
Accept	No further treatment required
Take further action to modify impact and/or likelihood	Not satisfied with current residual risk, further planned mitigations are required
Avoid/Eliminate	Deciding not to start or continue with the activity that gives rise to the risk i.e. steer clear from source of risk
Share or Transfer (to Council team or Group)	Sharing the risk across Council's Teams/Groups
Share or Transfer (outside Council)	Sharing the risk (e.g., buying insurance, transfer to another entity)
Drive/Enhance	Taking or increasing the risk to pursue an opportunity

A single risk response can be chosen, or a combination of options could work together to achieve the desired outcome. The benefits obtained/expected need to be compared to the cost of managing the risk (cost benefit analysis). This is vital to ensure cost effective actions act as a means of achieving the desired outcomes for the Council.

Development of Treatment Plans

7.12 Treatment plans are necessary to describe how the chosen treatment response option will be implemented. To achieve the Target Risk rating, treatment plans need to be developed to achieve the acceptable level of residual risk.

Treatment plans should include the following necessary information:

Proposed actions/planned mitigations, timelines, resource requirements, roles and responsibilities of all parties involved in the proposed actions.

7.13 The ultimate authority for a treatment plan is the risk owner but they can delegate authority to other people for specific actions to be completed within the treatment plan. The gap between the residual risk versus target risk must be understood well before the treatment plan is developed as once the root cause is identified, relevant and appropriate action can be taken.

8 Monitor and Review

8.1 Monitoring and review are a continual phase of the risk management process. Risks keep evolving over time and it is necessary to ensure that sources of information which feed into risk are current and accurate. Council risks and the control effectiveness rating for risks must be reviewed as scheduled completely independent of its residual risk rating.

8.2 The results from the monitoring and review phase must be incorporated into the Council's performance and reporting activities. Some of the questions to consider for monitor and review of risk are:

Review and Monitoring Questions

- Have any new risks been identified based on new line of business in Council/different activity undertaken i.e. from the LTP?
- Has anything changed in the previously identified risks? Do we need to reassess the likelihood/impact of risk?
- Have the Risk Owners been assigned? If the duties are not being performed by the Risk owner, do they need to be motivated or should the risk be reassigned?
- Is the Council within budget and schedule for the Treatment plan or do we need to make changes?
- Are the treatment plans effective? If yes, can it be assessed as current controls?

9 Communicate and Consult

- 9.1 The main purpose of communication and consultation is to help both internal and external stakeholders to understand risk, on what basis decisions are made and the reasons why actions are required or taken to mitigate risk. Communication and Consultation is a continual, iterative process where information is discussed and shared to manage risk in the Council.

Clear Communication and Consultation aims to:

- Support good risk discussions at any level throughout the Council
- Bring different areas of expertise to each step in the Risk management process.
- Ensures that different views are taken into consideration when evaluating a risk
- Sufficient information is to be provided to facilitate decision-making or oversight of risk management.
- Build a sense of inclusiveness and Risk ownership (Ownership is important as it is very possible that risks not owned, often may not be managed well).
- Assists in defining clear roles and responsibilities of stakeholders and induces timely action.

Tips for Effective Communication

- Ensure all stakeholders understand the risks and what is expected of them
- Provide meaningful, accurate and relevant information to the stakeholders involved prior to risk discussions
- Ensure participation of the right people in risk discussions
- Risk discussions/updates should be regular and part of management meetings

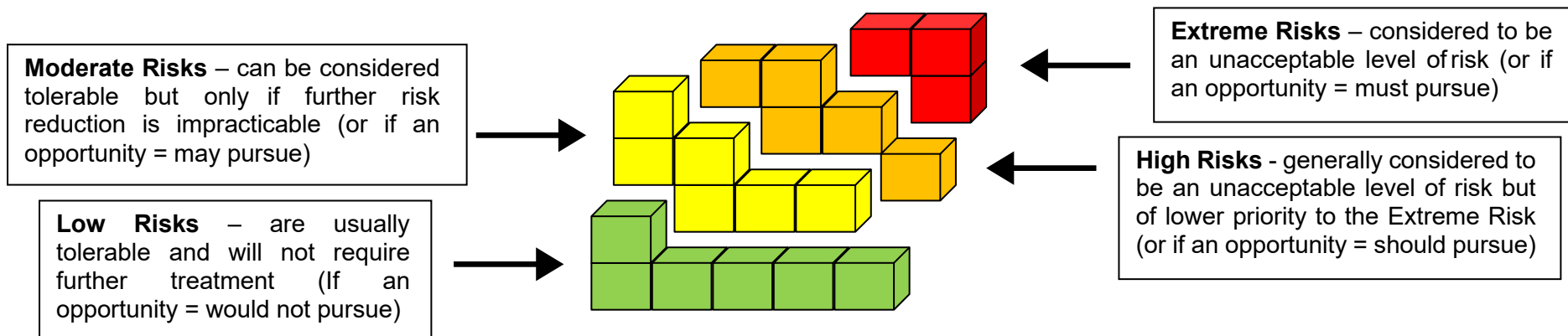
10 Record and Report

- 10.1 Risk and Assurance at Council is managed using a software called Camms Risk Management (software) which offers an integrated approach to identifying, profiling and assessing risks and developing and implementing mitigating actions – all within a combined monitoring and reporting structure. Using the ISO 31000:2018 standard, the software will support and streamline enterprise risk management processes through the identification, assessment, evaluation, treatment and management of all strategic, operational and project risks within a single system.
- 10.2 Risk & Assurance will integrate regular risk discussions into scheduled reporting on risks, controls and treatments to Senior Leadership Team and the Audit and Risk Sub-Committee.
- 10.3 The various reports submitted to the Audit & Risk Sub-Committee include:
- **Risk Management Update** – The purpose of this report is to review of all Council's major risks and the activities being undertaken to mitigate those risks.
 - **Internal Audit Update** - The purpose of this report is to provide status updates on management's response to recommendations raised in internal audit reports as well as progress against the Internal Audit Work Programme.

- **Progress Update regarding Audit Control Findings** – The purpose of this report is to provide status updates on management’s response to recommendations raised in external audit reports.
- **Quarterly Treasury Compliance** - This report provides an overview of the risks associated with Council’s treasury function and the procedures in place to mitigate those risks.
- **Health & Safety Quarterly Report** - This report provides a summary of the health and safety performance across the Council and significant health and safety risks and safety events for the reporting period.
- **Update on Litigation Status, Statutory Compliance Issues and Investigations** - The purpose of this report is to update the Sub-Committee on confidential litigation matters concerning Council.

Appendix 1 - Risk Rating Matrix

			Likelihood				
			Rare	Unlikely	Possible	Likely	Almost Certain
			1	2	3	4	5
Consequence	Catastrophic	100	Moderate 100	High 200	High 300	Extreme 400	Extreme 500
	Major	70	Moderate 70	Moderate 140	High 210	High 280	Extreme 350
	Moderate	40	Low 40	Moderate 80	Moderate 120	Moderate 160	High 200
	Minor	10	Low 10	Low 20	Low 30	Low 40	Low 50



Appendix 2 - Likelihood Risk Rating Criteria

Likelihood	Rating	Frequency	Probability
Rare	1	The event is only expected to occur in exceptional circumstances, perhaps once every 10 years	10% or less
Unlikely	2	Could occur only very occasionally, perhaps 2-3 times every 10 years	20% - 30% or less
Possible	3	Might occur from time to time, perhaps, 5 out of every 10 years	50% or less
Likely	4	Will probably occur often, perhaps 7 times in every 10 years	70% or less
Almost Certain	5	Expected to occur almost every year, perhaps 9 out of 10 years	90% or less

Appendix 3 - Consequence Risk Rating Criteria

		Consequence Category							
		Financial Exposure	Environmental Impact	Reputational and Stakeholder Relationship	Health, Safety and Wellbeing	Assets & Infrastructure Resilience	Information and Data Management	IT Systems and Processes	Legal and Regulatory Compliance
Risk Consequence Rating	Catastrophic (100)	Direct loss or increased cost of over \$1M	Irreversible, total or very high proportion of loss of regionally significant natural environments, ecosystems and biodiversity – regulatory action taken.	Major loss in community confidence. Negative multimedia nationwide coverage for 2+ weeks. Negative international coverage. - Significant national political criticism	One or more fatalities or permanent injury.	Failure of multiple critical assets – complete loss of normal operation and significant impact on total population. Potential acute harm to people, widespread illness, injury and possible deaths anticipated.	Complete failure of critical business information or data management.	Complete, protracted loss of access or failure of critical systems for more than 1 month.	Very serious legal or regulatory breaches resulting in (actual or potential) significant fines, prosecution or loss of industry accreditation. Significant claims, actual or potential Council liability, external investigation, fines, prosecution of Council and/or Executive.
		Fraud: \$20k+							
	Major (70)	Direct loss or increased cost of \$100k - \$1M	Long-term, significant damage, alteration or high proportion of loss of locally significant natural environment, ecosystems and biodiversity – taking more than 5 years and significant restorative work.	Some loss in community confidence that will take significant time to remedy. Negative multimedia nationwide coverage for up to 2 weeks. - Some national political criticism	Injury resulting in more than 3 months off work.	Extensive damage to one or more critical assets - significant disruption to normal operation and major impact on a sub population. Requirement for high level of monitoring and incident management. Potential acute harm to people, widespread illness or injury expected.	Significant failure of critical information or data management.	Loss of access to critical systems for between 2 to 4 weeks.	Major legal or regulatory breaches resulting in (actual or potential) fines, prosecution or loss of industry accreditation. Major claims, actual or potential Council liability, fines, prosecution of Executive or Senior Managers.
		Fraud: \$5k - \$20k							
	Moderate (40)	Direct loss or increased cost of \$10k - \$100k	Widespread damage, alteration or moderate proportion of loss of local natural environment, ecosystem or biodiversity incl. pollution or contamination - taking several years and extensive restorative work.	Manageable loss in community confidence. Negative multimedia nationwide coverage for several days. - Local adverse media coverage for a week	Injury resulting in between 2 weeks to 3 months off work.	Damage to one or more critical assets - significant (but manageable) disruption to normal operation and minor impact on most of the population. Requirement for increased monitoring and coordinated response.	Major failure of critical information or data management.	Loss of access to critical systems for up to 1 week.	Moderate legal or regulatory breaches resulting in internal investigation, auditing and monitoring by authority. Moderate claims, actual or potential Council liability, fines or implications for staff.
		Fraud: \$1k - \$5k							
	Minor (10)	Direct loss or increased cost of \$2k - \$10k	Minor, temporary alteration or impact on localised natural environment, ecosystem or biodiversity.	Loss of confidence amongst sections of the community. Negative multimedia nationwide coverage for up to 1 day. - Local adverse media coverage for several days	Injury resulting in less than 2 weeks off work.	Impairment of a non-critical asset - some (manageable) disruption to normal operation and minor impact on a sub-population.	Limited disruption to non-critical business information or data management.	Loss of access to non-critical systems for less than 1 day.	Minor compliance breaches resulting in business corrective action.
		Fraud: < \$1k							

11 REFERENCES or RELATED DOCUMENTS/POLICIES/LEGISLATION Communicate and Consult

Relevant Legislation:
- AS/NZS ISO 31000:2018 Risk Management - Guidelines
Associated Documents:
- Enterprise Risk Management Policy & Guidance
- Procurement Policy
- Mitigation of Fraud Policy
- ICT Security Guidelines Policy
- Delegation Policy


12 REVIEW

12.1 This Policy will be reviewed by SLT no later than 12 months after it is made operational. Subsequent reviews shall be undertaken every three years.

13 POLICY HISTORY

Version	Date	Policy Owner	Brief Description of Change	Amended By	Approved By
1	27/06/2022	Mark de Haast / Corporate Services	New Policy	Andrew Gillespie	CE/SLT

14 SENIOR LEADERSHIP TEAM APPROVAL

Acting Chief Executive Name:	Sean Mallon
Acting Chief Executive Signature:	
Date:	30 June 2022