

Audit and Risk Committee

AGENDA

Notice of Meeting:

A meeting of the Audit and Risk Committee will be held on:

Date: Wednesday 23 March 2022
Time: 1.30pm
Venue: Council Chamber
137 Havelock Street, Ashburton

Membership

Chairperson	Leen Braam
Deputy Chairperson	John Falloon
Members	Carolyn Cameron Liz McMillan Stuart Wilson Murray Harrington (external appointee) Mayor Neil Brown (ex-officio)

Covid-19 Protection

Council meetings will go ahead as normal under the Red traffic light setting, but anyone aged 12 and older will require a vaccine pass to attend in person. Please sign/scan in and wear a mask. People without vaccine passes have the opportunity to view copies of agendas and minutes, and watch the live-stream of this meeting on our You Tube channel, Facebook page and website:

<https://www.ashburtondc.govt.nz/council/public-meetings-research-centre>

Audit & Risk Committee

Timetable	
1.30pm	Meeting commences

ORDER OF BUSINESS

- 1 Apologies
- 2 Extraordinary Business
- 3 Declarations of Interest

Minutes

- 4 Audit & Risk Committee – 9/02/22 **3**

Reports

- 5 Experience Mid Canterbury 2018/19 Audited Annual Report **5**
- 6 IANZ Accreditation Audit **8**
- 7 Ashburton Contracting Ltd – Draft Statement of Intent 2022-23 **46**

Business transacted with the public excluded

- 8 Audit & Risk Committee – 9/02/22 **PE 1**
Section 7(2)(a) Protection of privacy of natural persons
- 9 Audit NZ 2021 Report **PE 2**
Section 7(2)(h) Commercial activities
- 10 Health & Safety **PE 43**
Section 7(2)(a) Protection of privacy of natural persons

17 March 2022

4. *Audit & Risk Committee Minutes*

Minutes of the Audit & Risk Committee meeting held on Wednesday 9 February 2022, commencing at 1.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Mayor Neil Brown, Councillors John Falloon (Acting Chair), Carolyn Cameron, Liz McMillan, Stuart Wilson and Murray Harrington (via MS Teams).

Also present:

Councillors Lynette Lovett and Angus McKay.

In attendance

Hamish Riach (Chief Executive), Jane Donaldson (GM Strategy & Compliance), Neil McCann (GM Infrastructure Services), Sarah Mosley (Manager People & Capability), Rachel Thomas (Policy Advisor), Ruben Garcia (Communications Manager – via MS Teams), Richard Wood (Recreation Services Manager) and Carol McAtamney (Governance Support).

1 Apologies

Cr Leen Braam

Sustained

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

4 Confirmation of Minutes – 10/11/21

That the minutes of the Audit & Risk Committee meeting held on 10 November 2021, be taken as read and confirmed.

Cameron/McMillan

Carried

5 Fraud and Corruption Policy

Amendments:

- Remove the reference to cheques from the policy as they are now obsolete
- Point 6.2 include reference to digital records

Recommendation to Council

That Council adopts the Fraud and Corruption Policy, with the noted amendments.

Cameron/Harrington

Carried

6 Equal Employment Opportunities Policy

Recommendation to Council

That Council receives the Equal Employment Opportunities Policy report.

McMillan/Mayor

Carried

7 Civic Financial Services – Board Retirements and Appointments

That the Audit & Risk Committee receives the Civic Financial Services report.

Mayor/McMillan

Carried

8 District Swimming Pools on Reserves

The budget for the 2020/21 year was \$96,150. A breakdown of the spend in relation to the pools against budget was requested.

That the Audit & Risk Committee receives the District swimming pools on reserves report.

Harrington/Cameron

Carried

Business transacted with the public excluded – 2.04pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
9	Audit & Risk Committee minutes	Section 7(2)(a)	Protection of privacy of natural persons
10	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons
11	Privacy Act update	Section 7(2)(a)	Protection of privacy of natural persons

McMillan/Mayor

Carried

The Committee resumed in open meeting at 2.25pm.

The meeting closed at 2.25pm.

5. Experience Mid Canterbury 2018/19 Audited Annual Report

Author *Paul Brake; Group Manager Business Support*
GM Responsible *Hamish Riach; Chief Executive*

Summary

- The purpose of this report is to receive the Experience Mid Canterbury (EMC) 2018/19 Annual Report, which has finally had its audit completed and audit opinion issued.

Recommendation

1. That Audit and Risk Committee receives the 2018/19 Experience Mid Canterbury Annual Report.

Background

1. Experience Mid Canterbury was dissolved in December 2020 but the previous two year's Annual Reports were still to be audited at that time.
2. Audit New Zealand have now completed the 2018/19 audit and have issued their audit report.
3. At the time of writing this report, Audit New Zealand had not completed the 2019/20 annual report.
4. The main reason for the delay in the completion of the 2018/19 and 2019/20 audits was Audit New Zealand coming to a view as to what audit opinion would be issued as a result of the subsequent decision by the EMC Board to wind up. The audit completion was further delayed when scarce Audit resources were reprioritised to government and local government audits, as well as the resolution of a tax issue with IRD.
5. Audit New Zealand's view was that given the decision to wind up, the financial statements should not have been prepared on a going concern basis. This issue was discussed by Audit with both EMC and Council staff. EMC and Council staff felt that there was little point in redrafting the financial statements which would incur additional costs and delay, given that the Board had wound up.
6. Audit New Zealand have therefore issued what is called an adverse audit opinion stating that the financial statements do not fairly present EMC's financial position as at 30 June 2018 nor its financial performance and cashflows for the year ended 30 June 2018.

Legal/policy implications

7. EMC has breached its reporting timetable in that CCO's are required to have their audited annual report completed by the 31st of October for the year ended 30 June. However other than the breach being reported in the Office of the Auditor General's report to Parliament, there are no further ramifications.

Strategic alignment

8. The recommendation to receive the information relates to Council's community outcome of Economic Well-being because of the reason and purpose of EMC.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	The receiving of the EMC annual report is the accountability document of the Council's CCO promoting tourism within the District
Environmental		
Cultural		
Social		

Financial implications

9. There are no financial implications as a result of the receiving of the EMC 2018/19 Annual Report.

Requirement	Explanation
What is the cost?	There remains audit costs being incurred on the outstanding 2019/20 annual report.
Is there budget available in LTP / AP?	EMC has \$33,000 in its bank account to meet any outstanding audit and administration costs
Where is the funding coming from?	Refer above
Are there any future budget implications?	No. EMC's functions have been superseded with a contract with Christchurch NZ
Finance review required?	Paul Brake Group Manager Business Support

Significance and engagement assessment

10. There is no significance issue in the receiving of the 2018/19 EMC Annual Report.

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	Low
Rationale for selecting level of significance	The EMC annual report is from a reporting period of two years ago, and the fact that the EMC has been wound up.
Level of engagement selected	Inform – 1 way communication
Rationale for selecting level of engagement	The 2018/19 EMC annual report will be of little interest given its delay in publication.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

6. IANZ Biannual Accreditation Audit

Author *Michael Wong, Building Services Manager*
Group Manager responsible *Jane Donaldson, Strategy & Compliance*

Summary

- Council had its two-yearly accreditation assessment audit from 14 February to 17 February 2022. International Accreditation New Zealand (IANZ) identified ten general non-compliances that Council has to clear prior to its accreditation certificate being renewed. Council has until 27 May 2022 to achieve this.

Recommendation

- 1. That** the Audit & Risk Committee receives the Building Consent Authority Accreditation Assessment Report.
- 2. That** Council be notified when the non-compliances are cleared by IANZ and Council's accreditation is renewed.

Attachment

Appendix 1 IANZ Assessment report

Background

1. From 31 March 2009, only registered Building Consent Authorities (BCAs) have been permitted to perform building consenting and certifying functions in terms of the Building Act 2004.
2. The Ministry for Business, Innovation and Employment (MBIE) has published regulations and criteria for accrediting Building Consent Authorities. IANZ is currently contracted by MBIE to undertake the assessments of Building Consent Authorities against these criteria for registration by MBIE.
3. The Building (Accreditation of Building Consent Authorities) Regulations 2006 require Building Consent Authorities to have appropriate policies, systems and procedures in writing that record how it ensures that it implements effective policies, procedures and systems. They also require each BCA to record the key decisions it makes, the reasons for them, and the outcomes and actions of those decisions.
4. The assessment audit is carried out every two years to check compliance against the Regulations.
5. Following the assessment audit, a report is provided to Council with any non-compliances that need to be completed prior to accreditation being renewed for a further two year period. Failure to answer the non-compliances satisfactorily may result in Council losing its accreditation.
6. In July 2017 there were some new regulations introduced and the format of the assessment was changed to a more stringent procedure. Corrective action requests became serious or general non-compliances.

The 2022 Assessment

7. The assessment report (attached) shows we received no 'serious' non-compliances (none last time), 10 'general' non-compliances (20 last time), 7 recommendations (2 last time) and no advisory notes (2 last time). Like the last assessment, there were no technical non-compliances with all of the non-compliances relating to administrative matters. To date, four of the non-compliances have been cleared.
8. The remaining general non-compliances to clear are around receiving applications with incorrect or incomplete information; not enough detail on compliance schedule documentation (2); not meeting the 20 working day timeframe to issue a building consent (2); and missing a delegation for section 91 of the Building Act 2004.

Legal/policy implications

Legislation

9. The following sections of the Building Act 2004 relate to the Council as a Building Consent Authority.

Section 12 Role of building consent authority and territorial authority

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 12 Role of building consent authority and territorial authority – New Zealand Legislation](#)

Section 14F Responsibilities of building consent authority

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 14F Responsibilities of building consent authority – New Zealand Legislation](#)

Section 212 Territorial authority must act as a building consent authority for its district

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 212 Territorial authority must act as building consent authority for its district – New Zealand Legislation](#)

Section 215 Territorial authority must gain accreditation and be registered

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 215 Territorial authority must gain accreditation and be registered – New Zealand Legislation](#)

Section 251 Criteria for accreditation

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 251 Criteria for accreditation – New Zealand Legislation](#)

Section 254 Revocation of accreditation

[Building Act 2004 No 72 \(as at 15 November 2021\), Public Act 254 Revocation of accreditation – New Zealand Legislation](#)

Financial implications

Requirement	Explanation
What is the cost?	Within existing budget
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Existing budget
Are there any future budget implications?	Only if accreditation is not renewed and statutory management is implemented
Finance review required?	Erin Register; Finance Manager

Significance and Engagement Assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of engagement selected	Comment – Informal two way communication with elected members
Rationale for selecting level of engagement	To communicate openly with elected members about the accreditation report.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

Next Steps

Building Services Manager to advise Council when non-compliances are cleared and accreditation is renewed.



The NZ mark of competence
Tohu Matatau Aotearoa

BUILDING CONSENT AUTHORITY ACCREDITATION INITIAL ASSESSMENT REPORT

ASHBURTON DISTRICT COUNCIL

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INTRODUCTION

This report relates to the remote accreditation assessment of the Ashburton District Council **Building Consent Authority (BCA)** which took place during **February 2022** to determine compliance with the requirements of the *Building (Accreditation of Building Consent Authorities) Regulations 2006* (the Regulations).

This report is based on the document review, witnessing of activities and interviews with the BCA's employees and contractors undertaken during the accreditation assessment.

A copy of this report, and subsequent information regarding progress towards clearance of non-compliance/s, will be provided to the Ministry of Business, Innovation and Employment (MBIE) in accordance with International Accreditation New Zealand's (IANZ) contractual obligations. This report may also be made publicly available by the BCA as long as this is not done in a way that misrepresents the content within. It may also be released under the Local Government Meetings and Official Information Act 1987 consistent with any ground for withholding that might be applicable.

ASSESSMENT SUMMARY

The assessment identified that the BCA had good systems in place with the BCA's quality management systems being well maintained.

There were however, some outstanding issues including General Non-compliances raised in the areas of processing, compliance schedules and Section 48 (20 day processing timeframe) performance, amongst others. These are detailed below. The outstanding non-compliances must be addressed in order for accreditation to continue.

CONTINUING ACCREDITATION

Accreditation is a statement, by IANZ, that your organisation complies with the Regulations and MBIE BCA accreditation scheme guidance documents (as relevant). Where non-compliance with the Regulations has been identified, the Act requires that it must be addressed.

Addressing non-compliances identified during the assessment

Action Plan: Your non-compliances with the Regulations have been summarised and recorded in detail in this report. Please complete the Record of Non-compliance table/s detailing your proposed corrective actions and the evidence that will be provided, and forward a copy to IANZ.

Evidence of addressing non-compliances: Evidence, as described in your action plan, must be supplied to IANZ to demonstrate that you have addressed your non-compliances.

To maintain accreditation you must provide evidence of the actions taken to clear non-compliance to IANZ within the required timeframe. Please allow at least 10 working days for IANZ to respond to any submitted material and allow sufficient time after submission of your evidence in case further evidence is required.

If you do not agree with the non-compliances identified, or if you need further time to address non-compliances, please contact the Lead Assessor as soon as possible. Where you are seeking an extension to an agreed timeframe to address a non-compliance, your Chief Executive is required to make a formal request for an extension of the timeframe. These will only be granted for unpredictable and unmanageable reasons.

If you have a complaint about the assessment process, please refer the BCA Accreditation disagreements guidance which can be found [here](#) or contact the IANZ Lead Assessor, IANZ Programme Manager – Building, or IANZ Operations Manager - Inspection and BCA sectors, for further information about the IANZ appeals and complaints process.

RISK ASSESSMENT

The BCA's risk, both to the Territorial Authority, as a BCA and also as an organisation accredited by IANZ was assessed. The BCA was considered to pose a **Low Risk**. The main reasons for considering this risk category were:


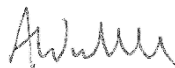
- The BCA has a stable workforce, with appropriate people working in the right roles.
- Recording of reasons for decisions and technical decisions were deemed to be appropriate by the Technical Expert during this assessment
- A low number of GNCs were raised.
- The BCA's quality systems were being well maintained and implemented.

NEXT ACCREDITATION ASSESSMENT

Unless your BCA undergoes a significant change, requiring some form of interim assessment, or the BCA is unable to clear the identified non-compliances within the agreed timeframe, the next assessment of the BCA is planned as a **Routine Reassessment** for **February 2024**.

You will be formally notified of your next assessment six weeks prior to its planned date.

BCA AND ASSESSMENT DETAILS

ORGANISATION DETAILS							
Organisation:		Ashburton District Council					
Address for service:		5 Baring Square West, Ashburton 7700					
Client Number:	7476	Accreditation Number:	64				
Chief Executive:		Hamish Riach					
Chief Executive Contact Details:		Hamish.riach@adc.govt.nz					
BCA Responsible Manager:		Michael Wong					
BCA Responsible Manager Contact Details:		Michael.wong@adc.govt.nz					
BCA Authorised Representative:		Michael Wong					
BCA Authorised Representative Contact Details:		Michael.wong@adc.govt.nz					
BCA Quality Manager:		Michael Wong					
BCA Quality Manager Contact Details:		Michael.wong@adc.govt.nz					
Number of BCA FTEs Total FTEs should = technical FTEs + admin FTEs + vacancies	Technical	10	Admin support		3		
	Vacancies (Technical)	0	Vacancies (Admin)		0		
BCA Activity during the previous 12 months		Building Consents					
		R1	545	R2	53	R3	21
		C1	81	C2	2	C3	7
		CCCs			618		
		New compliance schedules			46		
		BCA Notices to Fix			3		
ASSESSMENT TEAM							
Assessment Date:		14 February 2022 to 17 February 2022					
Lead Assessor:		Peter Wakefield					
Lead Assessor Contact Details:		pwakefield@ianz.govt.nz					
Technical Expert:		Phil Judge					
Observer(s):		None					
ASSESSMENT FINDINGS							
		This assessment:		Last assessment:			
Total # of "serious" non-compliances:		0		0			
Total # of "general" non-compliances:		10		20			
Total # of non-compliances outstanding:		6		16			
Recommendations:		7		2			
Advisory notes:		0		2			
Date clearance plan required from BCA:		1 April 2022					
Date non-compliances must cleared:		27 May 2022					
NEXT ASSESSMENT							
Recommended next assessment type:		Routine Reassessment					
Recommended next assessment date:		February 2024					
IANZ REPORT PREPARATION							
Prepared by: Peter Wakefield		Date: 25 February 2022		Signature: 			
Checked by: Adrienne Woollard		Date: 26 February 2022		Signature: 			

ASSESSMENT OBSERVATIONS

REGULATION 6A NOTIFICATION REQUIREMENTS

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented and effectively implemented its procedure for notification requirements in accordance with Regulation 6A.</p> <p>The BCA has not been required to notify IANZ or MBIE in the past 24 months, as no significant changes had occurred. The BCA had however notified of an emergency issue due to flooding and bridge closure that had affected their ability to provide BCA services such as inspections and processing. This was received on 1 Jun 2021, and logged as being of note but not recorded as an official significant change to the BCA.</p>	

REGULATION 7 PERFORMING BUILDING CONTROL FUNCTIONS

Regulation 7(2)(a): providing consumer information

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA provided adequate consumer information regarding how to apply for a consent, and how an application was processed, inspected and certified, in accordance with Regulation 7(2)(a).</p>	

Regulation 7(2)(b)-(c), and 7(2)(d)(i): receiving, checking and recording applications

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 1
Opportunities for improvement? Y/N	Yes
Number of recommendations:	1
Recommendation number/s:	R1
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its procedure for receiving, checking and recording applications in accordance with Regulation 7(2)(b), (c) and 7(2)(d)(i).</p> <p>The BCA did not always ensure the Form 2 (application for Building consent/PIM) were complete/accurate with all required information. E.g. The current, lawfully established, use, was not always indicated and sometimes did not align with the NZ Building Code clause A1 – classified uses. See GNC 1.</p> <p>It was noted that the Form 2 template currently included superseded documents [C/AS3 – C/AS7] It is recommended the BCA updates its Form 2 template to include the current acceptable solutions for compliance with the C clauses.. See Recommendation R1.</p>	

Regulations 7(2)(d)(ii): assessing applications

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriately documented procedure for assessing applications, which was effectively implemented in accordance with Regulation 7(2)(d)(ii).</p>	

Regulations 7(2)(d)(iii): allocating applications

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriately documented and effectively implemented procedure for allocating applications in accordance with Regulation 7(2)(d)(iii).</p>	

Regulation 7(2)(d)(iv): processing building consent applications

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 2
Opportunities for improvement? Y/N	Yes
Number of recommendations:	1
Recommendation number/s:	R2
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had adequately documented its procedure for processing building consent applications in accordance with Regulation 7(2)(d)(iv).</p> <p>Implementation of its procedure was not always adequate, notably:</p> <p>The BCA’s simplified processing check sheet for relocated building [BAM 103] did not include the consideration for section 112 of the building Act 2004, which was considered relevant to the application.</p> <p>Also, the processing officers were not always recording appropriate consideration of the performance & inspection/maintenance standards when specified systems formed part of the building consent as per the following:</p> <ul style="list-style-type: none"> • Some of the listed performance standards were not specific to the relevant version or parts of the listed standard. E.g. when using an acceptable solution, the relevant year, amendment and sub-sections are required. • Some of the inspection and maintenance standards listed were not appropriate. E.g. AS 2293.1&3:2005 indicated as an inspection and maintenance standard when it was the design standard. Part 2 [1995] is the relevant standard for inspection and maintenance. <p>See GNC 2.</p> <p>The BCA is recommended to ensure the processing officers document adequate reasons for decisions for all elements reviewed and discussed to satisfy the requirements of regulation 6(c) and (d).</p> <p>See Recommendation R2.</p>	

Regulation 7(2)(d)(v): granting and issuing consents

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 3
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>Compliance with Form 5 The BCA had adequately documented its procedure for granting and issuing consents, in accordance with Regulation 7(2)(d)(v).</p> <p>Implementation of its procedures were adequate and effective.</p> <p>Lapsing The BCA had adequately documented its procedure for lapsing of Building Consents, in accordance with Regulation 7(2)(d)(v).</p> <p>Implementation of its procedures were adequate and effective, with examples sighted which demonstrated that the lapsing process had been implemented appropriately.</p> <p>Compliance with statutory timeframes Implementation of its procedures were not always adequate, where Building Consents were not always granted within the time limits specified in section 48 of the Building Act. See GNC 3.</p>	

Regulation 7(2)(e): planning, performing and managing inspections

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>Inspections were planned as part of processing.</p> <p>The BCA had appropriately documented its procedure for planning, performing and managing inspections in accordance with Regulation 7(2)(e).</p> <p>Implementation of its procedures were adequate and effective, where inspection prompt sheet records had been appropriately maintained and the outcome of the inspections were clearly indicated.</p>	

Regulation 7(2)(f): code compliance certificates, compliance schedules and notices to fix

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 4
Opportunities for improvement? Y/N	Yes
Number of recommendations:	2
Recommendation number/s:	R3, R4
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>Application for a code compliance certificate (CCC) The BCA had appropriately documented and effectively implemented its procedure for receiving and considering applications for a Code Compliance Certificate.</p> <p>The BCA is recommended to ensure that applications for CCC that it receives are complete with all required information. One example was reviewed where the application did not include information regarding the specified systems that were installed in the building. See Recommendation 3.</p> <p>Code compliance certificates The BCA had appropriately documented its procedure for preparation and issue Code Compliance Certificates.</p> <p>Implementation of its procedures were not always adequate, where the BCA did not always ensure the Form 7 (Code Compliance Certificate) were complete/accurate with all required information. E.g.</p> <ul style="list-style-type: none"> • Examples were reviewed where the declarations regarding the building work complying with the building consent, and the specified systems in the building being capable of performing to the performance standards set out in the building consent were not always included where required. • When specified systems formed part of the building consent, the CCC did not indicate that a compliance schedule was attached, and one example included an inappropriate declaration <p>See GNC 4</p> <p>24 month CCC decision The BCA had appropriately documented its procedure for making a 24-month decision on whether to issue a Code Compliance Certificate where no application for Code Compliance Certificate had been received.</p> <p>Implementation of its procedures were adequate and effective.</p> <p>Compliance with statutory timeframes The BCA's statutory timeframe for issuing Code Compliance Certificates within 20 working days was seen to be substantially compliant.</p> <p>Compliance schedules The BCA had appropriately documented its procedure for preparation and issue of Compliance Schedules.</p> <p>Implementation of its procedure was not always adequate, notably:</p> <ul style="list-style-type: none"> • Performance standards were not always appropriate. <p>E.g.,</p>	

<ul style="list-style-type: none"> ➤ Referencing incorrect parts of standards. ➤ When NZ Building Code clauses were referenced, not always providing detail of the relevant sub-clauses. ➤ Relevant versions of referenced standards were not always provided. ➤ Indicating an acceptable solution as the NZBC. <ul style="list-style-type: none"> • Performance standards were not always included on the Building Consent. One building consent indicated an attached document which was not provided. • The performance standards indicated on the compliance schedule did not always align with those indicated on the application form BAM002-S or supporting documentation. <p>See GNC 4.</p> <p>A recommendation was raised, in that the BCA is recommended to number the compliance schedule pages (including attached documents) to ensure it remains as a complete document.</p> <p>See Recommendation R4.</p> <p>Notices to fix The BCA had an appropriately documented and effectively implemented its procedure in accordance with Regulation 7(2)(f) for Notices to Fix.</p>

Regulation 7(2)(g): customer inquiries

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented and effectively implemented its procedure for receiving and managing customer inquiries about building control functions in accordance with Regulation 7(2)(g).</p> <p>Inquiries were handled by the BCA either face to face, via telephone, or email. Memo records held where appropriate. Records of inquiries were being held on Building Consent files when needed.</p>	

Regulation 7(2)(h): customer complaints

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented and effectively implemented its procedure for receiving and managing customer complaints about building control functions in accordance with Regulation 7(2)(h).</p>	

Complaints had been appropriately recorded and listed on a complaints register held by the BCA. Complaint records indicate appropriate management and handling of complaints.

REGULATION 8 ENSURING ENOUGH EMPLOYEES AND CONTRACTORS

Regulation 8(1): forecasting workflow

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented and effectively implemented its procedure to forecast its workflow in accordance with Regulation 8(1).</p> <p>Reports of volumes and work levels were being produced and retained by the BCA at Strategic Management Review times.</p>	

Regulation 8(2): identifying and addressing capacity and capability needs

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 5
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its procedure to identify and address capacity and capability needs in accordance with Regulation 8(2).</p> <p>Implementation of its procedures was not always effective, where the BCA had not always ensured that it had sufficient staff resources or contractors to enable it to comply with the specified time limits according to section 48 (10 day Multi use approval and 20 day timeframe for processing Building Consent applications) of the Building Act. See GNC 5.</p>	

REGULATION 9 ALLOCATING WORK

Non-compliance? Y/N	Yes - resolved during assessment
Non-compliance number/s:	GNC 6
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its procedure to allocate work in accordance with Regulation 9.</p> <p>Implementation of its procedures was not always effective, where the outcomes of the competency assessments were not always accurately reflected on the Master Competency Table, which was used for the allocation of work to competent staff. This was resolved during the assessment with a revised Master Competency Table. GNC 6.</p>	

REGULATION 10 ESTABLISHING AND ASSESSING COMPETENCY OF EMPLOYEES**Regulation 10(1): assessing prospective employees**

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriately documented procedure which was effectively implemented in accordance with Regulation 10(1) for establishing the competence of a person who applied to it for employment as an employee performing building control functions.</p>	

Regulation 10(2) and (3): assessing employees performing building control functions

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriately documented procedure which was effectively implemented in accordance with Regulation 10(2) for assessing annually (or more frequently) the competence of its employees performing building control functions.</p> <p>The BCA had an appropriately documented procedure which was effectively implemented in accordance with Regulation 10(3)(a) to (f), which specified the technical requirements for a competence assessment system. All competence assessments were found to be appropriate and to record an appropriate level of detail, as per the BCA's building classification system which was based on the National Building Consent Authority Competency Assessment System (NCAS). Limitations were recorded on the BCA's Master Competency Table.</p>	

REGULATION 11 TRAINING EMPLOYEES DOING A TECHNICAL JOB**Regulation 11(1) and (2)(a)-(d),(f) and (g): the training system**

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	Yes
Number of recommendations:	1
Recommendation number/s:	R5
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had developed a training system in accordance with Regulation 11(1).</p> <p>The BCA had appropriately documented and effectively implemented its procedure in accordance with Regulation 11(2)(a) to (d), (f) and (g) for making annual (or more frequent) training needs assessments, preparing training plans that specified the training outcomes required, ensuring that employees received the training agreed for them, monitoring and reviewing its employees' application of the training they received, recording employees' qualifications, experience and training, and recording continuing training information.</p> <p>A recommendation was raised, in that whilst the BCA has a system for establishing training plans for staff via the Annual Performance Development Review, the BCA is recommended to ensure that training planned to be undertaken by BCA staff is recorded in more specific detail. See Recommendation R5.</p>	

Regulation 11(2)(e): supervising employees doing a technical job under training

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented and effectively implemented its procedure to supervise its employees doing a technical job under training in accordance with Regulation 11(2)(e).</p> <p>Implementation of its procedures was in accordance with Regulation 11(2)(e), where appropriate supervision records were seen to have been maintained.</p>	

REGULATION 12(1) and (2)(a) to (f) CHOOSING AND USING CONTRACTORS

Non-compliance? Y/N	Yes - resolved during assessment
Non-compliance number/s:	GNC 7
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had appropriately documented its procedure for choosing and using contractors to perform its building control functions in accordance with Regulation 12(1).</p> <p>The BCA had documented its procedure for having a system that covered the requirements listed in Regulations 12(2)(a) to (f), however, the BCA did not have a fully documented contract agreement for its contractor that covered all of the requirements of this Regulation 12(2)(c). This was resolved during the assessment with a signed agreement being produced. GNC 7.</p>	

REGULATION 13(a) and (b) ENSURING TECHNICAL LEADERSHIP

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriately documented procedure for having a system identifying employees and contractors who were competent to provide technical leadership in accordance with Regulation 13(a) and (b). The BCA assessed their technical leaders under the NCAS, and had given them the appropriate powers and authorities to perform building control functions.</p>	

REGULATION 14 ENSURING NECESSARY (TECHNICAL) RESOURCES

Non-compliance? Y/N	Yes - resolved during assessment
Non-compliance number/s:	GNC 8
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had documented its procedure for ensuring that it had appropriate and sufficient technical resources to perform its building control functions however, the BCA had not defined its calibration acceptance tolerance for all types of measuring equipment in use; such as moisture meters. This was resolved during the assessment with a revised procedure. GNC 8.</p> <p>The BCA had appropriately and effectively implemented its procedures for ensuring it had a system for providing, and for ensuring the continuing availability of and continuing appropriateness of the technical information, facilities, and equipment that its employees and contractors needed to perform building control functions.</p>	

REGULATION 15(1)(a) and (b) and (2): KEEPING ORGANISATIONAL RECORDS

Non-compliance? Y/N	Yes - See Record of Non-compliance for details
Non-compliance number/s:	GNC 9
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had documented its organisational structure in accordance with Regulation 15(1)(a) and (b).</p> <p>The BCA had an appropriate procedure for recording the roles, responsibilities, powers, authorities and any limitation on powers and authorities for its employees and contractors performing building control functions in accordance with Regulation 15(2).</p> <p>The procedure was generally adequately implemented. However, the BCA had not defined the delegated powers and authorities for all appropriate sections of the Building Act – namely section 91. See GNC 9.</p>	

REGULATION 16(1) and (2)(a) to (c): FILING APPLICATIONS FOR BUILDING CONSENT

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure for allocating every application for building consent, and building consent amendment its own unique identification. The procedure was appropriately implemented in accordance with Regulation 16(1).</p> <p>The BCA had an appropriate procedure for putting information on an application's file and storing it securely and in a way that made it accessible and retrievable. This was appropriately implemented in accordance with Regulation 16(2)(a) to (c).</p> <p>The BCA were noted to use an on-site server together with an off-site back-up server. Cloud based storage back-up was also being used. Regular disaster recovery exercises were being run on a monthly basis to ensure data storage and integrity, together with ensuring that robust data recovery processes were in place.</p>	

REGULATION 17 ASSURING QUALITY**Regulations 17(1) and (2)(a): A quality assurance system that covers management and operations**

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
The BCA had developed a Quality Assurance System that covered its Management and Operations. Where omissions were detected they were addressed under their relevant Regulation in this report.	

Regulation 17(2)(b) and (3): A policy on quality and a quality manager

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
The BCA had an appropriate Quality Policy which included quality objectives, and quality performance indicators for its building control functions at a high level. It was adequately implemented in accordance with Regulation 17(2)(b).	
The BCA had appointed a Quality Manager, named as Michael Wong in its Quality Assurance System, in accordance with Regulation 17(3).	

Regulation 17(2)(c): Ensuring operation within any scope of accreditation

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
Not applicable to this BCA, that is also a TA.	

Regulation 17(2)(d): Regular management reporting and review, including of the quality system

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure for reviewing its management system annually (or more frequently) against the expected standards for performance and high level performance indicators from its Quality Policy.</p> <p>This was adequately implemented in the form of strategic management reviews and reports.</p>	

Regulation 17(2)(e) Supporting continuous improvement

Non-compliance? Y/N	Yes - resolved during assessment
Non-compliance number/s:	GNC 10
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had documented its procedure for supporting continuous improvement, in accordance with Regulation 17(2)(e), however, the BCA's documented procedure did not cover the requirement to respond to any non-compliances identified with accreditation requirements in an assessment. This was resolved on-site with a revised procedure. GNC 10.</p> <p>Implementation of its procedures was appropriate. A Continuous Improvement Register was in place with appropriate records and management in evidence.</p>	

Regulation 17(2)(h): Undertaking annual audits

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	Yes
Number of recommendations:	1
Recommendation number/s:	R6
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure for undertaking annual audits, and this was adequately implemented in accordance with Regulation 17(2)(h).</p> <p>Whilst internal reports had been raised for each internal audit completed by the BCA, it is recommended that the BCA always ensures that examples used during the internal audits are recorded within the audit reports. See recommendation R6.</p>	

Regulation 17(2)(i): Identifying and managing conflicts of interest

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	Yes
Number of recommendations:	1
Recommendation number/s:	R7
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure in its quality assurance system for identifying and managing conflicts of interest. It was adequately implemented in accordance with 17(2)(i).</p> <p>The BCA's HR department operated a Conflict of Interest register. Examples sighted indicated that the BCA was recording and managing conflicts appropriately.</p> <p>The BCA is recommended to ensure that records of decisions made for the management of conflicts of interest are maintained, even in the event that no conflict of interest is deemed to be in place. See Recommendation R7.</p>	

Regulation 17(2)(j): Communicating with internal and external persons

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure in its quality assurance system, for communicating with internal and external persons, and it was adequately implemented in accordance with 17(2)(j).</p>	

Regulation 17(3A): Complaints about building practitioners

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriately documented procedure to ensure that the BCA considered whether to make, and made complaints to relevant occupational or professional authorities about practitioners whenever they appeared to it necessary or desirable in accordance with Regulation 17(3A)(a) to (c).</p> <p>Records of complaints about practitioners had been maintained appropriately.</p> <p>Concerns about practitioners were being recorded and a summary report was able to be produced should it lead to an actual complaint.</p>	

Regulation 17(4): Compliance with a quality assurance system

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure for ensuring that its employees and contractors complied with its quality assurance system. This was adequately implemented in accordance with Regulation 17(4).</p> <p>The BCA used a number of measures to ensure compliance with its quality system, such as in process checking, internal audit and management reviews. The BCA communicated about its quality system to its employees.</p> <p>The measures that the BCA used to ensure compliance with the quality system were found to be appropriate.</p>	

Regulation 17(5): Strategic management reporting and review

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure for annual (or more frequent) review of its quality assurance system, and for making appropriate changes in the quality assurance system. It was adequately implemented in accordance with Regulation 17(5).</p> <p>Minutes of these meetings demonstrated that the requirements of this regulation were met.</p>	

REGULATION 18 TECHNICAL QUALIFICATIONS

Non-compliance? Y/N	No
Non-compliance number/s:	-
Opportunities for improvement? Y/N	No
Number of recommendations:	0
Recommendation number/s:	-
Number of advisory notes:	0
Advisory note number/s:	-
Observations and comments, including good practice and performance	
<p>The BCA had an appropriate procedure, which was adequately implemented for requiring technical qualifications, and establishing circumstances of employees and contractors that would make it unreasonable and impractical for requiring technical qualifications in accordance with Regulation 18(1) to (3).</p> <p>No Ashburton District Council BCA staff were exempted from holding a relevant technical qualification.</p>	

RECORDS OF NON-COMPLIANCE

RECORD OF NON COMPLIANCE #:	GNC 1
Breach of requirement:	Regulation 7(2)(b)
Finding:	General Non-compliance
FINDING DETAILS	
The BCA did not always ensure the Form 2 (application for Building consent/PIM) were complete/accurate with all required information. E.g. The current, lawfully established, use, was not always indicated and sometimes did not align with the NZ Building Code clause A1 – classified uses.	
BCA ACTIONS REQUIRED	
Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.	
Please provide the action plan to IANZ for acceptance in the space provided in this report. Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.	
Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the “Date final evidence of implementation is required from BCA” indicated below.	
IMPORTANT DATES	
Plan of action from BCA due by:	1 April 2022
All action plans accepted by IANZ:	Click or tap to enter a date.
Date final evidence of implementation is required from BCA:	13 May 2022
Final date non-compliance to be cleared by:	27 May 2022
EVIDENCE	
Plan of action <i>(To be provided by BCA):</i>	
Proposed evidence of implementation <i>(To be provided by BCA):</i>	
Evidence of implementation and discussion:	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

RECORD OF NON COMPLIANCE #:	GNC 2
Breach of requirement:	Regulation 7(2)(d)(iv)
Finding:	General Non-compliance
FINDING DETAILS	
<p>A.The BCA's simplified processing check sheet for relocated building [BAM 103] did not include the consideration for section 112 of the Building Act 2004, which was considered relevant to the application.</p> <p>B.The processing officers were not always giving appropriate consideration of the performance & inspection/maintenance standards when specified systems formed part of the building consent as per the following:</p> <ul style="list-style-type: none"> • Some of the listed performance standards were not specific to the relevant version or parts of the listed standard. E.g. when using an acceptable solution, the relevant year, amendment and sub-sections are required. • Some of the inspection and maintenance standards listed were not appropriate. E.g. AS 2293.1&3:2005 indicated M when it was the design standard. (Part 2 (1995) is the relevant standard for inspection and maintenance). 	
BCA ACTIONS REQUIRED	
<p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report. Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p><u>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed no later than the "Date final evidence of implementation is required from BCA" indicated below.</u></p>	
IMPORTANT DATES	
Plan of action from BCA due by:	1 April 2022
All action plans accepted by IANZ:	Click or tap to enter a date.
Date final evidence of implementation is required from BCA:	13 May 2022
Final date non-compliance to be cleared by:	27 May 2022
EVIDENCE	
Plan of action <i>(To be provided by BCA):</i>	
Proposed evidence of implementation <i>(To be provided by BCA):</i>	
Evidence of implementation and discussion:	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

RECORD OF NON COMPLIANCE #:	GNC 3
Breach of requirement:	Regulation 7(2)(d)(v)
Finding:	General Non-compliance
FINDING DETAILS	
Building Consents were not always granted within the time limits specified in section 48 of the Building Act.	
BCA ACTIONS REQUIRED	
Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.	
Please provide the action plan to IANZ for acceptance in the space provided in this report. Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.	
Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.	
IMPORTANT DATES	
Plan of action from BCA due by:	1 April 2022
All action plans accepted by IANZ:	Click or tap to enter a date.
Date final evidence of implementation is required from BCA:	13 May 2022
Final date non-compliance to be cleared by:	27 May 2022
EVIDENCE	
Plan of action <i>(To be provided by BCA):</i>	
Proposed evidence of implementation <i>(To be provided by BCA):</i>	
Evidence of implementation and discussion:	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

RECORD OF NON COMPLIANCE #:	GNC 4
Breach of requirement:	Regulation 7(2)(f)
Finding:	General Non-compliance
FINDING DETAILS	
<p>The BCA's implementation of its procedure was not always adequate, notably:</p> <ul style="list-style-type: none"> Performance standards were not always appropriate. E.g., referencing incorrect parts of standards, when NZ Building Code clauses referenced, not always specific to relevant sub-clauses, relevant versions of referenced standards were not always provided, indicating an acceptable solution as the NZBC. Performance standards were not always included on the Building Consent. One consent indicated an attached document which was not provided. The performance standards indicated on the compliance schedule did not always align with those indicated on the application form BAM002-S or the supporting documentation. 	
BCA ACTIONS REQUIRED	
<p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report. Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p><u>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed no later than the "Date final evidence of implementation is required from BCA" indicated below.</u></p>	
IMPORTANT DATES	
Plan of action from BCA due by:	1 April 2022
All action plans accepted by IANZ:	Click or tap to enter a date.
Date final evidence of implementation is required from BCA:	13 May 2022
Final date non-compliance to be cleared by:	27 May 2022
EVIDENCE	
Plan of action <i>(To be provided by BCA):</i>	
Proposed evidence of implementation <i>(To be provided by BCA):</i>	
Evidence of implementation and discussion:	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

RECORD OF NON COMPLIANCE #:	GNC 5
Breach of requirement:	Regulation 8(2)
Finding:	General Non-compliance
FINDING DETAILS	
The BCA had not always ensured that it had sufficient staff resources or contractors to enable it to comply with the specified time limits according to section 48 (10 day (Multi use approval) and 20 day timeframe for processing Building Consent applications) of the Building Act.	
BCA ACTIONS REQUIRED	
Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.	
Please provide the action plan to IANZ for acceptance in the space provided in this report. Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.	
Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.	
IMPORTANT DATES	
Plan of action from BCA due by:	1 April 2022
All action plans accepted by IANZ:	Click or tap to enter a date.
Date final evidence of implementation is required from BCA:	13 May 2022
Final date non-compliance to be cleared by:	27 May 2022
EVIDENCE	
Plan of action <i>(To be provided by BCA):</i>	
Proposed evidence of implementation <i>(To be provided by BCA):</i>	
Evidence of implementation and discussion:	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

RECORD OF NON COMPLIANCE #:	GNC 9
Breach of requirement:	Regulation 15(2)
Finding:	General Non-compliance
FINDING DETAILS	
The BCA had not defined the delegated powers and authorities for section 91 of the Building Act.	
BCA ACTIONS REQUIRED	
Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.	
Please provide the action plan to IANZ for acceptance in the space provided in this report. Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.	
Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.	
IMPORTANT DATES	
Plan of action from BCA due by:	1 April 2022
All action plans accepted by IANZ:	Click or tap to enter a date.
Date final evidence of implementation is required from BCA:	13 May 2022
Final date non-compliance to be cleared by:	27 May 2022
EVIDENCE	
Plan of action <i>(To be provided by BCA):</i>	
Proposed evidence of implementation <i>(To be provided by BCA):</i>	
Evidence of implementation and discussion:	
NON COMPLIANCE CLEARED	
Signed:	Date: Click or tap to enter a date.

SUMMARY OF RECOMMENDATIONS

Recommendations are intended to assist your BCA to maintain compliance with the Regulations. They are **not** conditions for accreditation but a failure to make changes may result in non-compliance with the Regulations in the future.

It is recommended that:

- R1** Regulation 7(2)(b) - It is recommended the BCA updates its Form 2 template to include the current acceptable solutions for compliance with the C clauses. It was noted that it currently included superseded documents [C/AS3 – C/AS7].
- R2** Regulation 7(2)(d)(iv) - The BCA is recommended to ensure the processing officers document adequate reasons for decisions for all elements reviewed and discussed to satisfy the requirements of Regulation 6(c) and (d).
- R3** Regulation 7(2)(f) - The BCA is recommended to ensure that the applications for CCC it receives are complete with all required information.
- R4** Regulation 7(2)(f) - The BCA is recommended to number the compliance schedule pages (including attached documents) to ensure that it remains as a complete document.
- R5** Regulation 11(2)(b) - The BCA is recommended to ensure that training planned to be undertaken by BCA staff is recorded in more specific detail.
- R6** Regulation 17(2)(h) - It is recommended that the BCA always ensures that the identity of examples reviewed during internal audits are recorded within the audit reports.
- R7** Regulation 17(2)(i) - The BCA is recommended to ensure that records of decisions made for the management of conflicts of interest are maintained, for all issues raised and recorded.

SUMMARY OF ADVISORY NOTES

Advisory notes are intended to assist your BCA to improve compliance with accreditation requirements based on IANZ's experience. They are **not** conditions for accreditation and do not have to be implemented to maintain accreditation.

No advisory notes were raised during this assessment.

SUMMARY TABLE OF NON-COMPLIANCE

The following table summarises the non-compliance identified with the accreditation requirements in your BCA's accreditation assessment. Where a non-compliance has been identified, a Record of Non-compliance template has been prepared detailing the issue, and to enable you to detail your proposed corrective actions to IANZ. You must update and return a template for each non-compliance identified.

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? Enter "Yes" where applicable						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY)	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (one sentence/line only to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recs.	Adv. notes	
6(A)(1)	Choose item.													
6(A)(2)	Choose item.													
Regulation 7														
7(1)	Choose item.													
7(2)(a)	Choose item.													
7(2)(b)	General	GNC 1			Yes			No	28/05/2022		1		BCA did not always ensure the Form 2 (application for Building consent/PIM) were complete/accurate with all required information.	
7(2)(c)	Choose item.													
7(2)(d)(i)	Choose item.													
7(2)(d)(ii)	Choose item.													
7(2)(d)(iii)	Choose item.													
7(2)(d)(iv)	General	GNC 2			Yes			No	28/05/2022		1		BCA's simplified processing check sheet for relocated building [BAM 103] did not include the consideration for section 112 of the building Act 2004, processing officers were not always giving appropriate consideration of the performance & inspection/maintenance standards when specified systems formed part of the building consent as per the following: listed performance standards were not specific to the relevant version or parts of the listed standard. inspection maintenance standards listed were not always appropriate.	
7(2)(d)(v)	General	GNC 3			Yes			No	28/05/2022				Building Consents were not always granted within the time limits specified in section 48 of the Building Act.	
7(2)(e)	Choose item.													
7(2)(f)	General	GNC 4			Yes			No	28/05/2022		2		Performance standards were not always appropriate, NZ Building Code clauses referenced, were not always specific to relevant sub-clauses. Relevant versions of referenced standards were not always provided. Indicating an acceptable solution as the NZBC, Performance standards were not always included on the Building Consent, performance standards indicated on the compliance schedule did not always align with those indicated on the application form BAM002-S or supporting documentation.	
7(2)(g)	Choose item.													
7(2)(h)	Choose item.													
Regulation 8														
8(1)	Choose item.													
8(2)	General	GNC 5			Yes			No	28/05/2022				BCA had not always ensured that it had sufficient staff resources or contractors to enable it to comply with the specified time limits according to section 48 (10 day (Multi use approval) and 20 day timeframe for processing Building Consent applications) of the Building Act.	
Regulation 9														
9	General	GNC 6			Yes			Yes					The outcomes of the competency assessments were not always accurately reflected on the Master Competency Table, which was used for the allocation of work to competent staff.	
Regulation 10														
10(1)	Choose item.													
10(2)	Choose item.													
10(3)	Choose item.													

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? Enter "Yes" where applicable						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY)	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (one sentence/line only to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recs.	Adv. notes	
Regulation 11														
11(1)	Choose item.													
11(2)(a)	Choose item.													
11(2)(b)	Choose item.										1			
11(2)(c)	Choose item.													
11(2)(d)	Choose item.													
11(2)(e)	Choose item.													
11(2)(f)	Choose item.													
11(2)(g)	Choose item.													
Regulation 12														
12(1)	Choose item.													
12(2)(a)	Choose item.													
12(2)(b)	Choose item.													
12(2)(c)	General	GNC 7			Yes			Yes						BCA did not have a fully documented contract agreement for its contractor that covered all of the requirements of this Regulation 12(2)(c).
12(2)(d)	Choose item.													
12(2)(e)	Choose item.													
12(2)(f)	Choose item.													
Regulation 13														
13(a)	Choose item.													
13(b)	Choose item.													
Regulation 14														
14	General	GNC 8			Yes			Yes						BCA had not defined its calibration acceptance tolerance for all types of measuring equipment in use; such as moisture meters.
Regulation 15														
15(1)(a)	Choose item.													
15(1)(b)	Choose item.													
15(2)	General	GNC 9			Yes			No	28/05/2022					BCA had not defined the delegated powers and authorities for section 91 of the Building Act
Regulation 16														
16(1)	Choose item.													
16(2)(a)	Choose item.													
16(2)(b)	Choose item.													
16(2)(c)	Choose item.													
Regulation 17														
17(1)	Choose item.													
17(2)(a)	Choose item.													
17(2)(b)	Choose item.													
17(2)(c)	Choose item.													
17(2)(d)	Choose item.													
17(2)(e)	General	GNC 10			Yes			Yes						BCA's documented procedure did not cover the requirement to respond to any non-compliances identified with accreditation requirements in an assessment.
17(2)(h)	Choose item.										1			
17(2)(i)	Choose item.										1			
17(2)(j)	Choose item.													
17(3)	Choose item.													
17(3A)(a)	Choose item.													

Regulatory requirement	Non-compliance (Serious / General)	Non-compliance identification number	Breach of regulation 5/6? Enter "Yes" where applicable						Resolved On-site? Yes/No	Date Non-compliance to be cleared by (DD/MM/YYYY)	Date Non-compliance cleared (DD/MM/YYYY)	Number of		Brief comment (one sentence/line only to get to the heart of the issue)
			5(a)	5(b)	5(c)	6(b)	6(c)	6(d)				Recs.	Adv. notes	
17(3A)(b)	Choose item.													
17(3A)(c)	Choose item.													
17(4)(a)	Choose item.													
17(4)(b)	Choose item.													
17(5)(a)	Choose item.													
17(5)(b)	Choose item.													
Regulation 18														
18(1)	Choose item.													
18(3)(a)	Choose item.													
18(3)(b)	Choose item.													

7. Ashburton Contracting Limited – Draft Statement of Intent 2022

Author Paul Brake, GM Business Support
General Manager responsible Hamish Riach, Chief Executive

Summary

- The Committee is asked to consider the draft Statement of Intent for Ashburton Contracting Limited (ACL) for the 2022-23 year. There have been no changes from the 2021-22 year SOI.
- ACL is a council controlled organisation (CCO) and as such, is required to prepare, adopt and deliver to Council a draft statement of intent by 1 March each year. ACL must then consider any comments that are made by Council on the draft within two months (before 30 April 2022). After considering any shareholder comments, the company must deliver a completed SOI to Council on or before 30 June each year.
- The Audit & Risk Committee will consider the draft Statement of Intent and refer this document and any comment to Council on 20 April 2022. ACL proposes a number of changes which are subject to Council's agreement.
- Council will approve the draft Statement of Intent, subject to agreed changes, and advise Ashburton Contracting Ltd prior to their Board meeting on 28 April 2022.

Recommendation

- 1. That** the Audit & Risk Committee receives the Ashburton Contracting Limited 2022-23 draft Statement of Intent and refers it to Council for approval.
- 2. That** Council formally advises the ACL Board of any comments on the draft Statement of Intent before 28 April 2022.

Attachment

Appendix 1 ACL draft Statement of Intent 2022-23

Background

Background

1. ACL's draft Statement of Intent for the year 1 July 2022 to 30 June 2023 year has been received for Council comment.
2. The draft Statement of Intent sets out ACL's strategic direction for 2022-23 by showing the company's activities and intentions for the year and the objectives to which those activities will contribute.
3. The draft ACL Statement of Intent gives Council the opportunity to influence the direction of the company. It also provides a basis for the accountability of the ACL directors to their shareholders for the performance of the organisation.
4. Council, by resolution, can require the ACL Board to amend the SOI by omitting or including any of the following:
 - Objectives
 - Statements of the Board's approach to governance
 - Nature and scope of activities to be undertaken
 - Ratio of shareholder's funds to total assets
 - Accounting policies
 - Performance targets and measures by which the CCO will be judged
 - Estimates of the amount or proportion of accumulated profits or reserves that may be distributed
 - Type of information to be provided to Council, including the content of the six monthly report
 - Procedures to follow for the CCO to purchase shares in any other venture.
5. As part of its performance monitoring requirements ACL is required to report to Council at a minimum of four times per year that includes a half year report before the end of February each year and an annual report before the end of September each year.

Options analysis

Option 1 – Receive the draft statement of intent with no suggested changes

6. Council is required to agree to the Statement of Intent, or if it doesn't agree, must take all practical steps to require the Statement of Intent to be modified.

Option 2 – Receive the draft statement of intent and propose amendments

7. If the Council wished to suggest amendments then these will be forwarded to the ACL Board for consideration and possible inclusion in their final adopted statement of intent.

Legal/policy implications

8. The Local Government Act 2002 requires a council controlled organisation to have a statement of intent. Schedule 8 of the Act outlines the content that must be included in the statement of intent including the requirement for performance measures and targets.

1. Sections 66-69 of the LGA 2002 set out the company's reporting requirements.

Strategic alignment

9. The recommendation relates to Council's community outcome of "*a prosperous economy based on innovation and opportunity*" as Council encourages local economic development for all.

Wellbeing		Reasons why the recommended outcome has an effect on this wellbeing
Economic	✓	2. Shareholding in ACL. 3. Council's investments provide a return to the community and contributes to economic development
Environmental		
Cultural		
Social		

Financial implications

10. There are no future financial implications relating to the content of the Statement of Intent.

Requirement	Explanation
What is the cost?	Council receives a dividend return from ACL
Is there budget available in LTP / AP?	Not applicable
Where is the funding coming from?	Not applicable
Are there any future budget implications?	No
Finance review required?	No

Significance and engagement assessment

11. The making of this submission is not considered to be significant.

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low-
Level of <i>engagement</i> selected	1 Inform only
Rationale for selecting level of engagement	The SOI is largely same as the previous year.
Reviewed by Strategy & Policy	Toni Durham: Strategy and Policy Manager

Next steps

Date	Action / milestone	Comments
24 March 2022	ACL will be informally advised of the Audit & Risk Committee's comments in response to the draft SOI, being subject to Council's confirmation on 20 April.	
20 April 2022	Council will receive the Audit & Risk Committee's recommendation and outcome will be advised to ACL before 28 April.	
By 30 June 2022	ACL to provide Council with the Board's adopted Statement of Intent 2022-23	

ASHBURTON CONTRACTING LIMITED

STATEMENT OF INTENT FROM 1 JULY 2022 (Covering the Financial Year Ended 30 June 2023)

1. PREAMBLE

This Statement of Intent (SOI) is required by section 64 of the Local Government Act 2002.

The Board of a Council Controlled Trading Organisation must deliver to the Council a draft Statement of Intent on or before 1 March each year. The Board must;

- a) consider any comments on the draft Statement of Intent that are made to it within two months of 1 March by the Council, and
- b) deliver the completed Statement of Intent to the shareholders on or before 30 June each year.

2. GOVERNANCE

Role of the Board

The collective responsibility of the Directors is to direct the management of the Company.

The Board carries out its responsibilities by setting the Company's strategic direction, providing leadership to put this into effect, appointing the Chief Executive Officer (CEO), agreeing targets and objectives and monitoring performance. The CEO has been delegated responsibility for the day-to-day management of the Company. He has an executive team to assist him.

Board Composition

The Company's Constitution provides the Board will consist of not more than five directors of whom not more than one shall be a member or employee of any Local Authority. Directors of the Company are appointed by the shareholder by notice in writing to the Company. The term of appointment shall be for a maximum period of three years, but may be for a lesser period as specified by Council at the time of appointment. Retiring directors are eligible for re-election.

Board Meetings

Each year there are a minimum of eleven scheduled directors' meetings. The Board is able to meet at other times if there is business to be conducted. Any two directors have the power to summon a meeting of the Board.

Remuneration of Directors

The Shareholder by ordinary resolution from time to time sets a total maximum amount payable for annual directors' fees divided among the directors as they consider appropriate.

Director's Fees may be reviewed on an annual basis with a maximum review interval of two years. The Directors shall engage an independent consultant to provide a recommendation to the Shareholder.

Board Interaction with Management

Board policy is to make site visits to view Company operations and to familiarise directors with issues associated with the business. These visits usually involve interaction between directors and management and direct access to employees when their particular area of expertise is required. Most contact is with the CEO whom the Directors hold accountable for the operational performance of the Company.

Directors Obligations

Directors' Interests

A Directors' Interests Register is maintained and records particulars of notices given by Directors in regard to positions and shareholdings held in other companies and entities. The Register is reviewed annually as part of the Company's annual reporting process. All Board Meetings contain an agenda item addressing any changes to Directors Interests or Conflicts of Interest.

Officers Interests

A Register of interests of senior management is maintained.

Directors' and Officers' Insurance and Indemnity

The Company has arranged Directors' and Officers' Liability Insurance which ensure directors and officers will incur no monetary loss as a result of actions undertaken by them as directors and officers. Certain actions are specifically excluded, for example, criminal acts and the incurring of penalties and fines which may be imposed in respect of breaches of law.

Financial Results

Management prepare monthly accounts which are provided to the Directors as part of the Board Report for review.

Unaudited half yearly summary reports are prepared for the Ashburton District Council.

The Company prepares Annual Accounts which are audited by Audit New Zealand. The directors review and sign the Annual Accounts which are incorporated in the Annual Report.

External Auditor

Section 70 of the Local Government Act 2002 requires that the Auditor General is the auditor of Council Controlled Organisations.

3. OBJECTIVES

The principal objectives of Ashburton Contracting Ltd are in accordance with section 59 of the Local Government Act 2002 to:

- a) be a successful business; and
- b) be a good employer; and
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) conduct its affairs in accordance with sound business practice.

4. NATURE AND SCOPE OF ACTIVITIES

The nature of the Company's activities are that of a civil and roading contractor. Its activities include excavation, transport, construction, drainage, civil works, pipeline installation and surfacing (chip sealing/hotmix).

The company manufactures hotmix and readymix concrete.

The company has vehicle repair workshops which service internal and external customers.

The company carries out quarrying and the supply of aggregates and landscaping products.

The company maintains water, sewer and wastewater facilities.

The company is a partner in the Lake Hood Extension Project (LHEP) joint venture.

The company supplies goods, materials, services and equipment for sale or hire.

The company engages in any other relevant activity as determined by the directors in consultation with the Shareholder from time to time.

5. RATIONALE AND OBJECTIVES FOR ASHBURTON DISTRICT COUNCIL OWNERSHIP

The rationale for the ongoing ownership of the Company in terms of contributing to the Ashburton District Council Long Term Plan is;

- a) To ensure local capacity and capability to undertake civil works, particularly focused on infrastructure.
- b) To promote competition in the district for civil construction and maintenance activities.

- c) To form part of a balanced portfolio of Council investments.
- d) To provide a commercial rate of return on the Council's investment.

6. **PERFORMANCE MEASURES**

- a) Budgeted profit before tax for ACL Parent is achieved. ACL Parent excludes LHEP.
- b) The annual rate of return on ACL Parent average shareholder's funds will be a *target* of 10% before tax based on the rolling average of the last 5 years (excluding any subvention payments and the before tax profit or loss relating to the LHEP).
- c) The Company will achieve its annual budgeted external revenue.
- d) Health & Safety:
 - i. The Company will maintain its ISO 45000 Health and Safety certification.
 - ii. The Company will strive to reduce its lost time injury (LTI) frequency rate year upon year.
 - iii. The Company will strive to reduce its medical treatment injury (MTI) rate year upon year.
- e) Environmental: The Company will maintain its ISO 14001 Environmental certification.
- f) Quality Systems: The Company will maintain its ISO 9001 Quality certification.
- g) The Company will comply with the Resource Management Act.
- h) The Company will ensure business management procedures and practices meet with the requirements of the Auditor such that the Company receives an unqualified audit report of its annual Financial Statements.

7. **LAKE HOOD EXTENSION PROJECT (LHEP) POLICY**

The Company will actively participate in and manage the performance of its investment in the Lake Hood Extension Project and report on its progress in the Notes to the Financial Statements of the Annual Report.

8. **FINANCIAL FORECASTS**

The budget projection for the year ending 30 June **2023** and forecast projections for each of the years ending 30 June **2024** and 30 June **2025** will be disclosed to the shareholder, on a confidential basis, in a timely manner to enable the Council to incorporate this information in its Annual Plan.

9. **RATIO OF EQUITY TO TOTAL ASSETS**

- a) Equity is defined as the paid-up capital, plus any tax paid profits earned and less any dividends distributed to shareholders. They include undistributed profits which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves".
- b) Total Assets are defined as the sum of all current assets, investment assets and fixed assets of the Company.
- c) The ratio of Equity to Total Assets will be no less than 50%.

10. **DIRECTORS' ESTIMATE OF THE COMPANY VALUE**

The Directors estimate that the commercial value of the shareholder's investment in Ashburton Contracting Ltd will be represented by the opening balance of Equity.

11. **REPORTING TO SHAREHOLDER**

The Company will report to the Shareholder on both a regular basis and as and when necessary. The following information will be available to the shareholder based on an annual balance date of 30 June:

11.1 **Draft Statement of Intent**

The Directors shall deliver to the shareholder a Draft Statement of Intent on or before 1 March each year which fulfils the requirements of section 64 of the Local Government Act 2002.

11.2 **Completed Statement of Intent**

The Directors shall deliver to the shareholder a completed Statement of Intent on or before 30 June each year, which fulfils the requirements of section 64 of the Local Government Act 2002.

11.3 **Reporting**

Within two months after the end of the first half and the second half of each financial year, the Directors will meet with the shareholder and deliver to the Shareholder, a report containing the following unaudited information as a minimum in respect of the period year under review:

- a) An Income Statement disclosing actual and budgeted revenue and expenditure and comparative figures for the same period in the previous financial year.

- b) A Statement of Changes in Equity with comparative figures for the same period in the previous financial year.
- c) A Balance Sheet period with comparative figures for the same period in the previous financial year.
- d) An abbreviated Statement of Cash Flows with comparative figures for the same period in the previous financial year.
- e) A commentary on the results for the period under review. Where the Report is in respect of the first six months, the report will contain an outlook for the second six months with reference to any significant factors that are likely to have an effect on the Company's performance, including an estimate of the financial result for the year based on that outlook.
- f) Commentary on the Company's performance with regard to Health and Safety including appropriate graphical information on the Company's performance and KPIs.

11.4 Quarterly Reports

In addition, an abbreviated report, content to be agreed between the Board and the Ashburton District Council to maintain an overview on the Company and its operations, be provided at quarterly intervals between the half yearly report and the annual report.

11.5 Annual Report

Within three months of the end of each financial year, the Directors shall deliver to the Shareholder, an Annual Report which shall contain audited Financial Statements in respect of the financial year, containing the following information as a minimum:

- a) A Directors' Report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
- b) An Income Statement disclosing actual and budgeted revenue and expenditure with comparative figures from the previous Annual Report.
- c) A Statement of Changes in Equity at the end of the year with comparative figures from the previous Annual Report.
- d) A Balance Sheet at the end of the year with comparative figures from the previous Annual Report.
- e) A Statement of Cash Flows with comparative figures from the previous Annual Report.
- f) An auditor's report on the above statements and the measurement of performance in relation to objectives.

12. **ACCOUNTING POLICIES**

The accounting policies adopted for Ashburton Contracting Limited are documented in Appendix 1. The Company will report at 30 June 2022 under NZ IFRS Tier 1 of the New Zealand Accounting Standards Framework as a large, for-profit entity after annual expenses exceeded \$30m.

13. **DIVIDEND POLICY**

13.1 ACL is committed to maximising the long-term sustainable distribution flow to the shareholder and maintain a distribution intent of paying 50% of any net after-tax return to the shareholder, subject to capital requirements of the Company. Any distribution needs to be prudent in the circumstances and meet Solvency Tests.

13.2 The ACL Parent Profit after Tax excludes any realised capital gains/losses, revaluation movements, any material one-off non-cash items, and any after tax profits/losses arising from the Lake Hood Extension Project.

13.3 Some, or all, of the distributions to the Shareholder may be made, with agreement of the Shareholder, by subvention payment or other mutually agreed method after taking account of all tax considerations.

14. **CHARITABLE GIFTS POLICY**

14.1 The Company may make charitable gifts to qualifying entities in terms of the 2007 Income Tax Act. Qualifying entities are those entities which are not carried on for private pecuniary profit and whose funds are wholly applied to charitable, benevolent, philanthropic or cultural purposes within New Zealand. The limit of the gifts is the level of taxable income for the Company. Charitable gifts for less than \$20,000 in total in any one financial year will not require prior formal approval of the Ashburton District Council.

14.2 Any charitable gift in excess of \$20,000 must have the formal agreement of the Company Directors and the Ashburton District Council regarding the recipient qualifying entity, the project and the amount of the gift.

15. **PROCEDURES FOR ACQUISITION OF INTERESTS IN OTHER COMPANIES OR ORGANISATIONS**

- 15.1 As a general policy, any proposed investment by the Company in other companies or organisations will be required to meet the weighted average cost of capital (WACC) of the proposed investment(s).
- 15.2 If the directors believe that the Company should invest in, or otherwise acquire, an interest in another company or organisation, the directors will obtain prior approval of the shareholder by special resolution.

16. **SALES OF GOODS/ SERVICES TO LOCAL AUTHORITIES**

- 16.1 The Company will provide goods and services to the Ashburton District Council as part of its normal business activities. These goods and services shall be charged for on a commercial basis.
- 16.2 Ashburton Contracting Limited, under any contract with Ashburton District Council, will be required to meet levels of service determined by the Council.

Appendix I

ACCOUNTING POLICIES

Significant Accounting Policies

Ashburton Contracting Limited (the "Company") is a company domiciled in New Zealand.

The Company is a Council Controlled Trading Organisation as defined in Section 6 (1) of the Local Government Act 2002, wholly owned by the Ashburton District Council and is a profit-orientated entity for financial reporting purposes.

The Company's business includes contracting for physical works, both maintenance and construction, offering goods and services for sale and plant and equipment for hire. These activities occur predominantly in the Ashburton district and immediate surrounding areas and may be undertaken in other geographical areas.

Statement of Compliance

The financial statements have been prepared in accordance with the Companies Act 1993, Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the pronouncements of the Chartered Accountants of Australia and New Zealand (CAANZ) and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Company is a Tier 1 for-profit reporting entity under the New Zealand Accounting Standards Framework on the basis that it is a large, for-profit entity that has annual expenditure over \$30 million. The Company has in previous years elected to report under the reduced Tier 2 disclosure regime. The Company has in some cases chosen to include information within its accounts used for the financial reporting requirements of its parent.

Basis of Preparation

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand. They are prepared on the historical cost basis except for Land and Buildings, Investment Properties, and certain other investments, which are stated at fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except where otherwise stated.

Changes in Accounting policies and disclosures

New and amended standards and interpretations

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses, except for Land and Buildings which are valued annually by a registered valuer and are stated at fair value.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs

Further expenditures are added to cost only if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense when incurred.

Depreciation

Depreciation is charged to profit or loss on either straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Lower value assets (cost less than \$50,000) are depreciated at the current maximum rates allowed by the Inland Revenue Department as these rates approximate the useful lives and residual values associated with these assets. Land is not depreciated.

The estimated useful lives are as follows:

- Buildings 30- 50 years
- Plant and Equipment 3-38 years
- Office Equipment & Fixtures 3-10 years
- Land Improvements 20 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible Assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets with a finite life is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful life of software is three to ten years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating-unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost or net realisable value using weighted average. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Civil construction and contracting

Civil construction and contracting services include drainage, sealing, asphalt laying, utilities and rural contracting.

Construction services within a contract are deemed to represent a single performance obligation, which is satisfied progressively over the construction period. Performance is measured using an output method, by reference to regular progress claims and assessments by client contract engineers.

Any expected loss on construction contracts is recognised immediately as an expense in profit or loss.

Any variable consideration, such as liquidated damages, included in the Company's revenue contracts is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Payment is due as specified in the payment schedules.

Rendering of services

Contracts for workshop and transport services are comprised of one performance obligation, with revenue being recognised over time. Payment is generally due upon completion and acceptance by the customer. An input method (cost incurred) is used as a measure of progress.

Production and sale of goods

The Company earns revenue from the sale of goods, including ready-mix concrete and aggregates. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery. Payment is generally due based on standard 30-day trading terms.

Contract assets, contract liabilities and trade receivables

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable. Trade receivables are measured at the transaction price determined under NZ IFRS 15.

When an amount of consideration is received from a customer prior to the Company transferring a good or service to the customer, the Company recognises a contract liability.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies the simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Warranties

The Company provides for defects liability periods in accordance with NZ IAS 37.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than 3 months. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments

Other Investments

Investments in equity securities held by the Company are recorded at fair value through profit or loss.

Advances and other financial assets at amortised cost

If there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the instrument.

Joint Venture

The Joint Venture has been incorporated into the financial statements using the equity method.

Impairment of non-financial assets

The carrying amount of the Company's assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of the indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss. For revalued assets the impairment loss is recognised in other comprehensive income for that asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in profit or loss.

Reversal of Impairment

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. For revalued assets the reversal of an impairment loss is recognised in other comprehensive income and credited to the revaluation reserve. However, to the extent that an impairment loss for that asset was previously recognised in profit or loss, a reversal of the impairment loss is also recognised in profit or loss.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of any deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates or substantively enacted at the balance date.

Current tax and deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income, in which case the tax is dealt with in other comprehensive income.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee Entitlements

The Company has made provision in respect of entitlements for annual leave, long service leave and retirement gratuities. The provision is calculated on an actual entitlement basis at current rates of pay.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Company anticipates it will be used by staff to cover those future absences.

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in profit or loss when they are due.

Expenses

Net Financing Costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and dividend income. Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Company's right to receive payment is established.

Trade and Other Payables

Trade and Other Payables are stated at amortised cost. Due to their short-term nature, they are not discounted.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Loans

Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment.

The impact of Covid-19 has been considered in the impairment assessment. The impact on the company was not significant and has not resulted in any impairment of goodwill.

Impairment of Goodwill

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The amount of the impairment loss is measured as the difference between the assets carrying amount and the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their market value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of an asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimated use to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if not impairment loss had been recognised.

Leases

Right-of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

Lease liabilities

At commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. These lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of an option reasonably certain to be exercised by the Company and penalties for terminating the lease if the lease term reflects the Company's exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses a borrowing rate at the lease commencement that best represents the term of the lease. For plant and vehicle leases the company uses the Bank fixed interest rate for the term of the lease and for property, an appropriate market yield is used. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if

there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases i.e. those with a lease term of 12 months or less from the commencement date with no purchase option.

The Company also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Management has defined this as assets which are, when new, valued at \$7,000 or less.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Goods and Services Tax (GST)

All amounts are shown exclusive of GST, except for trade receivables and payables that are stated inclusive of GST.

New Accounting Standards

Not applicable.

Audit and Risk Committee Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to provide oversight of Council's audit processes, statutory compliance and internal risk management in a manner that promotes the current and future interests of the community (Local Government Act 2002).

Membership

Membership of the Committee comprises:

- Cr Leen Braam (Chair)
- Cr John Falloon (Deputy Chair)
- Cr Carolyn Cameron
- Cr Liz McMillan
- Cr Stuart Wilson
- External appointee
- The Mayor, Neil Brown (ex-officio)

The quorum is four members.

Meeting Frequency

The Audit & Risk Committee will meet on a six-seven weekly cycle, or on an as-required basis as determined by the Chair and Group Manager Business Support.

Committee members shall be given not less than 5 working days' notice of meetings.

Delegations

The Audit & Risk Committee has no delegated authority to make decisions. Its role is to consider and review matters of strategy, policy or significance in its sphere of Council business, and (if appropriate) to make recommendations to full Council.

Sphere of business

- To receive and consider the project plan and timetable for the following projects –
 - Long Term Plan (LTP) and any amendments
 - Annual Plan & Budget
 - Annual Report and Audit
- To receive progress reports on the above projects, where appropriate, and review significant issues and risks arising.
- To establish and maintain effective relationships with Council's auditors, including meeting with the audit representatives regarding significant policy and planning processes as appropriate, reviewing the Annual Audit Plan, and considering matters of significance raised by Council's auditors and action required.
- To receive reports on all external party audits of any and all Council activities, and review significant issues and risks arising.

- To be the primary monitoring mechanism for Council's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) and shareholdings. Review the CCOs' draft statements of intent and advise CCOs of any comments.
- To provide overview of Council's performance management framework as included in the Council's LTP and Annual Plan documents.
- To provide overview of Council's statutory compliance and legal matters, monitoring any areas of statutory non-compliance.
- To provide overview of risk management and insurance. Review corporate risk assessment and internal risk management practices. Review insurance arrangements annually and monitor insurance claims.
- Monitor and review Health & Safety related matters. Participate in national risk management practices and implementation of risk management processes.
- To consider matters of organisational services in the area of Health & Safety

Reporting

The Audit & Risk Committee will report to the Council.

Adopted

17/12/20