



Finance, Audit & Risk Committee

AGENDA

10.30am Tuesday 1 March 2016

**Council Chamber, Wairoa District Council, Coronation
Square, Wairoa.**

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz



Agenda

CHAIRMAN: Councillor J Harker

MEMBERSHIP: Councillor D. Eaglesome-Karekare (Deputy Mayor), His Worship the Mayor Mr C Little, and Mr P Jones

	Pages
Procedural Items	
1. Civic Prayer	
2. Apologies for Absence	
3. Declarations of Conflict of Interest	
4. Chairman's Announcements	
5. Items of Urgent Business not on the Agenda	
6. Public Participation A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 3 minutes per person is allowed.	
7. Minutes of the Previous Meeting	4-9
General Items	
8. Health & Safety Report – March 2016 J Baty – Corporate Services Manager	10-13
9. H&S Monitoring of Contractors J Cox – Engineering Manager	14-16

Public-Excluded Items

- | | | |
|------------|----------------------------------------------------------------------------------------------------------------------------|--------------|
| 10. | Resolution to Exclude the Public | 17-18 |
| 11. | Independent review of procurement processes for the sealed road maintenance contract
J Cox – Engineering Manager | 19-27 |
| 12. | Confidential Minutes of Previous Meeting | 28-29 |
| 13. | Audit – Report on Control Findings
A Morton – Chief Financial Officer | 30-48 |



Minutes of an Ordinary Meeting of Finance, Audit & Risk Committee

5.28pm Wednesday 4 November 2015 held in the Council Chamber, Wairoa District Council, Coronation Square, Wairoa.

Present: Councillor J Harker (Chairman)

His Worship the Mayor Mr C Little, Councillor D Eaglesome-Karekare (Deputy Mayor), Philip Jones

F Power (Chief Executive Officer)
 J Cox (Engineering Manager)
 A Morton (Chief Financial Officer)
 J Baty (Corporate Services Manager)
 C McGimpsey (Governance Advisor and Policy Strategist)
 A Sofo (Auditor)
 Grant Taylor (Auditor)

Procedural Items

1. Civic Prayer

The civic prayer was given by the Corporate Services Manager

2. Apologies for absence

None

3. Declarations of Conflict of Interest

Councillor Harker declared a pecuniary interest for agenda item 15 – Procurement Risk, as he is an employee of QRS.

Philip Jones declared a pecuniary interest for agenda item 8 – Rating Review Proposal, as he is the consultant undertaking the review.

4. Chairman's Announcements

None

5. Items of Urgent Business not on the Agenda

None

6. Public Participation

None

7. Minutes of the Previous Meeting

<u>Resolved:</u>	<i>That the minutes of the Ordinary Meeting of the Finance, Audit & Risk Committee held on 29 July 2015 be confirmed as a correct record of the</i>
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proceedings.

Eaglesome-Karekare/Little

10. Health & Safety Update

The Corporate Services Manager presented the report.

Committee members discussed:

- Mechanisms currently in place to monitor health and safety compliance with contractors across the organisation
- Health and safety as part of the procurement process
- The Council's Health and Safety Policy

Resolved:

That:

1. *The report be received;*
2. *Officers include monitoring of contractors in the update report for subsequent meetings*

Eaglesome-Karekare/Little

8. Rating Review Proposal

Philip Jones had declared an interest on this item at the start of the meeting and did not vote on the item.

The Chief Executive Officer presented the report.

Resolved:

That the report be received.

Harker/Eaglesome-Karekare

9. Contract Schedule

The Engineering Manager presented the schedule.

Committee members discussed:

- Difference between lowest price conforming and weighted attributes, and how these are chosen for each tender process
- The tender process
- The role of the committee in relation to procurement – to focus on risks associated with procurement
- Responsibilities as governors and operational responsibilities in relation to managing risks associated with procurement
- The review cycle of the procurement policy

Resolved:

That:

1. *The report be received;*
2. *The Chief Executive Officer provide a report to the next meeting on the status of procurement; including relevant documents, and a recommended process for reviewing and updating procurement policy and processes.*

Harker/Jones

11. Annual Report Update

The Chief Financial Officer gave a verbal update on the annual report process, the main points were:

- The Council has missed the statutory deadline for adoption of the 30th October due to delays around water revaluations, staff vacancies in Finance since December 2014, and the delay in finishing LTP work.
- There is work to be finalised for the auditors but the bulk of the outstanding work is near completion.

The Auditors presented their report on the annual report audit to date. They thanked the Chief Financial Officer for their good working relationship and the quality of material they receive from Council.

Committee members asked the Auditors questions in particular if there are any issues and if the final audit report would be a standard qualified audit result. Audit confirmed that they are intending at this stage to provide a standard qualified audit result.

Resolved: *That:*

1. *The Chief Financial Officer's verbal report be received;*
2. *The Ernst & Young report be received; and*
3. *The committee note the progress made to date.*

Eaglesome-Karekare/Little

12. Internal Audit Update

The Chief Financial Officer presented the report. A report was presented to HB LASS and the group is waiting on feedback from this meeting.

Resolved: *That the report be received*

Jones/Eaglesome-Karekare

Resolved: *That the Committee note the progress made to date.*

Jones/Little

13. Resolution to Exclude the Public

Resolved:

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. *Council Leases and Licences to Occupy*
2. *Procurement Risk*

The general subject of each matter to be considered while the public is excluded; the reasons 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) to the passing of this resolution
<i>Council leases and licences to occupy</i>	<p><i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:</i></p> <p>Section 7 (2)</p> <p><i>(c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—</i></p> <p><i>(i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or</i></p> <p><i>(ii) would be likely otherwise to damage the public interest; or</i></p> <p><i>(f) maintain the effective conduct of public</i></p>	<p><i>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</i></p> <p><i>(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]</i></p>

		<p><i>affairs through—</i></p> <p><i>(i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty;</i></p> <p><i>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;</i></p> <p><i>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</i></p>	
	<p><i>Procurement Risk</i></p>	<p><i>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;</i></p> <p><i>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</i></p>	

Eaglesome-Karekare/Little

PUBLIC EXCLUDED: 6.38pm

PUBLIC READMITTED: 7.08pm

General Business

The Chief Executive Officer gave the Committee a verbal update on the archives project.

There being no further General Business Councillor Harker declared the meeting closed.

CLOSED: The meeting closed at **7.14pm.**

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Chair



Finance, Audit & Risk Committee

1 March 2016

Health & Safety Report – March 2016

Department	Corporate Services
Author & contact officer	James Baty – Corporate Services Manager
1. Purpose	1.1 The purpose of this report is to update the Finance, Audit & Risk Committee on health and safety (H&S) matters.
Recommendation	<i>The Corporate Services Manager RECOMMENDS that the Finance, Audit & Risk Committee receives this report.</i>
2. Background	<p>2.1 The management of the Wairoa District Council is committed to providing and maintaining a safe and healthy working environment for its employees, visitors and all persons using the premises as a workplace.</p> <p>2.2 To ensure a safe and healthy work environment, management will work towards developing, establishing and maintaining an H&S management system. Specifically, management will actively work towards achieving all of the following:</p> <ul style="list-style-type: none"> ○ Set H&S objectives and performance criteria for all managers and work areas, ensuring managers are continuously up skilled in H&S Management relative to their roles. Management performance is reviewed against H&S responsibilities whenever there is a regraded position or new appointment. ○ Annually review H&S objectives and managers' performance. ○ Actively encourage the accurate and timely reporting and recording of all incidents and injuries. ○ Investigate all reported incidents and injuries to ensure all contributing factors are identified and, where appropriate, plans are formulated to take corrective action. ○ Actively encourage early reporting of any pain or discomfort. ○ Provide a treatment and rehabilitation plan that ensures a safe, early and durable return to work. ○ Identify all existing and new hazards and take all practicable steps to eliminate, isolate or minimise the exposure to any hazard deemed to be significant. ○ Ensure that all employees are made aware of the hazards in their work area and are adequately trained to enable them to perform their duties in a safe manner. ○ Encourage employee consultation and participation in all

matters relating to H&S.

- Enable employees to elect H&S representatives.
- Promote a system of continuous improvement, including the annual review of policies and procedures.
- Meet our obligations under the Health and Safety in Employment Act 1992 (and its Amendments), the Health and Safety Regulations 1995, Codes of Practice and any relevant Standards or Guidelines.

2.3 Every employee of the Council is expected to share in the commitment to H&S.

- Every manager, supervisor or foreperson has a responsibility for the H&S of those employees working under their direction.
- Each employee is expected to play a vital and responsible role in maintaining a safe and healthy workplace through:
 - observing all work procedures, rules and instructions,
 - the early reporting of any pain or discomfort,
 - taking an active role in any treatment and rehabilitation plan, to ensure an early return to durable work,
 - ensuring that all incidents, injuries and hazards are reported to the appropriate person.

2.4 The H&S committee includes senior management representation and H&S representatives from across the organisation. The committee meets monthly and are responsible for the implementation, monitoring, review and planning of H&S policies, systems and practices. The next meeting of the committee is set down for 23 March 2016.

3. Current situation

3.1 Hazard Identification/Register/Accident or Near Miss Reports:

There were 2 reported incidents/near misses etc. for the months of October 2015 – February 2016.

3.2 Accredited Employers Programme:

Management continues to work towards achieving accreditation in the Accredited Employers Programme through the Accident Compensation Corporation (ACC). The Accredited Employers Programme entitles Council to downward levy adjustments, in exchange for taking responsibility for our employees' work injury claims. Under the Programme, our existing levies can be adjusted by up to 90%. However, responsibilities include the delivery of all statutory entitlements, such as weekly compensation for lost earnings.

3.3 Workplace Health and Safety Reform:

Council's H&S manual is being updated with new legislation compliance – target date, completed by June 2016

Joint procurement with neighbouring Councils is currently underway.

Training for staff – plan being worked through. This plan will involve Councillors, SLT, and all staff. It will be completed over 12 months.

Auditing practices across the region are being reviewed. Napier City Council is currently recruiting 3 more H&S staff to assist with share service approach.

As previously reported a series of regulations are being developed to support the new Act. These include:

- General risk and workplace management
- Major Hazard Facilities
- Asbestos
- Engagement, worker participation and representation (available shortly for public consultation)

Once the regulations are finalised, WorkSafe will issue formal guidance to support the Act and regulations. This formal guidance will start to become available over the coming months. In the meantime WorkSafe will develop general information on the new legislation to help people prepare. This general information will help explain our responsibilities under the new Act, and will provide examples and case studies to assist us. However, this guidance does not provide specific guidance for every business activity in New Zealand.

PCBUs and their workers have the best knowledge about the specific risks arising from their work. They are best placed to provide solutions about how to manage those risks.

Until the new Act comes into effect in April 2016, the current Health and Safety in Employment Act 1992 remains in force.

4. Corporate Considerations Compliance with legislation and Council Policy Further Information

Confirmation of statutory compliance

4.1 Relevant legislation – Health and Safety at Work Act 2015: <http://www.legislation.govt.nz/act/public/2015/0070/latest/DLM5976660.html>

- <http://www.business.govt.nz/worksafe/>
- <https://www.sitesafe.org.nz/HSEreformHUB>

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and

interested parties bearing in mind the significance of the decision.

Signatories

Author: J Baty

A handwritten signature in blue ink, appearing to read 'J Baty', with a stylized flourish at the end.

Approved by: F Power

A handwritten signature in black ink, appearing to read 'F Power', with a simple, horizontal flourish.

Finance, Audit & Risk Committee

1 March 2016



Health & Safety Monitoring of Contractors

Department	Engineering
Author & Contact Officer	Jamie Cox
1. Purpose	1.1 To present the committee with a schedule of contracts that are monitored, and provide an update on the monitoring of these contracts.
Recommendation	<i>The Engineering Manager RECOMMENDS that the Finance, Audit & Risk Committee receives the report.</i>
2. Background	<p>2.1 The committee resolved at their previous meeting that officers include on the agenda monitoring of contractors for the subsequent meeting.</p> <p>2.2 Relevant excerpts from Health and Safety at Work Act 2015 If a PCBU (person undertaking a business or undertaking) has a duty or an obligation under this Act, an officer of the PCBU must exercise due diligence to ensure that the PCBU complies with that duty or obligation. In this section, due diligence includes taking reasonable steps—</p> <ul style="list-style-type: none"> (a) to acquire, and keep up to date, knowledge of work health and safety matters; and (b) to gain an understanding of the nature of the operations of the business or undertaking of the PCBU and generally of the hazards and risks associated with those operations; and (c) to ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking; and (d) to ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information; and (e) to ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under this Act; and (f) to verify the provision and use of the resources and processes referred to in paragraphs (c) to (e).

3. 3 year schedule of contracts

CONTRACT NAME	Contract No	Yr 1	Yr 2	Yr 3
Cleaning of Council Buildings	14/04	Dec-15	Aug-16	Apr-17

monitoring

Maintenance and Operation of Rural Public Toilets	14/06	Dec-15	Aug-16	Apr-17
Maintenance for Wairoa Gardens	14/02	Jan-16	Sep-16	May-17
Maintenance for Mahia Reserves	14/25	Jan-16	Sep-16	May-17
Maintenance of Wairoa reserves	14/01	Feb-16	Oct-16	Jun-17
Maintenance of Wairoa & Frasertown Cemetery	14/18	Feb-16	Oct-16	Jun-17
Solid Waste Management Services	06/08	Mar-16	Nov-16	Jul-17
Cleaning of Wairoa Public Toilets	14/05	Mar-16	Nov-16	Jul-17
Wairoa Sewage and Stormwater systems	10/13	Apr-16	Dec-16	Aug-17
Maintenance of Wairoa Water Reticulation Systems	10/14	Apr-16	Dec-16	Aug-17
Sealed Road Maintenance	15/06	May-16	Jan-17	Sep-17
Wairoa Street Cleaning	14/16	Jun-16	Feb-17	Oct-17
Maintenance Street lights	14/17	Jul-16	Mar-17	Nov-17
Kinikini Roadman Contract	15/07	Jul-16	Mar-17	Nov-17
Network Maintenance Contract	13/02	Jun-16	Feb-17	Oct-17

4. Monitoring report

Date	Contract	Location	Contractor	Actions
9th Dec 2015	06/08	Wairoa Landfill	QRS	Hazard register and site safety records requested
19th January 2016	14/18	Cemetery	Halkett Partnership	February re-audit required
15th February 2016	15/06	MEC Road	Russell Roads	Temporary Site closure

5. Corporate Considerations
What is the change?
Compliance with legislation and Council Policy

5.1 Not applicable – this report is for information only

5.2 Annual Plan – N/A

5.3 Long Term Plan 2015-2025 – N/A

5.4 District Plan – N/A

5.5 Economic Development Strategy – N/A



5.6 Other Council Policies – N/A

5.7 Relevant legislation – Health and Safety at Work Act 2015

5.8 Not applicable – this report is for information only

What are the key benefits?
What is the

5.9 Not applicable – this report is for information only

cost?	5.10 Not applicable – this report is for information only
What is the saving?	5.10 Not applicable – this report is for information only
Who has been consulted?	5.11 Not applicable – this report is for information only
Service delivery review	5.12 This will not trigger a s17a review as it is a legislative requirement.
Maori Standing Committee	5.13 This matter has not been referred to the committee.
6. Significance	6.1 Not applicable – this report is for information only
7. Risk Management	7.1 The monitoring report is a risk management tool for the committee's consideration
Further Information	Health and Safety at Work Act 2015
Appendices	None.
Background Papers	None.
References (to or from other Committees)	Finance, Audit & Risk Committee – 4 November 2015
Confirmation of statutory compliance	In accordance with section 76 of the Local Government Act 2002, this report is approved as: a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and, b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.
Signatories	Author: J Cox 
	Approved by: F Power 

RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. Confidential Minutes of Previous Meeting
2. Audit – Report on Control Findings
3. Independent review of procurement processes for the sealed road maintenance contract

The general subject of each matter to be considered while the public is excluded; the reasons 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) to the passing of this resolution
Confidential Minutes of Previous Meeting	<p>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to:</p> <p>Section 7 (2) (c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or (ii) would be likely otherwise to damage the public interest; or (h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; (i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:</p> <p>(i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]</p>

<p>Audit – Report on Control Findings</p>	<p>Section 7 (2) (a) protect the privacy of natural persons, including that of deceased natural persons; (i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	
<p>Independent review of procurement processes for the sealed road maintenance contract</p>	<p>Section 7 (2) (b) protect information where the making available of the information – (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; (h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</p>	