

CENTRAL HAWKE'S BAY



**I hereby give notice that a Risk and Audit Committee Meeting will be held on:**

**Date:** Thursday, 18 October 2018  
**Time:** at the conclusion of the Finance and Planning Committee meeting  
**Location:** Council Chamber  
28-32 Ruataniwha Street  
Waipawa

# **AGENDA**

## **Risk and Audit Committee Meeting 18 October 2018**

*Our vision for Central Hawke's Bay is a proud and prosperous district made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of New Zealand.*

**Monique Davidson**  
**Chief Executive**

## Order Of Business

<b>1</b>	<b>Apologies .....</b>	<b>3</b>
<b>2</b>	<b>Declarations of Conflicts of Interest.....</b>	<b>3</b>
<b>3</b>	<b>Standing Orders.....</b>	<b>3</b>
<b>4</b>	<b>Confirmation of Minutes.....</b>	<b>3</b>
<b>5</b>	<b>Local Government Act Compliance – Planning, Decision Making and Accountability .....</b>	<b>12</b>
<b>6</b>	<b>Report Section .....</b>	<b>13</b>
	6.1 Safety & Wellbeing Update.....	13
	6.2 Risk and Audit Update.....	16
<b>7</b>	<b>Date of Next Meeting .....</b>	<b>20</b>
<b>8</b>	<b>Time of Closure.....</b>	<b>20</b>

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 3 **STANDING ORDERS**

**RECOMMENDATION**

THAT the following standing orders are suspended for the duration of the meeting:

- 20.2 Time limits on speakers
- 20.5 Members may speak only once
- 20.6 Limits on number of speakers
- THAT 21.4 Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

- 4 **CONFIRMATION OF MINUTES**

Risk and Audit Committee Meeting - 6 September 2018

Extraordinary Risk and Audit Committee Meeting - 4 October 2018



**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL  
RISK AND AUDIT COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA  
ON THURSDAY, 6 SEPTEMBER 2018 AT THE CONCLUSION OF THE FINANCE AND  
PLANNING COMMITTEE MEETING**

**PRESENT:** Cr Tim Aitken (Chair)  
Mayor Alex Walker  
Cr Gerard Minehan  
Cr Brent Muggeridge  
Cr David Tennent

**IN ATTENDANCE:** Cr Ian Sharp  
Cr Shelley Burne-Field  
Cr Tim Chote  
Cr Kelly Annand  
Monique Davidson (CEO)  
Joshua Lloyd (Group Manager, Community Infrastructure and Development)  
Bronda Smith (Group Manager, Corporate Support and Services)  
Doug Tate (Group Manager, Customer and Community Partnerships)  
Nicola Bousfield (People and Capability Manager)  
Lisa Harrison (Organisation Transformation Lead)  
Lizz Jenkins (Governance & Support Officer)

**1 APOLOGIES**

Nil

**2 DECLARATIONS OF CONFLICTS OF INTEREST**

Nil

**3 STANDING ORDERS**

**COMMITTEE RESOLUTION**

Moved: Mayor Alex Walker  
Seconded: Cr Brent Muggeridge

THAT the following standing orders are suspended for the duration of the meeting:

- 20.2 Time limits on speakers
- 20.5 Members may speak only once
- 20.6 Limits on number of speakers
- THAT 21.4 Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

**CARRIED**

#### **4 LOCAL GOVERNMENT ACT COMPLIANCE – PLANNING, DECISION MAKING AND ACCOUNTABILITY**

Council is required to make decisions in accordance with the requirements of Part 6 Subpart 1 of the Local Government Act 2002.

##### **COMMITTEE RESOLUTION**

Moved: Cr Brent Muggeridge

Seconded: Mayor Alex Walker

THAT Council has read the reports associated with items 5.1, 5.2 and 5.3 and considers in its discretion under Section 79(1)(a) that sufficient consultation has taken place in addition to the Councillors knowledge of the items to meet the requirements of Section 82(3) in such a manner that it is appropriate for decisions to be made during the course of this meeting.

**CARRIED**

#### **5 REPORT SECTION**

##### **5.1 RISK AND AUDIT UPDATE**

###### **PURPOSE**

The purpose of this report is to update the Committee of Risk and Audit activities for monitoring and review purposes.

##### **COMMITTEE RESOLUTION**

Moved: Mayor Alex Walker

Seconded: Cr Brent Muggeridge

That, having considered all matters raised in the report, the report be noted.

**CARRIED**

- GM, Corporate Support and Services spoke to this report.
- Mayor Walker asked if there were any actions outstanding from the previous report.
- CE confirmed that all actions have been completed.
- GM, Corporate Support and Services advised comments will be added to both internal and external audit actions.

## **5.2 SAFETY & WELLBEING UPDATE**

### **PURPOSE**

The purpose of this Report is to update the Risk & Audit Committee on Council's Safety and Wellbeing activities, as well as the reported incidents and near misses for Council staff for this quarter.

### **COMMITTEE RESOLUTION**

Moved: Cr Gerard Minehan  
Seconded: Cr Brent Muggeridge

That, having considered all matters raised in the report, the report be noted.

**CARRIED**

People and Capability Manager spoke to the report.

## **5.3 VULNERABLE CHILDREN'S ACT REPORT**

### **PURPOSE**

### **COMMITTEE RESOLUTION**

Moved: Cr Gerard Minehan  
Seconded: Cr Brent Muggeridge

That, having considered all matters raised in the report, the report be noted.

**CARRIED**

- People and Capability Manager spoke to the report.
- Cr Burne-Field asked for definition of core and non core.
- People and Capability Manager advised that the definition had been taken straight from the Act and was included on the first page of the report.
- CE advised that subparts and definitions of legislation provide further clarification.
- Cr Tennent asked if there is a trigger point that a new or existing staff member will be identified.
- People and Capability Manager advised that the Police report will identify key significant criminal offences.

## **6 DATE OF NEXT MEETING**

### **COMMITTEE RESOLUTION**

Moved: Cr Brent Muggeridge  
Seconded: Cr Gerard Minehan

THAT the next meeting of the Risk and Audit Committee be held as an Extraordinary Risk and Audit Committee meeting on 4 October 2018.

**CARRIED**

**7 TIME OF CLOSURE**

**The Meeting closed at 12.00pm.**

**The minutes of this meeting were confirmed at the Risk and Audit Committee Meeting held on 4 October 2018.**

.....

**CHAIRPERSON**



**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL  
EXTRAORDINARY RISK AND AUDIT COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA  
ON THURSDAY, 4 OCTOBER 2018 AT THE CONCLUSION OF THE COUNCIL MEETING**

**PRESENT:** Cr Tim Aitken (Chair)  
Mayor Alex Walker  
Cr Gerard Minehan  
Cr Brent Muggeridge  
Cr David Tennent

**IN ATTENDANCE:**  
Cr Ian Sharp  
Cr Kelly Annand  
Bronda Smith (Group Manager Corporate Support and Services)  
Doug Tate (Group Manager, Customer and Community Partnerships)  
Joshua Lloyd (Group Manager, Community Infrastructure and Development),  
Lisa Harrison (Organisation Transformation Lead)  
Leigh Collecutt (Governance and Support Officer)

**1 PRAYER**

**2 APOLOGIES**

Nil

**3 DECLARATIONS OF CONFLICTS OF INTEREST**

No conflicts of interest were declared.

**4 STANDING ORDERS**

**RESOLVED:**

Moved: Cr Brent Muggeridge  
Seconded: Cr Mayor Alex Walker

**RECOMMENDATION**

THAT the following standing orders are suspended for the duration of the meeting:

- 20.2 Time limits on speakers
- 20.5 Members may speak only once
- 20.6 Limits on number of speakers
- THAT 21.4 Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

**CARRIED**

**5 LOCAL GOVERNMENT ACT COMPLIANCE – PLANNING, DECISION MAKING AND ACCOUNTABILITY****RESOLVED:**

Moved: Mayor Alex Walker  
Seconded: Cr Gerard Minehan

**RECOMMENDATION**

THAT Council has read the reports associated with items 6.1 and considers in its discretion under Section 79(1)(a) that sufficient consultation has taken place in addition to the Councillors knowledge of the items to meet the requirements of Section 82(3) in such a manner that it is appropriate for decisions to be made during the course of this meeting

**CARRIED****6 REPORT SECTION****6.1 RISK FRAMEWORK ADOPTION****PURPOSE**

The matter for consideration by the Council is the adoption of the Risk Framework for Central Hawke's Bay District Council.

**COMMITTEE RESOLUTION**

Moved: Mayor Alex Walker  
Seconded: Cr Gerard Minehan

**That having considered all matters raised in the report:**

- a) **The Central Hawke's Bay District Council Risk Framework be adopted.**

**CARRIED****7 PUBLIC EXCLUDED BUSINESS****RESOLUTION TO EXCLUDE THE PUBLIC****COMMITTEE RESOLUTION**

Moved: Cr Gerard Minehan  
Seconded: Cr Brent Muggerridge

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p><b>7.1 - Annual Report 2017/18</b></p>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(f)(i) - free and frank expression of opinions by or between or to members or officers or employees of any local authority</p>	<p>s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>
<p><b>CARRIED</b></p>		

**8 DATE OF NEXT MEETING**

The next Risk and Audit meeting is to be held on 18 October 2018.

**9 TIME OF CLOSURE**

The Meeting closed at 12.07pm.

The minutes of this meeting were confirmed at the Ordinary Meeting of the Risk And Audit Committee held on 18 October 2018.

.....  
**CHAIRPERSON**

**5 LOCAL GOVERNMENT ACT COMPLIANCE – PLANNING, DECISION MAKING AND ACCOUNTABILITY**

Council is required to make decisions in accordance with the requirements of Part 6 Subpart 1 of the Local Government Act 2002.

**RECOMMENDATION**

THAT Council has read the reports associated with items 6.1 and 6.2 and considers in its discretion under Section 79(1)(a) that sufficient consultation has taken place in addition to the Councillors knowledge of the items to meet the requirements of Section 82(3) in such a manner that it is appropriate for decisions to be made during the course of this meeting

## 6 REPORT SECTION

### 6.1 SAFETY & WELLBEING UPDATE

**File Number:** COU1-1408

**Author:** Nicola Bousfield, People and Capability Manager

**Authoriser:** Bronda Smith, Group Manager, Corporate Support and Services

**Attachments:** Nil

#### PURPOSE

The purpose of this Report is to update the Risk & Audit Committee on Council's Safety and Wellbeing activities, as well as the reported incidents and near misses for Council staff for this quarter.

#### RECOMMENDATION

**That, having considered all matters raised in the report, the report be noted.**

#### SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as being of some importance.

#### DISCUSSION

##### Contractor Safety Reporting

###### Higgins

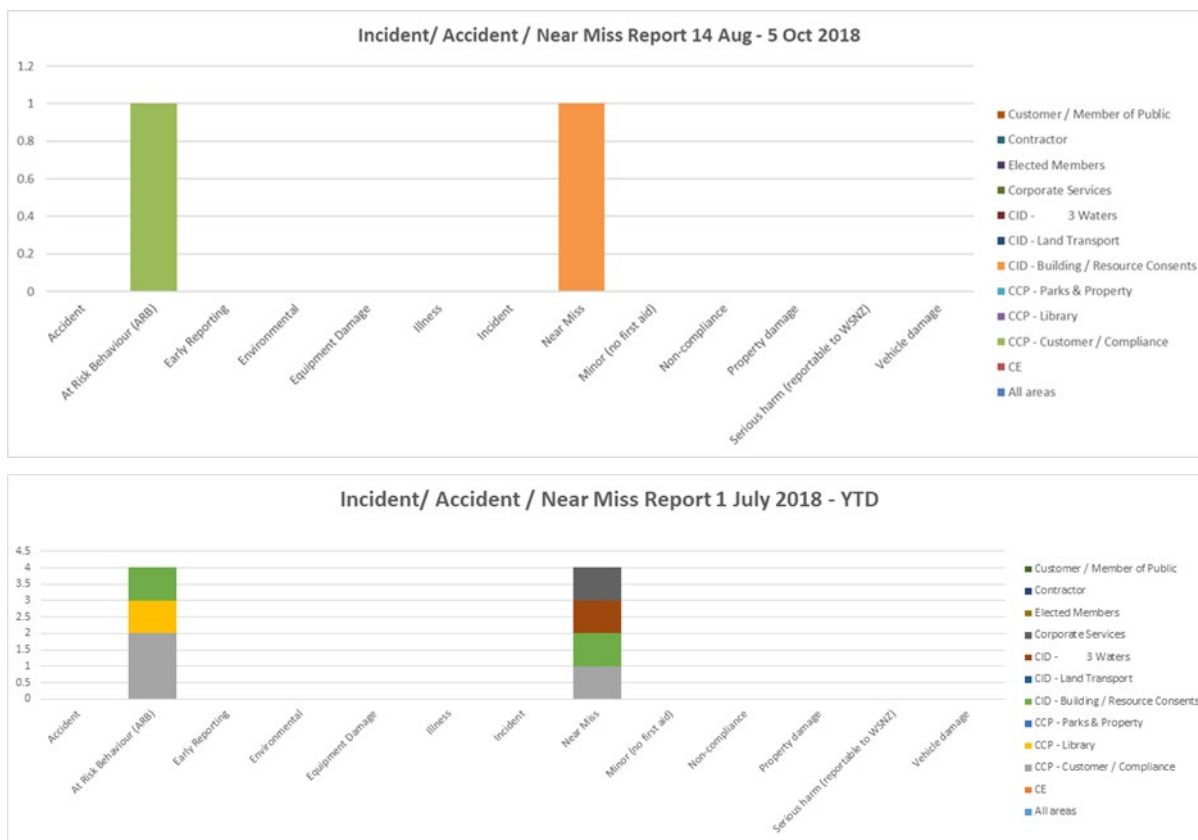
- Employee observations 8
- Near misses 0
- Incidents 1
- Risks 0
- Safety Audits 8
- Good news 1

###### Downer

- Near misses 1
- Incidents 0
- Audits 0
- Plant event 0
- Safety Meeting 0

##### Council Near Miss/Incident Reporting 14 Aug – 5 Oct 2018

- 1x Near Miss
- 1x Threatening Behaviour



**Safety & Wellbeing Committee**

The most recent Safety & Wellbeing Committee meeting was held 29 August 2018; one near miss reported and a threatening behaviour incident. The next Safety & Wellbeing Committee meeting is planned for 10 October 2018. Meetings are held every 6 weeks.

**Training**

- Wellbeing Workshops are planned for the next period, running once a month in October, November and December. The workshops will start in Mental Health Awareness week and are run for staff by a psychologist from EAP Support Services. The workshops will cover topics on ‘building a positive workplace culture,’ ‘building resilience to stress,’ and ‘fatigue and sleep.’
- Shake Out 2018 - Council employees are participating the upcoming New Zealand ‘Shake Out’ in October. Shake Out is held across the world to remind people of the right action to take during an earthquake, Drop, Cover and Hold - and to practise a tsunami hīkoi (evacuation) if in a coastal area.

**Hazard/Risk Register Reviews**

Following the assets review with Veolia and Recreational Services in September, individual hazard registers will be created for each pump station site and water treatment plant, moving away from the generic register covering each operations site activity.

**Wellbeing**

- Mental Health Awareness Week upcoming from 8-14 October 2018. The theme of this year’s Mental Health Awareness Week 2 is Let nature in, strengthen your wellbeing – Mā te taiao kia whakapakari tōu oranga!

- Employees constructed a vegetable planter box garden outside the smoko room. All staff were invited over the week to assist in getting the garden set up. Employees were also invited to participate in the collection activities at end of week.
- Employees are also participating in the fundraising campaign street appeal.
- Pink Ribbon Street Appeal upcoming in October – employees have volunteered to help the collection days

### **Contractor safety pre-qualifications**

All Council contractors were required to complete safety pre-qualification by the end of September 2018 to continue to be engaged.

The Safety & Wellbeing Lead worked with a number of outstanding contractors to assist them in completing their pre-qualification paperwork. This work successfully saw all current contractors complete pre-qualification.

Veolia and Recreational Services will be requesting their own pre-qualification process for any sub-contractors who they engage with going forward.

### **Contractor Audits**

The Safety & Wellbeing Lead is currently investigating app based auditing tools which are planned to be rolled out to employees. This will improve the ease in which contractor audits are completed. Auditing of contractors directly engaged with Council will be transferred to contract overseers with the assistance of the Safety & Wellbeing Lead.

A number of current smaller contractors, will become sub-contractors under the new CFIMS contract and will be managed in conjunction with the Veolia and Recreational Services team.

## **FINANCIAL AND RESOURCING IMPLICATIONS**

There are no financial or resourcing implications from this report.

## **IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

### **RECOMMENDATION**

**That, having considered all matters raised in the report, the report be noted.**

**6.2 RISK AND AUDIT UPDATE****File Number:** COU1-1408**Author:** Bronda Smith, Group Manager, Corporate Support and Services**Authoriser:** Bronda Smith, Group Manager, Corporate Support and Services**Attachments:** 1. Audit Action List as at 18 October 2018**PURPOSE**

The purpose of this report is to update the Committee of Risk and Audit activities for monitoring and review purposes.

**RECOMMENDATION**

**That, having considered all matters raised in the report, the report be noted.**

**SIGNIFICANCE AND ENGAGEMENT**

This report is provided for information purposes only and has been assessed as being of some importance.

**DISCUSSION**Risk Management Framework

The Risk and Audit committee has completed the work on the Risk Framework and recommended the Framework to Council for adoption. Following the adoption of the Framework by Council, work will commence on the development of the Corporate Level Risk Registers where the Corporate level risks of the overall Council are considered and reported to the Risk and Audit Committee.

The following is the expected timeline for the establishment of the Risk Registers.

Risk Registers Established	By 31 December 2018
----------------------------	---------------------

Annual Report 2017/18 Audit

The work required to complete the Annual Report 2017/18 has been completed. Following the adoption of the Annual Report by Council, the auditors have notified the Risk and Audit Committee that they will be in a position to issue a unmodified audit opinion. The auditors are currently completing the review of the Summary Report.

The Annual Report 2017/18 is scheduled to be adopted by Council at the Extraordinary Council meeting on the 18 October 2018.

Internal Audit Report – Contract Management

The Internal Audit Report for Contract Management was presented to the Risk and Audit Committee on the 13 June 2018. The report includes a number of actions that will be reported to the Risk and Audit Committee on a quarterly basis as agreed at the meeting on the 13 June 2018.

Attached to the report is the Audit Action List based on the audit with the progress made on the actions.



### Internal Audit – Upcoming Audits

Based on the Internal Audit Plan, the next audit completed was the Sensitive Expenditure and Conflict of Interest. At the time of writing the reporting, the Internal Auditors are scheduled to be onsite on 10-12 October.

### Insurance Programme

The insurance for underground assets is with AON as part of the Manawatu-Wanganui LASS and they are looking to go to the London market during September for discussion on the renewal of this insurance. This is due for renewal on 1 November.

## **FINANCIAL AND RESOURCING IMPLICATIONS**

Any financial and resourcing implications resulting from risk mitigation measures that are outside staff delegations will be reported and require approval from the Council before being incurred. No such implications have been identified to date.

## **IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

## **RECOMMENDATION**

**That, having considered all matters raised in the report, the report be noted.**

## Audit Action List As At 18 October 2018

Action	Who is Responsible	Action to be completed by	Progress	Completed pending Audit signoff
<b>Crowe Howarth Internal Audit – Contract Management</b>				
<b>Overall</b>				
Contract Management Policy to be developed	Executive Leadership Team	By 31 July 2018	This policy has been extended to include Procurement and Contract Management. Tim Munro is attending a workshop of Council on 18 October to review a draft policy	
Risk Reporting of contracts as part of the Risk Framework	Executive Leadership Team	By 31 December 2018	Contracts required to be included on risk registers will be assessed once the Risk Framework is developed and the Risk Registers are established. It is anticipated that any high risk outsources services would sit at the appropriate risk register level based on the risk to Council of meeting objectives.	
Contract Management Plans in place for each contract	Executive Leadership Team for Contracts within their delegation	By 30 September 2018	Started upon completion of the policy	
Performance measurement and reporting for contracts	Executive Leadership Team	By 30 September 2018	Reporting procedures currently covered with insufficient detail in specific contracts. These to be pulled out into specific procedures covered in the 'to be created' contract management plans.	
Contract Management Database – current spreadsheet updated with all contracts	Executive Leadership Team	By 30 June 2018	All active contracts have been entered into the spreadsheet. A review process is being established to ensure all information is correct. A number of historical contracts are being entered onto the spreadsheet for record management.	✓
Electronic Contract Management Database established	Group Manager – Corporate Support and Services	By 30 September 2018	Review of possible solutions has begun. Implementation will depend on the solution selected.	
Management of Records for Contracts	Executive Leadership Team	By 30 December 2018	This will be completed as part of the implementation of the EDRMS	
Requests For Service (RFS) review	Executive Leadership Team	By 30 July 2018	The RFS system has been reviewed and updated based on the LTP requirements. The outstanding RFS have reviewed and closed as appropriate. Reporting to the Executive Leadership team is being established.	✓
Contract evaluations	Executive Leadership Team	By 30 August 2018	A program for Section 17A reviews is being coordinated with HBLASS Council. This will form a separate work program and will be reported to Council separately. For Contracts that fall below the requirements for a Section 17A review the Contract Evaluation will be conducted at the end of a contract based on the Contract Management Manual being established	
<b>Contract 479 Reseals</b>				
Variations Approval in line with delegations	Group Manager - Community Infrastructure and Development	By 31 July 2018	The Delegations registered has been update and approved by Council. This has been communicated to the Land Transport team with appropriate training.	✓
<b>Contract 505 Road Maintenance</b>				

Governance of the Contract with recommendations from previous meeting to be implemented.	Group Manager - Community Infrastructure and Development	By 30 September 2018	RM contract now managed more formally through an agreed plan/approach.	✓
Procedures for review of planned work programme	Group Manager - Community Infrastructure and Development	By 31 July 2018	Regular meetings are in place to agree the following months programme between the contractor and the engineers' representative.	✓
Outstanding Works monitoring	Group Manager - Community Infrastructure and Development	By 30 August 2018	Open/ongoing works are managed through the newly implemented Council RFS system that is replicated at Downer's. Resource has been provided by Downer's to support improved monitoring.	✓
Monitoring Compliance as per the Contract	Group Manager - Community Infrastructure and Development	By 30 September 2018	Systems and procedures have been developed as per recommendation. These are referenced in contract management plans.	✓
Service Level Monitoring and Reporting	Group Manager - Community Infrastructure and Development	By 30 November 2018	RFS approach to be reviewed across council and assessed against the requirement within the RFS system vs RAMM.	
RAMM access reviewed	Group Manager - Community Infrastructure and Development	By 30 June 2018	Permissions have been updated as required and the assignment of overall responsibility is being reviewed.	✓
Asset Information captured throughout the life of the Contract	Group Manager - Community Infrastructure and Development	By 30 September 2018	More information is being captured during routine contract works as a result of improved contract management required by the new contract mgmt. agreement and approach. The use of digital data capture devices are supporting this in the field.	✓

**7 DATE OF NEXT MEETING**

**RECOMMENDATION**

THAT the next meeting of the Central Hawke's Bay District Council Risk and Audit Committee be held on 29 November 2018.

**8 TIME OF CLOSURE**