

CENTRAL HAWKE'S BAY



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

Date: Thursday, 29 November 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 29 November 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

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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 - 18 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, 18 OCTOBER 2018 AT THE CONCLUSION OF THE FINANCE AND
PLANNING COMMITTEE MEETING**

PRESENT: Cr Tim Aitken (Chairperson)
Mayor Alex Walker
Cr Gerard Minehan
Cr David Tennent

IN ATTENDANCE: Joshua Lloyd (Group Manager, Community Infrastructure and Development)
Monique Davidson (CEO)
Harry Robinson (Utilities Engineer)
Barbara Nicolle (Safety and Wellbeing Manager)
Shawn McKinley (Land Transport Manager)
Christine Renata (Safer Communities Co-ordinator)
Helen O'Shaughnessy (Senior Planner)
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)

1 APOLOGIES

CR MUGGERIDGE

2 DECLARATIONS OF CONFLICTS OF INTEREST

NONE

3 STANDING ORDERS

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

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 CONFIRMATION OF MINUTES**COMMITTEE RESOLUTION**

Moved: Mayor Alex Walker
Seconded: Cr Gerard Minehan

That the minutes of the Risk and Audit Committee Meeting held on 6 September 2018 and the Extraordinary Risk and Audit Committee Meeting held on 4 October 2018 as circulated, be confirmed as true and correct.

CARRIED

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.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan
Seconded: Cr David Tennent

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.

CARRIED

6 REPORT SECTION**6.1 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 Tim Aitken

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

CARRIED

6.2 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: Cr Gerard Minehan

Seconded: Mayor Alex Walker

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

CARRIED

Nil

7 DATE OF NEXT MEETING**RECOMMENDATION**

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

8 TIME OF CLOSURE

The Meeting closed at 11.15am

The minutes of this meeting were confirmed at the Risk and Audit Committee Meeting held on 29 November 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 RISK AND AUDIT UPDATE****File Number:** COU1-1408**Author:** Bronda Smith, Group Manager, Corporate Support and Services**Authoriser:** Monique Davidson, Chief Executive**Attachments:**

1. Audit Action List as at 29 November 2018
2. Draft Underground Insurance Premiums 1 November 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.

DISCUSSIONRisk Management Framework

With the adoption of the Framework by Council, work can now 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.

Due to the Corporate Services priority being the completion of the Annual Plan Budgets, there has been a delay in this work. The following is the updated expected timeline for the establishment of the Risk Registers.

Risk Registers Established	By 31 March 2019
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Annual Report 2017/18 Audit

The work required to complete the Annual Report 2017/18 has been completed and an unmodified audit opinion was issued for the Annual Report and the Annual Summary Report. The Auditor's Draft Report to Management has been received and officers have completed the review and responses to the auditors. The Report to Management will be tabled at the Risk and Audit Committee meeting assuming it has been received from the Auditors.

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 – Sensitive Expenditure

The Sensitive Expenditure Internal Audit testing work was completed onsite on the 10-12 October. The draft Report has been received by Officers and is being reviewed for accuracy and for Officers to provide initial responses. The Audit Report will be tabled at the next Risk and Audit Committee meeting.

The 3 Year Internal Audit Programme will also be reviewed at the beginning of 2019 with the Risk and Audit Committee to set the programme as all audits on the current programme have been completed.

Insurance Programme

The insurance for underground assets is with AON as part of the Manawatu-Wanganui LASS. The renewal of the insurance has been completed following the visit to London by a number of representatives.

This has resulted in an increase to premiums of \$6,707 which is 13.3%. Please see the attached breakdown.

AON have provided the following comments on the insurance market at present

“This has been a difficult insurance renewal for placing the natural catastrophe insurance due to significant global claims in 2017 which has caused a reduction in insurance capacity and a subsequent ‘hardening’ of rates.”

Following the current fires in California, it is anticipated the capacity in the insurance market will continue to harden in the future.

As part of the Risk and Audit Committee work programme, a review of the insurance programme will be conducted in the first 6 months of 2019.

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 29 November 2018

Action	Who is Responsible	Action to be completed by	Progress	Completed pending Audit signoff
Crowe Howarth Internal Audit – Contract Management				
Overall				
Contract Management Policy to be developed	Executive Leadership Team	By 31 July 2018	This Procurement and Contract Management Policy has been adopted by Council.	✓
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	Contract Management Plans will be developed now that the policy is in place.	
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	The new EDRMS system, the Hive, has been developed with a Contract Management register and the finalisation of the setup is being developed with a project group. Following the finalisation of the setup of the active contracts will be added to the database.	
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	
Contract 479 Reseals				
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.	✓
Contract 505 Road Maintenance				

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.	✓

MW Lass 2017-18 and 2018-19 Premium Comparison for Infrastructure Insurance

Council	Values Declared 2017	2017-18 Total Premium	2017 rate	Values Declared 2018	Change in values	2018 premium based on 2017 rates	2018-19 Revised Premium (Increase in values + market increase)	2018 Total Rate	actual increase	Comments
Central Hawke's Bay District Council	\$ 131,509,253	\$ 50,423	0.038%	\$ 132,446,557	0.71%	\$ 50,782	\$ 57,130	0.043%	\$ 6,707	change in values and rating adjustment for current market

6.2 SAFETY & WELLBEING UPDATE

File Number: COU1-1408

Author: Nicola Bousfield, People and Capability Manager

Authoriser: Monique Davidson, Chief Executive

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

Contractors Safety Reports October 2018

Higgins:

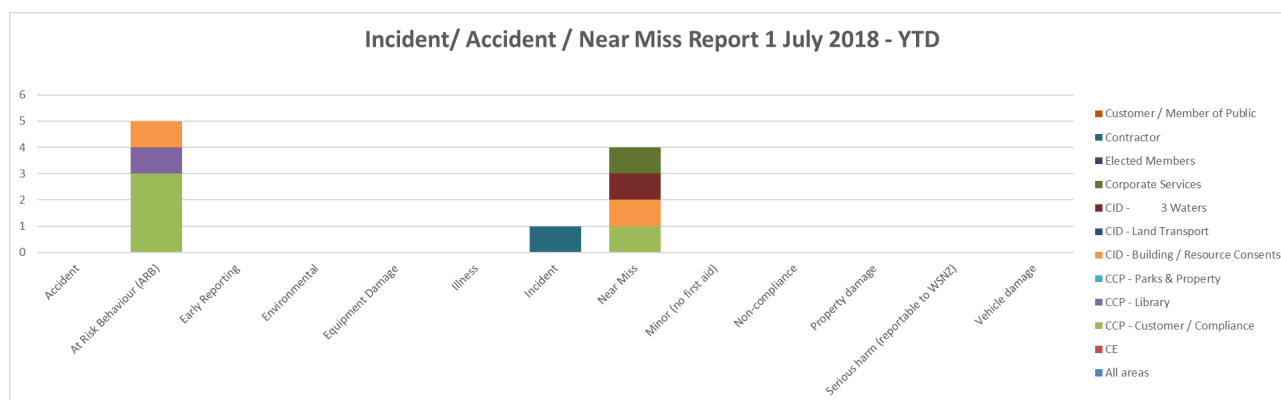
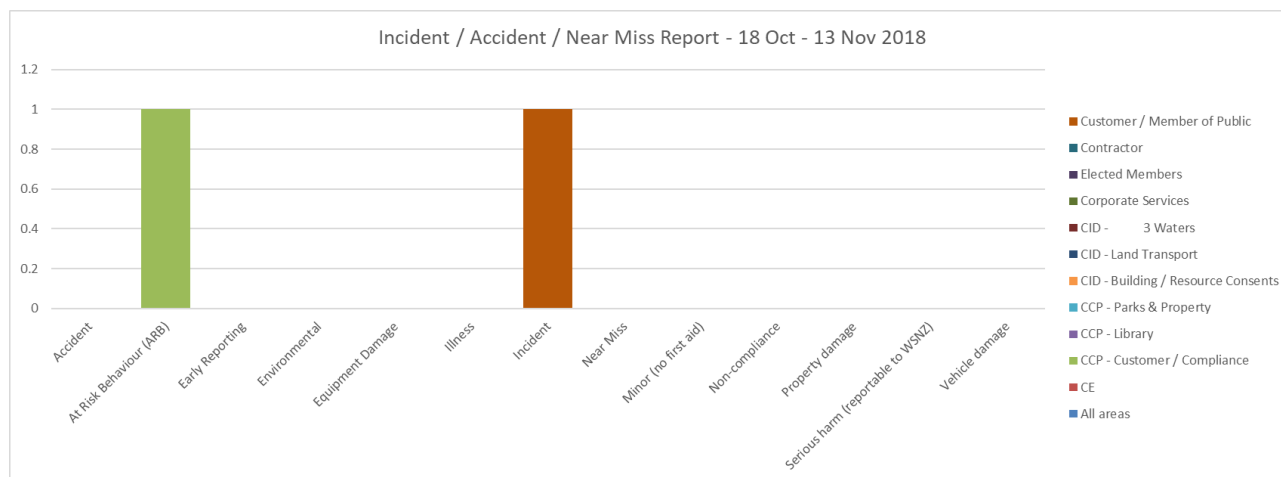
- Employee observations 10
- Near misses 0
- Incidents 3
- Risks 0
- Safety Audits 10
- Good news 0

Downers:

- Near misses 0
- Incidents 0

Council Near Miss/Incident Reporting 16 Oct – 13 Nov 2018

- 1x Threatening Behaviour
- 1x Incident



Safety & Wellbeing Committee

The last Safety & Wellbeing Committee meeting was held 17 October 2018. An incident involving a contractor on a public road was advised and noted at Committee meeting, which reported via Land Transport. The next Safety & Wellbeing Committee meeting is planned for 21 November 2018 where the committee will be determining the key wellbeing initiatives for 2019.

Asbestos Liaison Protocol Hawke’s Bay

The Safety & Wellbeing Lead has been working with WorkSafe, Safety Representatives from other Hawke’s Bay Councils and the District Health Board to finalise the Asbestos Liaison Protocol for Hawke’s Bay.

The purpose of the Protocol is to increase public confidence in asbestos incident management by setting out processes for effective liaison between government agencies in response to asbestos-related enquiries and incidents in the Hawkes Bay Area

The protocol has been finalised and is expected to be signed off by each Council before the end of 2018.

Wellbeing

Wellbeing Workshops – “Building Resilience to Stress” presented by Employee Assistance Program Services was held on Tuesday 13 November with the final workshop for 2018 “Fatigue and Sleep” to be run December.

Hazard/Risk Register Reviews

- The Hazard/Risk register is underway for Land Transport activities, following consultation with the team.
- Risk registers for each site are underway in conjunction with Veolia
1.

Contractor safety pre-qualifications

Following the completion of contractor pre-qualification, six new contractors were identified requiring pre-qualification. The Safety & Wellbeing Lead is working with the applicable contract managers to obtain pre-qualification prior to engagement.

Contractor Audits

The i-Auditor App has been successfully trialled and it suited for “on the go” audits for employees working in the field. The Safety & Wellbeing Lead is creating templates which will be rolled out to employees.

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.

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 14 February 2019

8 TIME OF CLOSURE