

Mā tō tātou takiwā  
**For our District**

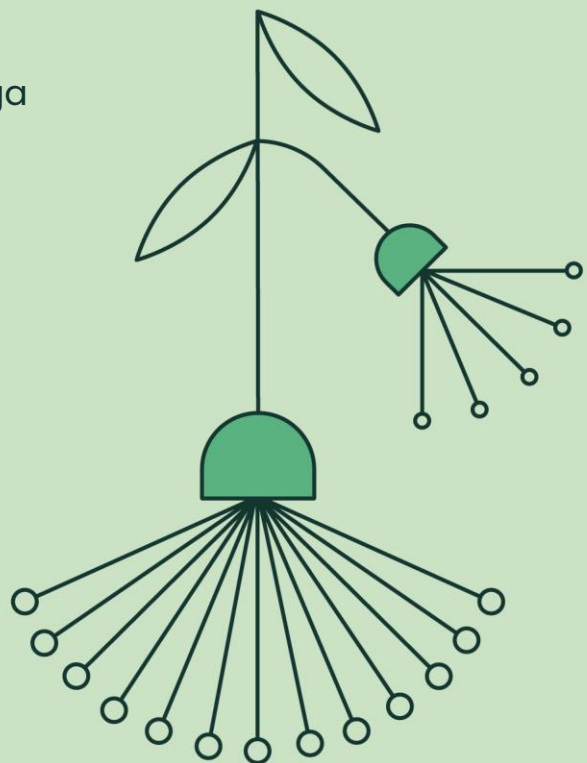
## **Audit and Risk Committee**

Komiti Taiwhenua

AR22-3

Tuesday, 9 August 2022, 9.30am

Council Chambers, Barkes Corner, Tauranga



# Audit and Risk Committee

## Membership:

|                           |   |
|---------------------------|---|
| <b>Chairperson</b>        | Cr James Denyer   |
| <b>Deputy Chairperson</b> | Cr Murray Grainger  |
| <b>Members</b>            | Cr Grant Dally<br>Cr Mark Dean<br>Cr Monique Gray<br>Cr Anne Henry<br>Cr Kevin Marsh<br>Cr Margaret Murray-Benge<br>Deputy Mayor John Scrimgeour<br>Cr Allan Sole<br>Cr Don Thwaites<br>Mayor Garry Webber<br>Stuart Henderson – Independent Member |
| <b>Quorum</b>             | 6   |
| <b>Frequency</b>          | Quarterly   |

## Role:

To provide assurance and assistance to the Western Bay of Plenty District Council on management of Council's risk, financial control and compliance framework, and its external accountability responsibilities.

## Scope:

- Recommend to Council an appropriate risk management strategy and monitor the effectiveness of that strategy.
- Monitor the Council's external and internal audit process and the resolution of any issues that are raised.
- Review key formal external accountability documents such as the Annual Report in order to provide advice and recommendation in respect to the integrity and appropriateness of the documents and the disclosures made.
- Provide a forum for communication between management, internal and external auditors and the governance level of Council.
- Ensure the independence and effectiveness of Council's internal audit processes
- Oversee the development of the council's Annual Report.
- Oversee the development of financial policies.
- Monitor existing corporate policies and recommend new corporate policies to prohibit unethical, questionable or illegal activities.
- Support measures to improve management performance and internal controls.

## Responsibilities:

### **External Audit and External Accountability**

- Engage with Council's external auditors regarding the external audit work programme and agree the terms and arrangements of the external audit in relation to the Annual Report.
- To recommend the adoption of the Annual Report and the approval of the Summary Annual Report to Council.
- Review of the effectiveness of the annual audit.
- Monitor management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

### **Internal Audit**

- In conjunction with the Chief Executive and the Group Manager Finance and Technology Services, agree the scope of any annual internal audit work programme and assess whether resources available to Internal Audit are adequate to implement the programme.
- Monitor the delivery of any internal audit work programme.
- Assess whether any significant recommendations of any internal audit work programme have been properly implemented by management. Any reservations the Internal Auditor may have about control risk, accounting and disclosure practices should be discussed by the Committee.

### **Risk Management**

- Review the risk management framework, and associated procedures to ensure they are current, comprehensive and appropriate for effective identification and management of Council's financial and business risks, including fraud.
- Review the effect of Council's risk management framework on its control environment and insurance arrangements.
- Review whether a sound and effective approach has been followed in establishing Council's business continuity planning arrangements.
- Review Council's fraud policy to determine that Council has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

### **Other Matters**

- Review the effectiveness of the control environment established by management including computerised information systems controls and security. This also includes a reviewing/monitoring role for relevant policies, processes and procedures.
- Review the effectiveness of the system for monitoring Council's financial compliance with relevant laws, regulations and associated government policies

- Engage with internal and external auditors on any specific one-off audit assignments.
- Consider financial matters referred to the committee by the Chief Executive, Council or other Council committees.

### Power to Act:

The Committee is delegated the authority to:

- Receive and consider external and internal audit reports.
- Receive and consider staff reports on audit, internal control and risk management related matters.
- Make recommendations to the Council on financial, internal control and risk management policy and procedure matters as appropriate.
- To approve the Auditors' engagement and arrangements letters in relationship to the Annual Report.

Notice is hereby given that a Audit and Risk Committee Meeting will be held in the Council Chambers, Barkes Corner, Tauranga on:  
Tuesday, 9 August 2022 at 9.30am

## Order Of Business

|           |   |           |
|-----------|---|-----------|
| <b>1</b>  | <b>Present .....</b>  | <b>6</b>  |
| <b>2</b>  | <b>In Attendance.....</b>   | <b>6</b>  |
| <b>3</b>  | <b>Apologies .....</b>  | <b>6</b>  |
| <b>4</b>  | <b>Consideration of Late Items.....</b>                                     | <b>6</b>  |
| <b>5</b>  | <b>Declarations of Interest .....</b>                                       | <b>6</b>  |
| <b>6</b>  | <b>Public Excluded Items .....</b>  | <b>6</b>  |
| <b>7</b>  | <b>Public Forum.....</b>  | <b>6</b>  |
| <b>8</b>  | <b>Presentations .....</b>  | <b>7</b>  |
|           | 8.1 Bancorp Treasury Update and Presentation.....                           | 7         |
| <b>9</b>  | <b>Reports .....</b>  | <b>8</b>  |
|           | 9.1 Treasury Update Report.....   | 8         |
|           | 9.2 Quarterly Review of Risk Profile.....                                   | 10        |
|           | 9.3 Update on Outstanding Audit Items (Internal/External) August 2022 ..... | 20        |
|           | 9.4 Health and Safety Report.....   | 28        |
| <b>10</b> | <b>Information for Receipt .....</b>  | <b>33</b> |
| <b>11</b> | <b>Resolution to Exclude the Public .....</b>                               | <b>33</b> |
|           | 11.1 Litigation Update.....   | 33        |

**1 PRESENT****2 IN ATTENDANCE****3 APOLOGIES****4 CONSIDERATION OF LATE ITEMS****5 DECLARATIONS OF INTEREST**

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest that they may have.

**6 PUBLIC EXCLUDED ITEMS****7 PUBLIC FORUM**

A period of up to 30 minutes is set aside for a public forum. Members of the public may attend to address the Board for up to five minutes on items that fall within the delegations of the Board provided the matters are not subject to legal proceedings, or to a process providing for the hearing of submissions. Speakers may be questioned through the Chairperson by members, but questions must be confined to obtaining information or clarification on matters raised by the speaker. The Chairperson has discretion in regard to time extensions.

Such presentations do not form part of the formal business of the meeting, a brief record will be kept of matters raised during any public forum section of the meeting with matters for action to be referred through the customer contact centre request system, while those requiring further investigation will be referred to the Chief Executive.

## 8 PRESENTATIONS

### 8.1 BANCORP TREASURY UPDATE AND PRESENTATION

**File Number:** A4614080

**Author:** David Jensen, Chief Financial Officer

**Authoriser:** James Graham, Acting General Manager Corporate Services

#### EXECUTIVE SUMMARY

Bancorp Treasury will present an overview of market trends and forecasts, along with their implications for Council. Specifically, their presentation will focus on:

- Trends and forecasts for domestic inflation;
- Forecasts for market interest rates; and
- How Council has positioned itself within its treasury strategy to mitigate interest rate risks.

#### RECOMMENDATION

1. That the Chief Financial Officer's report dated 9 August 2022 titled 'Bancorp Treasury Update and Presentation' be received.
2. That the presentation from Bancorp Treasury dated 9 August 2022 be received.

## 9 REPORTS

### 9.1 TREASURY UPDATE REPORT

**File Number:** A4632247

**Author:** David Jensen, Chief Financial Officer

**Authoriser:** James Graham, Acting General Manager Corporate Services

#### EXECUTIVE SUMMARY

This report provides an overview of the risks associated with Council's treasury function and the procedures in place to mitigate those risks.

#### RECOMMENDATION

That the Chief Financial Officer's report dated 9 August 2022 titled 'Treasury Update Report' be received.

#### BACKGROUND

1. Council has a Treasury Policy which sets the strategic direction for Council's treasury function and the mitigation procedures in place to minimise Council's exposure to treasury related risk. This report provides an update on the treasury related risks presented on 9 August 2022 and assesses Council's exposure as required by Council's Treasury Policy.

#### INTEREST RATE RISK

2. 'Interest Rate Risk' is the risk that either investment returns will fall materially short of forecast, or, that financing costs will exceed projections due to adverse movements in interest rates.
3. The Reserve Bank ('RB') raised the Official Cash Rate ('OCR') to 2.50% in its Monetary Policy Statement on 13 July 2022. The RB noted that 'spending and investment demand continues to outstrip supply capacity' and that the RB would 'continue to lift the OCR to a level where it is confident consumer price inflation will settle within the target range' of between 1% and 3%. The RB currently forecasts the OCR to peak at 3.94%.
4. Council's interest rate hedging remains within policy, and we have a large degree of price certainty relating to our borrowing costs for the next 12 months, due to our mixture of fixed and floating rate debt. Council's weighted average cost of capital is currently lower than budgeted and the 2022/2023 Annual Plan included an increase to Council's interest rate assumption, which is forecast to cover the market increases throughout the year.



5. Council continues to work with Bancorp Treasury to manage hedging positions to strike a balance between price certainty and flexibility, and Council's interest rate risk remains low.

### **LIQUIDITY AND FUNDING RISK**

6. 'Liquidity Risk' is the risk that Council may not have enough liquid cash or committed facilities on hand to fund operations. This is because Council's cash flow is dependent on the maturity of cash investments and loans.
7. Council's 2022/2023 Annual Plan shows an increase in borrowing as a result of the large 2023 capital programme. Council's actual borrowing requirements will continue to be driven by the achievement of the capital programme which has been demonstrated to be challenging.
8. Council began the financial year in a strong cash position and continues to hold positive balances. Viewing this in conjunction with Council's ability to access capital from the Local Government Funding Agency, Council's liquidity and funding risk remains low.

### **FOREIGN EXCHANGE RISK**

9. 'Foreign Exchange Risk' is the risk that volatile movements in foreign currency may adversely affect the cost to Council of entering into arrangements with offshore parties.
10. Council has not entered into any significant foreign exchange contracts and this risk remains low.

### **COUNTERPARTY CREDIT RISK**

11. 'Counterparty Credit Risk' is the risk of losses occurring as a result of a counterparty default.
12. Council continues to require credit ratings of 'A' or higher when placing funds on deposit. This requirement may need to be revised, depending on the current review of bank credit ratings by their respective rating agencies.
13. While there is a possibility that banks may receive a lower rating, they are not yet considered at risk of default. Council continues to view its counterparty risk as low.

## 9.2 QUARTERLY REVIEW OF RISK PROFILE

**File Number:** A4632254

**Author:** David Jensen, Chief Financial Officer

**Authoriser:** James Graham, Acting General Manager Corporate Services

### BACKGROUND

1. In the prior quarter, risk categories had been identified by Elected Members through a workshop held with KPMG which covered strategic risks relating to the delivery of the Long-Term Plan (LTP), and the growth and performance of the Western Bay of Plenty District Council.
2. The new strategic risk categories identified by Elected Members have been discussed and work shopped by the Senior Leadership Team (SLT) in facilitated sessions with KPMG. Operational risks under these strategic categories have been identified and risk appetite and risk profiles have been defined and scored accordingly, to form an overall risk profile against each category. These Risks are reviewed and updated quarterly, if necessary, based on the internal and external operating environment.

### RECOMMENDATIONS

That the Chief Financial Officer's report dated 9 August 2022 titled 'Quarterly Review of Council's Risk Profile' be received.

### RISK REPORTING

3. The top eight risk categories form the risk profile for Western Bay of Plenty District Council and the trend remains stable (*Risk Category Matrix table included in the report below*). There are no significant emerging risks to be added since the June 2022 Audit and Risk Committee meeting.
4. The following items staff continue to monitor in terms of the external operating environment and any potential impact on the current (residual)scoring for our risk categories:
  1. Continuing labour shortages for Council and its contractors is impacting adversely on Councils **Operational Risk Category** with slower than forecast delivery of capital works programme and operational services. The availability of consenting staff is causing a delay in some projects. Staff continue to mitigate by recruiting as quickly as possible and a significant piece of work has been undertaken on our employee value proposition. (How we retain existing staff and market Council to perspective employees)

- II. Supply chain disruptions are causing delays in the supply of materials and are impacting on capital programme delivery in the **Operational Risk Category**. This is a particular issue for any overseas purchases with lead times of up to six months. This is being mitigated via careful project management and order placement linked to Councils workplans.
  - III. A second wave of COVID-19 and a particularly nasty winter seasonal flu has seen a significant increase in staff and contractors being off sick. This impacts on our **Health and Safety** and **Operational Risk Categories**. To a certain extent mitigating this risk is somewhat uncontrollable, however Council continues to promote remote working and COVID-19 Orange setting recommendations.
  - IV. Impact of several regulatory reforms on Council strategy and activities. The high-risk appetite rating in **Regulatory Change Category** is indicative of our inability to control the outcomes and impact. Council continues to actively work with central Government to advocate and partner in the processes.
  - V. Monetary policy decisions particularly related to inflation and rising interest costs are an issue for Council. This has an impact on the **Growth and Financial Stability Risk Category**. Staff see no need to change the risk setting as Council is well hedged from a treasury perspective on our borrowings and the current annual plan assumptions for capital projects has been increased by 10% to mitigate the impact of inflation.
5. Business Continuity Plans are in place for most business-critical functions to deliver our services in the event of an unexpected business interruption.

#### ACTIVITIES DELIVERED DURING CURRENT AND NEXT QUARTER

6. An Executive Risk Management Committee has been formed to monitor the implementation of Council's risk Management framework and maturity road map. This group has met for the second time and is heavily focused on implementing a culture of Risk Management in the Council. (*Refer to progress against Risk maturity roadmap tables below for further detail*)
7. The development of the Risk Management Policy & Framework is underway.
8. Council staff have worked with KPMG to scope up the Councils first internal assurance audit. This first function to be reviewed will be the procurement function.
9. The appointment of the new independent committee advisor is complete. Stuart Henderson will attend his first meeting in August. Recruitment is also underway for a new Assurance and Risk Manager to assume responsibility for the implementation of the new Risk Maturity framework.
10. An independent review of Councils payroll-related taxes has been completed. The overall results were strong, and Council is meeting its obligations. The review also covered the internal processes undertaken in the payroll process. There were no issues of concern raised in terms of fraud and segregation of duties.

### SIGNIFICANCE AND ENGAGEMENT

11. The Local Government Act 2002 requires a formal assessment of the significance of matters and decision in this report against Council's Significance and Engagement Policy. In making this formal assessment there is no intention to assess the importance of this item to individuals, groups, or agencies within the community and it is acknowledged that all reports have a high degree of importance to those affected by Council decisions.
12. In terms of the Significance and Engagement Policy this decision is of low significance as residents and ratepayers are not affected by the review even though the risk may occur later. Ratepayers and residents would only be affected if a significant risk occurred.

### ENGAGEMENT, CONSULTATION AND COMMUNICATION

| Interested/Affected Parties                                 | Planned Communication  |         |
|---|--|---------|
| Western Bay of Plenty District Council SLT and Finance Team | Appropriate staff to be notified accordingly.  | Planned |
| Tangata Whenua  | Regular communication would be undertaken by Council in the event of a major risk eventuating. Civil Defence would deal with any emergency communications. |         |
| General Public  | Regular communication would be undertaken by Council in the event of a major risk eventuating. Civil Defence would deal with any emergency communications. |         |

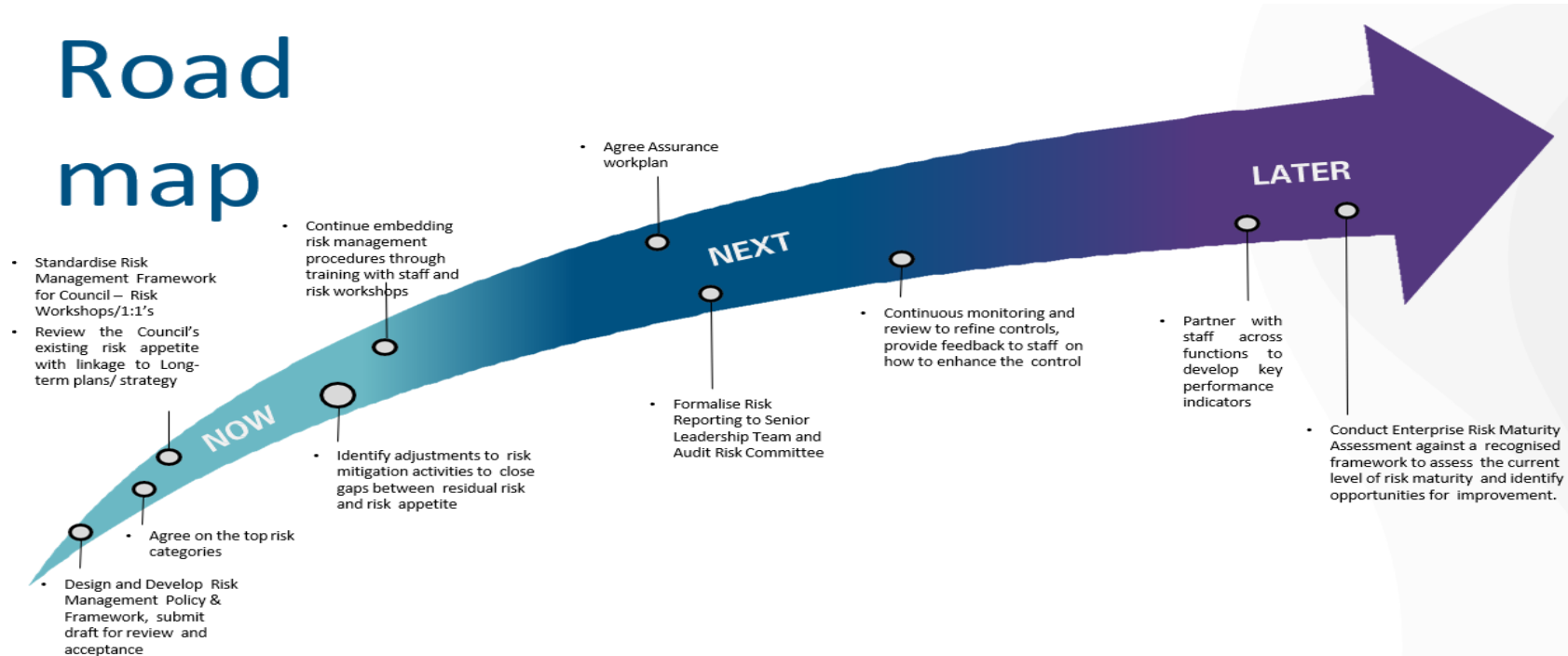
### STATUTORY COMPLIANCE

13. The recommendation in this report complies with Council's current Risk Management Policy and Risk Management Framework.

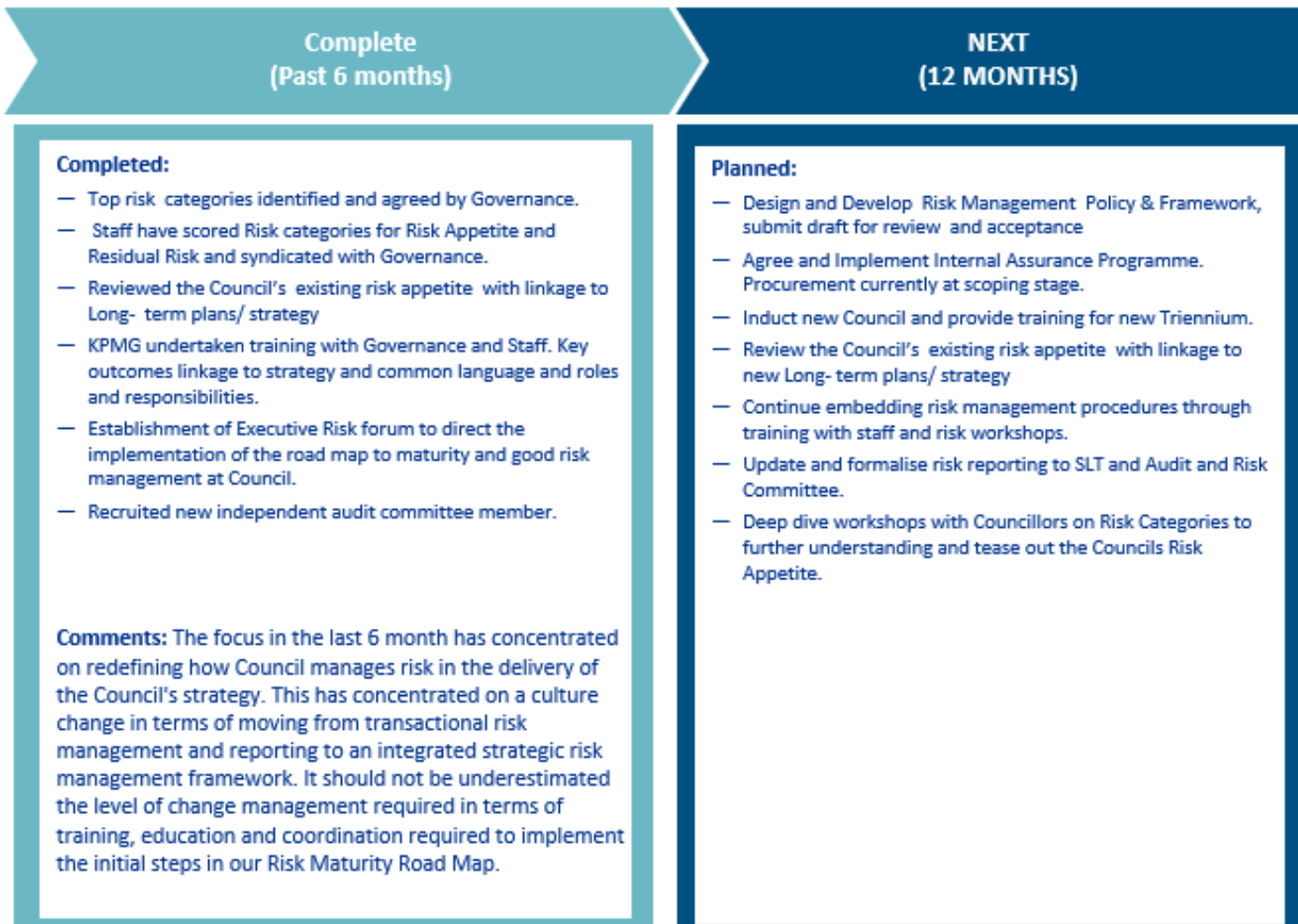
**FUNDING/BUDGET IMPLICATIONS**

| <b>Budget Funding Information</b> | <b>Relevant Detail</b>   |
|-----------------------------------|--|
| Not currently applicable          | If changes to the risk priorities result in risk mitigation actions, there may be budget implications. |

RISK MATURITY ROAD MAP





**PROGRESS AND WORKPLAN – THE JOURNEY TO RISK MATURITY**




**RISK CATEGORY MATRIX**



 Residual risk       Risk appetite

| Risk name and description   | Risk owner   | Risk settings  | Risk appetite rationale  |
|---|--|--|--|
| <p><b>Operational risk</b></p> <p>The risk of delay or inability to deliver and execute on projects or services provided by the Council or regular Council operations as a result of the failure of internal processes or controls, systems, or inadequate staff members available. This may result in financial losses and loss of reputation from IT/cyber risk events, fraud events, internal process/control failure, and inadequate or inappropriate people capacity, capability, and culture.</p>                                 | <p>James Graham - General Manager Corporate Services</p> <p>Gary Allis - Deputy Chief Executive Officer/General Manager Infrastructure</p> |   | <p>Delivery of key projects and the long-term plan is critical to the achievement of planned community outcomes and is central to achieve the key strategic vision of the Council. The Council has a 'Low' risk appetite for the management of operational risk which could cause potential delays in project delivery, impact the Council's operations, quality of service delivery, and result in failure to meet community expectations.</p>  |
| <p><b>Health, Safety and Wellbeing</b></p> <p>The risk of harm, injury or illness of/to employees, contractors, volunteers or community members accessing the Council's premises, sites, or events, and not meeting legal HSW requirements, as a result of an unsafe work environment and failure to meet workplace obligations. This could potentially lead to death or serious harm or injury, adverse impacts on staff/contractor mental health and well-being, financial losses, and (costs for) fines and reputational damage.</p> | <p>James Graham - General Manager Corporate Services</p>   |  | <p>The Council understands the importance of providing a safe working environment to its employees, contractors, volunteers, and members of the community and ensuring that everyone is adequately supported during stressful times (like the current pandemic). The Council recognises this as its key priority and has a 'Low' risk appetite for the risk, considering some risks will be outside of its ability to control. Health, Safety and Wellbeing risks will not be traded-off while delivering on its strategic objectives.</p> |



|   |  |   |  |
|---|--|---|--|
| <p><b>Relationships with key stakeholders (Central Government and Community)</b></p> <p>WBOPDC’s inability to maintain a strong strategic relationships with Central Government, its agencies, and the wider Community. This may potentially lead to missed opportunities, the inability to adequately influence, respond and adapt to government reforms, failure to meet community expectations, and/or deliver on the Council’s long-term plan outcomes.</p> | <p>Rachael Davie –<br/>General Manager<br/>Strategy and<br/>Community</p>  |    | <p>The Council aims to continually build on its engagement approach with the community to be able to understand, identify, manage and deliver on their expectations and develop a strong relationship.</p> <p>Further, the Council aims to enhance and grow its strategic relationships with Central Government and key government agencies to gain additional insights and guidance to anticipate and support potential opportunities for development in the region.</p> <p>This reflects in the Council’s ‘Low’ risk appetite.</p> |
| <p><b>Partnership with Iwi and Mana Whenua</b></p> <p>There is a risk that WBOPDC fails to honour the principles of Te Tiriti o Waitangi and its statutory obligations to Iwi Māori which would compromise relationships, our ability to meet the expectations of tangata whenua, including in delivering on key projects.</p>  | <p>Rachael Davie –<br/>General Manager<br/>Strategy and<br/>Community</p>  |    | <p>Council continually strives to prioritise and build key relationships with Iwi and hapū within our rohe. This is important to deliver on wellbeing outcomes, long-term plan commitments, statutory obligations and treaty principles. The Council has a ‘Medium-High’ risk appetite for managing the risk.</p>  |
| <p><b>Climate change</b></p> <p>The failure to adequately identify, understand, plan for, address and respond to climate change obligations and reform including reducing greenhouse gas emissions, the consequences of which pose risk to people, communities and the environment.</p>   | <p>Rachael Davie –<br/>General Manager<br/>Strategy and<br/>Community</p> <p>Gary Allis - Deputy<br/>Chief Executive</p> |  | <p>There is a strong emphasis from Central Government on climate change and emissions reduction and emerging national guidance in this space, with the recent release of the Emissions Reduction Plan and planned Climate Change Adaptation Act as part of the RMA reform agenda. This provides clear national guidance where</p>  |

|  |  |   |  |
|--|--|---|--|
|  | <p>Officer/General Manager<br/>Infrastructure</p>                |   | <p>there has been little in the past. Council will need to consider these plans/legislation [as it emerges] to appropriately plan its response.</p> <p>The Council recognises the importance of increasing focus on climate change risks and is determined to support the identification of climate change risk, monitoring and assessing the impact. This drives the Council's 'Medium' risk appetite.</p>  |
| <p><b>Growth and financial sustainability</b></p> <p>The risk that WBOPDC is unable to manage financial risks resulting from growth opportunities and therefore has a significant impact on Council's ability to deliver and execute its district growth objectives.</p> | <p>James Graham -<br/>General Manager<br/>Corporate Services</p> |  | <p>Effective management of funds and ensuring financial sustainability is fundamental to successfully delivering on the Council's growth objectives and long-term plan for the region and meeting the desired community outcomes. The Council has a conservative approach to its financial strategy considering the limited opportunity for obtaining additional funding support from the government. The Council has a 'Low-Medium' risk appetite for the risk and will need to be balanced with the delivery and achievement of the planned growth outcomes.</p> |

|   |   |  |  |
|---|---|--|--|
| <p><b>Regulatory change (Three waters reform, Future of local government, RMA)</b></p> <p>There is a risk that Council does not identify, understand the impact, advocate and respond to the changing regulatory reforms being considered by the Government. This also extends to the impact these new requirements have on delivery of current priorities. The risk could potentially impact the Council’s operations and its ability to re-prioritise and allocate adequate resources to meet the changing expectations resulting in delay to projects, delivery of services, reputational loss, failure to meet government expectations and non-compliance with regulatory requirements.</p> | <p>Rachael Davie – General Manager Strategy and Community</p> <p>Gary Allis - Deputy Chief Executive Officer/General Manager Infrastructure</p> |   | <p>The Council acknowledges and anticipates the impact of legislative reform being introduced by Central Government. Council has a ‘High’ risk appetite which reflects a limited ability to control the changes being introduced and its aim to engage early on to support sector advocacy on key topics and work closely with the government agencies to understand the planned changes and associated impacts.</p>   |
| <p><b>Significant external events</b></p> <p>WBOPDC’s failure to appropriate design, prepare and execute on its Business Continuity Plan and/or Crisis Management Plan while responding to significant external events (including natural calamities, pandemic, and other macro-economic events) which may have a potential impact on the Council’s ability to provide its services and continued impact on its operations.</p>   | <p>James Graham – General Manager Corporate Services</p> <p>Gary Allis - Deputy Chief Executive Officer/General Manager Infrastructure</p>      |  | <p>The Council recognises that continued operation of critical Council activities, movement of resources, successful implementation of business continuity or crisis management plan to effectively support the community and ensure community well-being during significant external events. The ‘Medium’ risk appetite highlights the limited ability to control the occurrence, and predict the nature and extent of the potential impact of significant external events.</p> |

### 9.3 UPDATE ON OUTSTANDING AUDIT ITEMS (INTERNAL/EXTERNAL) AUGUST 2022

**File Number:** A4632257

**Author:** Sarah Bedford, Financial Controller

**Authoriser:** David Jensen, Chief Financial Officer

#### EXECUTIVE SUMMARY

The purpose of this report is to provide status updates on management's response to recommendations raised in management reports as part of the following processes:

- (a) The audit of the Long-Term Plan and Annual Report carried out by Council's external auditor Audit New Zealand; and
- (b) Internal audit reviews carried out by Council's internal auditor, KPMG, as part of the internal audit work programme.

The status updates on open external and internal audit recommendations have been amalgamated into one report (**Attachment 1**).

#### RECOMMENDATION

That the Financial Controller's report dated 9 August 2022 titled 'Update on Outstanding Audit Items (Internal/External) August 2022' be received.

#### BACKGROUND

##### Audit New Zealand

1. The Local Government Act 2002 requires Local Authorities to have their Annual reports and Long-Term Plans audited by the Office of the Auditor-General. The Office of the Auditor-General has appointed Audit New Zealand as Council's audit service provider.
2. The process for auditing the Annual Report and Long-Term Plan involves Audit New Zealand issuing an opinion that the information published in these documents fairly presents the Council's financial position and complies with legislation.
3. At the conclusion of each audit, Audit New Zealand provides a management report highlighting any issues they find, the degree of severity of the issue and a recommendation. Issues raised by Audit New Zealand are classed as 'Urgent, Necessary or Beneficial'.

**KPMG**

4. During the 2016/2017 financial year KPMG was appointed as Council's internal auditor under a Bay of Plenty Local Authority Shared Services (BOPLASS) arrangement and worked with staff to establish a three-year internal audit plan. The audit plan was presented at the February 2020 Audit and Risk Committee meeting. The audit plan outlined the intended areas of focus for 2017, 2018 and 2019, with confirmation sought from senior management on an annual basis.
5. The annual internal audit plan review for 2018 identified asset management and key financial controls as areas of internal audit focus.
6. We have been able to close several of the Audit NZ and KPMG recommendations this quarter (pending Audit NZ confirmation). Closed audit items are available separately on Stellar.
7. The Status updates to the key findings are included in the attached 'Audit Monitoring' table (**Attachment 1**).

**ATTACHMENTS**

1. **Audit Monitoring Table**  















**9.4 HEALTH AND SAFETY REPORT**

**File Number:** A4646807

**Author:** Ben Brown, Health and Safety Advisor

**Authoriser:** James Graham, Acting General Manager Corporate Services

**EXECUTIVE SUMMARY**

**Health and Safety Report**

This report provides a summary of:

- Health and Safety performance across the organisation;
- Significant Health and Safety risks and safety events for the reporting period; and
- Progress against the Health and Safety strategy and work programme.

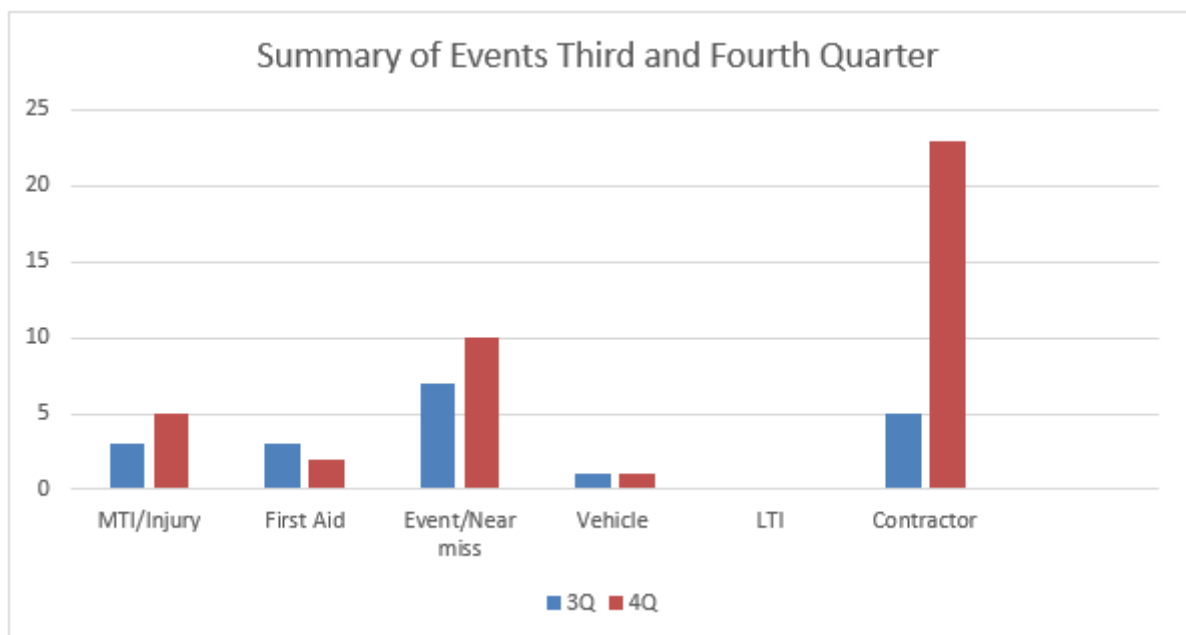
**RECOMMENDATION**

That the Health and Safety Advisor’s report dated 9 August 2022 titled ‘Health and Safety Report’ be received.

**BACKGROUND**

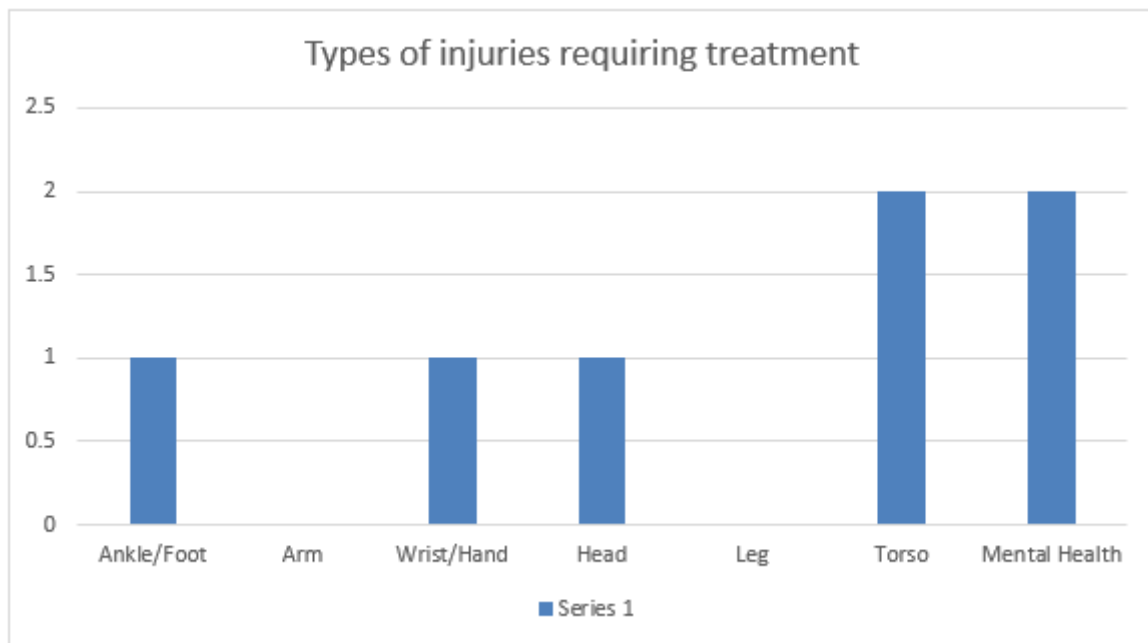
**1. HEALTH AND SAFETY PERFORMANCE**

The graph and data below provide an overview of Council’s Health and Safety performance, with comparison statistics from quarters three and four 2022.



Quarter three is from 1 March to 30 April and quarter four is from 1 May to 18 July 2022.

Reporting of events has increased since the previous reporting period. There has been an increase in Council staff reporting and a significant increase in safety reporting from Councils key contractors. The health and safety team have been engaging with Council staff and key contractors about low reporting numbers and highlighting the importance of using our number one safety tool “your voice”. In the time period reported there have been zero LTI’s (lost time injuries) reported.



**Type of Injuries Sustained, Year to Date – 1 May 2022 – 18 July 2022**

Two reported events related to mental health. Further information is outlined in the safety events section below.

**WBOPDC Policy and vision statement incorporated in delivery**

Councils’ health and safety policy statement and vision statement document is being used to guide health and safety policy reviews. Our goal is to ensure the delivery of health and safety, making it more people focussed and not compliance driven.

**Safety events**

In June 2022, Animal Services, with the assistance of New Zealand Police, undertook a search warrant at a property to locate and seize two dogs which were hidden by the owner, having been previously stolen from the Tauranga Pound. The operation was well planned and managed with the animals successfully seized without incident. The owner of the dogs is well known to police and Council, and subsequently posted numerous threatening messages, texts and posted images of staff on Facebook, offering a reward for Councils staff identities. A safety plan was put in place for animal services staff and communications supplied to Customer

Services about the escalating incident. Police were advised and issued the animal owner with a harassment warning notice.

Two incidents of stress due to workplace pressures have been reported involving staff from the same department. These have been taken very seriously with immediate intervention, meeting with staff involved and planning solutions. The outcome of engaging further contracted assistance and senior staff recruitment has eased workplace allocation and deadline pressures. Further meetings and workshops with the wider team have also taken place to communicate incoming changes and ensure a more direct, open dialogue with the General Manger of Regulatory Services.

## 2. Accident/Incident Frequency Rates

The metrics reported are:

- Lost Time Injury Frequency Rate (LTIFR). This is the average number of lost time injuries per 200,000 hours worked
- Total Recordable Injury Frequency Rate (TRIFR). This is the average number of recorded injuries per 200,000 hours worked
- Lost Time Injuries (LTI's).

| Metrics   | Council's year to date records | Local Government Industry Benchmark |
|---|--------------------------------|-------------------------------------|
| Average LTIFR (year to date)  | .5                             | 2.5                                 |
| Average TRIFR (year to date)  | 7                              | 7                                   |
| Average Lost Time Injuries (LTI). Recorded (year to date) of LTI's. | 1                              | 3                                   |

## 3. Summary of Safety Events - Year to Date – 18 July 2022

| Safety Events                     | Year to Date Results FY 2022 (Q,4) | Year to Date Results FY 2021 | Year to Date Results FY 2020 | Year to Date Results FY 2019 |
|-----------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|
| Medical Treatment Injury          | 15                                 | 3                            | 5                            | 1                            |
| First Aid Incidents               | 9                                  | 34                           | 8                            | 23                           |
| Near Miss Reports                 | 39                                 | 67                           | 64                           | 84                           |
| Vehicle Reports                   | 8                                  | 7                            | 11                           | 38                           |
| Lost Time Injury                  | 1                                  | 2                            | 3                            | 4                            |
| Contractor Incidents              | 68                                 | 106                          | 150                          | 123                          |
| <b>Total Safety Event Reports</b> | <b>140</b>                         | <b>219</b>                   | <b>241</b>                   | <b>273</b>                   |

|                     |  |  |  |  |
|---------------------|--|--|--|--|
| <b>Year to Date</b> |  |  |  |  |
|---------------------|--|--|--|--|

Although there has been a jump in the numbers of medical treatment injuries, there are no recognisable trends to be identified in the reported events.

#### **4. Health and Safety Hazard Risk Management**

The Health and Safety team have created 'safe behaviour' and 'safe workplace' inspection tools for safety inspection, to be easily completed by people leaders and stored in Council's Safety Management system, using the Vault Notify mobile app.

AED defibrillators have been purchased with external locked cabinets for installation outside Katikati and Te Puke service centres. By having them outside with a lock code, available through the 111-emergency number, makes this a valuable community asset, available after hours.

Online contractor inductions have been prepared for Barkes Corner, Ōmokoroa and Pātuki Manawa. 44 Contractors have successfully completed an online induction to date.

#### **5. Health and Safety Strategic Work Programme**

- Policy template reviews;
- Review and re-categorising of departmental hazard risk register
- Re-classification and ranking of Critical risks;
- Safety site inspections and audits;
- Contractor management, including introduction of an online induction programme;
- Incident and accident safety management; and
- Engagement and training with safety and wellbeing.

Throughout the reporting period staff attended the following training:

- Four Wheel Drive Training;
- Safeguard National Health and Safety Conference; and
- Comprehensive Workplace First Aid.

Policies and procedures recently reviewed included:

- Covid -19 Protection Policy and associated risk assessment; and
- 113 - Putting Our Safety First, formally Refusal to Work on Grounds of Health and Safety.

#### **6. Health and Safety Committee**

The Health and Safety Committee meet on a bi-monthly basis and review safety events, policies and new legislation. The committee welcomed a new member from the waste/water treatment team. This came about when meeting with the treatment operators and they requested further representation. The committee includes

representation from across the organisation, service centres and senior management. To ensure we are meeting our due diligence, a member of the General Manager group must attend every Committee meeting.

A present focus of the committee is workshopping how, as Health and Safety representatives, we can work proactively with teams and not just to report on incidents that have happened.



**10 INFORMATION FOR RECEIPT****11 RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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:

| <b>General subject of each matter to be considered</b> | <b>Reason for passing this resolution in relation to each matter</b>  | <b>Ground(s) under section 48 for the passing of this resolution</b>   |
|--|---|--|
| <b>11.1 - Litigation Update</b>                        | s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information | 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 |