

Mā tō tātou takiwā  
**For our District**

## **Audit, Risk and Finance Committee**

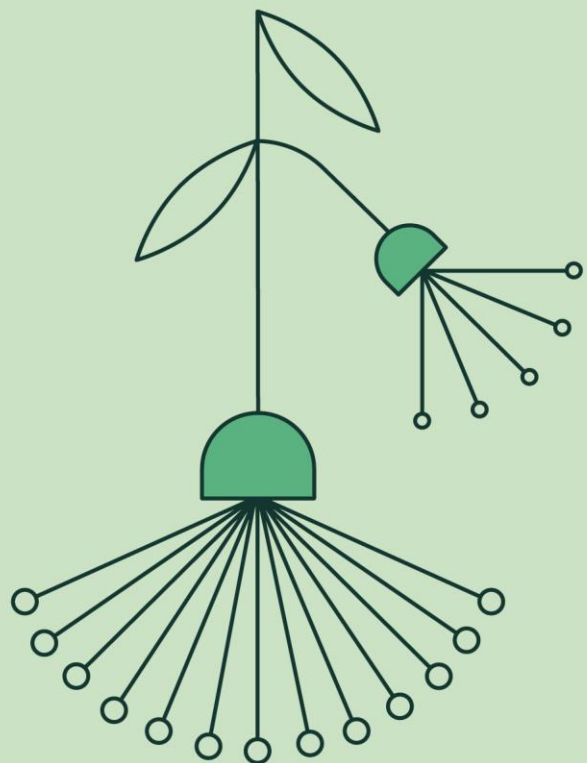
Kōmiti Arotake Tūraru me Ahumoni

ARF23-1

Monday, 27 February 2023, 12.30pm

Council Chambers, Barkes Corner,

1484 Cameron Road, Tauranga



# Audit, Risk and Finance Committee

## Membership:

<b>Chairperson</b>	Cr Murray Grainger
<b>Deputy Chairperson</b>	Cr Tracey Coxhead
<b>Members</b>	Cr Richard Crawford Cr Grant Dally Mayor James Denyer Cr Anne Henry Cr Rodney Joyce Cr Margaret Murray-Benge Deputy Mayor John Scrimgeour Cr Allan Sole Cr Don Thwaites Cr Andy Wichers Stuart Henderson – Independent Member
<b>Quorum</b>	Seven (7)
<b>Frequency</b>	Quarterly

## Role:

The main purpose of the Committee is to assist Council in providing oversight of matters relating to the quality and integrity of financial reporting, independence and performance of the external auditors, effectiveness and objectivity of the internal audit programme, and oversight of business risks and compliance activities.

## Scope:

### Responsibilities:

- Assist Council in fulfilling its responsibilities for financial statements and external financial reporting.
- 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, with oversight of the internal audit programme and findings.

- Oversee the development of the Council's Annual Report.
- Oversee the development and management of financial policies and delegations.
- 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:

#### **Audit (internal and external):**

- Ensure appropriate accounting policies and internal controls are established and maintained and
- assist Council in ensuring the effective and efficient management of all business risks.
- Ensure an appropriate framework is maintained for the management of strategic and operational risk (including risk appetite). Review risk including technical insurance matters
- and participation in national risk management practices, health and safety risk management and implementation of risk management processes.
- Review the effectiveness of the Long Term Plan audit or any audit relating to an amendment to the Long Term Plan
- Review the effectiveness of the annual audit.
- Monitor management response to audit reports and the extent to which the external audit recommendations concerning internal accounting controls and other matters are implemented.
- Monitor the delivery of any internal audit work programme and implementation of any significant recommendations including control risk, accounting and disclosure practices.
- Engage with Councils external auditors regarding the external work programme and agree the terms and arrangements of the external audit in relation to the Annual Report.
- Engage with internal and external auditors on any specific one-off audit assignments.
- Review the effectiveness of the control environment established by management including the computer information management systems controls and security. This also includes a review/monitoring role for relevant policies, processes, and procedures.

#### **Risk management:**

- Review the Risk Management Framework, and associated procedures to ensure they are current, comprehensive and appropriate for the effective identification and management of Council's financial and business risks including fraud and cyber security.
- Review the effectiveness of the system for monitoring Council's financial compliance with relevant laws, regulations and associated government policies.
- 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.

**Financial:**

- To monitor the operational performance of Council's activities and services against approved levels of service.
- Monitor financial performance against any Council approved joint contracts with other local authorities.
- Report financial outcomes and recommend any changes or variations to allocated budgets including both operational and capital expenditure.
- Provide oversight of legal risks, claims or proceedings (excluding the approval of any legal settlements).
- Recommend the adoption of the Annual Report and the approval of the Summary Annual Report to Council.

**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 policy and procedure matters as appropriate.
- To approve the Auditors engagement and arrangement letters in relationship to the Annual Report.

**Power to Recommend:**

- To make recommendations to Council and/or any Committee as it deems appropriate.

**Power to sub-delegate:**

The Committee may delegate any of its functions, duties or powers to a subcommittee, working group or any other subordinate decision-making body, subject to the restrictions on its delegations and provided any sub-delegation includes a statement of purpose and a specification of task.

Notice is hereby given that a Audit, Risk and Finance Committee Meeting will be held in the Council Chambers, Barks Corner, 1484 Cameron Road, Tauranga on:  
Monday, 27 February 2023 at 12.30pm

## Order Of Business

<b>1</b>	<b>Present .....</b>	<b>7</b>
<b>2</b>	<b>In Attendance.....</b>	<b>7</b>
<b>3</b>	<b>Apologies .....</b>	<b>7</b>
<b>4</b>	<b>Consideration of Late Items.....</b>	<b>7</b>
<b>5</b>	<b>Declarations of Interest.....</b>	<b>7</b>
<b>6</b>	<b>Public Excluded Items.....</b>	<b>7</b>
<b>7</b>	<b>Public Forum.....</b>	<b>7</b>
<b>8</b>	<b>Presentations .....</b>	<b>8</b>
8.1	Bancorp Treasury Update and Presentation.....	8
8.2	Aon Insurance Update Presentation – Current Market and Emerging Risks.....	9
<b>9</b>	<b>Reports .....</b>	<b>25</b>
9.1	Audit,Risk and Finance Committee Work Programme .....	25
9.2	New Zealand Local Government Funding Agency Limited Annual Report 2021-2022 .....	28
9.3	Bay of Plenty Local Authority Shared Services Limited (BOPLASS) Annual Report .....	78
9.4	Risk and Assurance Report February 2023 .....	126
9.5	Financial Performance Update as at 31 December 2022.....	144
9.6	Health and Safety Report.....	164
9.7	Final Audit Management Report 2022.....	173
9.8	Independent Assurance Report of the Debenture Trust Deed for the year ended 30 June 2022.....	205
<b>10</b>	<b>Information for Receipt .....</b>	<b>216</b>
<b>11</b>	<b>Resolution to Exclude the Public .....</b>	<b>217</b>
11.1	2023 Statute Barred Rates Report.....	217

11.2	Confidential Risk and Assurance Report February 2023.....	217
11.3	Litigation Update and Issues Watch Register.....	217
11.4	Outstanding Recommendations Register February 2023.....	218

**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:** A5017923

**Author:** Azoora Ali, Chief Financial Officer

**Authoriser:** John Holyoake, Chief Executive Officer

#### 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 Officers report dated 27 February 2023 titled 'Bancorp Treasury Update and Presentation' be received.
2. That the presentation from Bancorp Treasury dated 27 February 2023 be received.



## 8.2 AON INSURANCE UPDATE PRESENTATION – CURRENT MARKET AND EMERGING RISKS

**File Number:** A5017927

**Author:** Ernest Bernard, Risk and Assurance Manager

**Authoriser:** Azooria Ali, Chief Financial Officer

### EXECUTIVE SUMMARY

AON Insurance will be in attendance to give a presentation on:

- The Insurance Market;
- Global Impact and Oceania Impact;
- Reinsurance;
- 27 January Weather Event ; and
- Aftermath and Market Expectations
- Renewal Premium Summary

### RECOMMENDATION

1. That the Risk and Assurance Manager report dated 27 February 2023 titled 'Aon Insurance Update Presentation – Current Market And Emerging Risks' be received.
2. That the presentation from AON Insurance dated 27 February 2023 be received.

### BACKGROUND

1. The insurance programme is regarded as a risk management tool to mitigate financial losses for WBOP Council with associated unforeseen and significant adverse events occurring.
2. Being uninsured or underinsured is risky, as it exposes Council to potential losses if something goes wrong in our business. Equally, having the wrong kind of insurance can be a waste of money.
3. Officers have been reviewing our insurance strategy, especially when our business or circumstances change. This strategy is designed to provide an understanding of our business insurance needs and define a direction forward.

### WHERE ARE WE NOW?

4. The insurance world's view of New Zealand's risk profile has changed. One effect on Council is that its insurance costs overall have increased.

5. Obvious questions arise about the financial sustainability of these premium prices and the alternatives such as not fully insuring or self-insuring need to be considered. Any change in approach to partial or full self-insurance is a significant one.
6. Premiums increased due to market conditions, and an increase in cover for some assets and protection.

### CONCLUSION

7. AON will be providing a presentation that will cover the renewal.

### ATTACHMENTS

1. **WBOPDC February 2023 AON Insurance Renewal Presentation**  

**AON**

**Western BOP DC**

Audit and Risk Committee

February 2023

Matthew Wilson and Deanna Macdonald

Aon

Legal Copy Helvetica Regular 8/9.6 AA Gray

































## 9 REPORTS

### 9.1 AUDIT, RISK AND FINANCE COMMITTEE WORK PROGRAMME

**File Number:** A5019808

**Author:** Ernest Bernard, Risk and Assurance Manager

**Authoriser:** Azoora Ali, Chief Financial Officer

#### EXECUTIVE SUMMARY

1. An Audit, Risk and Finance Committee (ARFC) work programme for 2023/24 has been drafted to assist the Committee to go through all areas in its term of reference to be reported by management for review and approve in matters that require the Committee's approval.
2. ARFC can add into the work programme any matters or areas that the Committee wish to review.

#### RECOMMENDATION

That the Risk and Assurance Manager's report dated 27 February 2023 titled 'Audit, Risk and Finance Committee Work Programme' be received.

#### BACKGROUND

3. At the commencement of each calendar year, it is recommended that the Audit, Risk and Finance Committee (ARFC) sets a work programme.
4. ARFC will also need to consider whether its draft work programme is consistent with its Terms of Reference.
5. The purpose of the draft programme of work is to provide Committee Members with oversight of the planned and upcoming activities/schedule of work for 2023/24 for Council and all its committees.
6. This report is to outline the programme of work (below) for the Committee.

Work Programme 2023/24				
	February	May	August	November
<i>Public items</i>				
Risk and Assurance Report (quarterly)	✓	✓	✓	✓
Health and safety update (quarterly)	✓	✓	✓	✓
Probity update (Report will be provided only if probity matters arise)	✓	✓	✓	✓
Financial Performance Update (quarterly)	✓	✓	✓	✓
Audit NZ Audit plan and engagement letters (annually)		✓ LTP 3 yearly		
Annual Report - Management Report from Audit NZ	✓			
Debenture Trust Deed Audit Report	✓			
Key Accounting Judgement (annually)		✓		
Tax Risk Management Framework		✓ 2 yearly Framework	✓ Yearly Update	
New Zealand Local Government Funding Agency Limited Annual Report 2021-2022	✓			
Bay Of Plenty Local Authority Shared Services Limited (Boplass) Annual Report	✓			
Annual Report - Interim Management Report (Audit NZ)			✓ (Depending on timing)	

Work Programme 2023/24				
	February	May	August	November
Insurance renewal (annually)		✓ (strategy)		✓ (endorse)
Insurance – Broker Presentation	✓			
<i>Public excluded items</i>				
Health and safety update (quarterly) – if there are any public excluded items to be provided to the Committee	✓	✓	✓	✓
Litigation Update and Issues Watch Register (quarterly)	✓	✓	✓	✓
Probity update (Report will be provided only if probity matters arise)	✓	✓	✓	✓
Cyber Security Report		✓	✓	✓
Outstanding items raised by audits	✓	✓	✓	✓
2023 Statute Barred Rates Report (Annually)	✓			
Draft annual report review (annually)			✓	
Review audit representation letters (annually)		✓ (depending on timing)		
<i>Public excluded items (continued)</i>				
Audit NZ interim audit report		✓		
Credit rating review			✓	
Employee matters (as required)	✓	✓	✓	✓
Auditor only time	✓	✓	✓	✓
CE only time	✓	✓	✓	✓

## 9.2 NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED ANNUAL REPORT 2021-2022

**File Number:** A5096675

**Author:** Allan Carey, Financial Business Advisor

**Authoriser:** Azooria Ali, Chief Financial Officer

### EXECUTIVE SUMMARY

The purpose of this report is to provide Elected Members with the New Zealand Local Government Funding Agency Limited's (LGFA) Annual Report for the year ended 30 June 2022, as required under Section 8 of LGFA's Statement of Intent.

LGFA's Annual Report was approved by the LGFA's Board of Directors and received by Council on 29 August 2022.

### RECOMMENDATION

That the Financial Business Advisor's report dated 27 February 2023 titled 'New Zealand Local Government Funding Agency Limited Annual Report 2021-2022' be received.

### BACKGROUND

LGFA is a designated Council-Controlled Organisation (CCO) under the Local Government Act 2022 (LGA). The company was incorporated on 1 December 2011.

As a CCO, LGFA is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent.

Under section 67 of the LGA, within three months after the end of each financial year, the board of a CCO must deliver to the shareholders, and make available to the public, a report on the organisation's operations during that year, including financial statements and auditor's report.

The Annual Report is included as **Attachment 1** to this report and can be viewed via Council's website.

### SUMMARY OF ACHIEVEMENTS

1. By 30 June 2022, LGFA had loans outstanding of \$14.01 billion to participating councils, an increase over the past year of \$2.01 billion. LGFA also added three new council members to bring the number of member councils to seventy-five.
2. For the 12 month period to 30 June 2022, LGFA provided 80% of the sector borrowing and are appreciative of the support from their borrowing councils.

3. A strong financial position has ensured a dividend payment of 3.426% for shareholders.
4. The financial strength of LGFA has been enhanced with a record Net Operating Profit of \$10.7 million for the 2021-2022 year and Shareholder Equity of \$104.56 million as at 30 June 2022. An \$856,500 dividend has been declared by the LGFA Board for the year ended 30 June 2022. The dividend rate is \$0.03426 per paid up share and was paid to councils on Friday, 3 September 2021.

### ANNUAL GENERAL MEETING

LGFA's Annual General Meeting was held in Wellington on 28 July 2022.

### ATTACHMENTS

1. **2022 LGFA Annual Report** 













































































































### 9.3 BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LIMITED (BOPLASS) ANNUAL REPORT

**File Number:** A5097527

**Author:** Allan Carey, Financial Business Advisor

**Authoriser:** Azooria Ali, Chief Financial Officer

#### EXECUTIVE SUMMARY

The purpose of this report is to provide Elected Members with BOPLASS' Annual Report for the year ended 30 June 2022.

BOPLASS' Annual Report was approved by their Board of Directors and received by Council on 22 December 2022.

#### RECOMMENDATION

That the Financial Business Advisor's report dated 27 February 2023 titled 'Bay of Plenty Local Authority Shared Services Limited (BOPLASS) Annual Report' be received.

#### BACKGROUND

1. BOPLASS is a designated Council Controlled Organisation (CCO) under the Local Government Act 2002 (LGA). The company was formally established in January 2008 by the nine local authorities in the Bay of Plenty and Gisborne regions to foster collaboration between councils in the delivery of services, particularly back office or support services.
2. As a CCO, BOPLASS is a separate legal entity from Council and is responsible for delivery of services in accordance with an agreed Statement of Intent.
3. Under Section 67 of the LGA, within three months after the end of each financial year, the board of a CCO must deliver to the shareholders, and make available to the public, a report on the organisation's operations during that year, including financial statements and auditor's report.
4. The BOPLASS Annual report is included as **Attachment I** to this report.

#### ATTACHMENTS

1. **BOPLASS Annual Report 2021-2022**  











































































































#### 9.4 RISK AND ASSURANCE REPORT FEBRUARY 2023

**File Number:** A5014203

**Author:** Ernest Bernard, Risk and Assurance Manager

**Authoriser:** Azoora Ali, Chief Financial Officer

##### EXECUTIVE SUMMARY

The Risk and Assurance report is to provide the committee information on the risk management and internal audit activities since the last Audit and Risk Committee (now known as the Audit, Risk and Finance Committee) in August 2022.

##### RECOMMENDATION

That the Risk and Assurance Manager's report dated 27 February 2023 titled 'Risk and Assurance Report February 2023' received.

##### BACKGROUND

1. The Risk and Assurance Report February 2023 provides and update on :-
  - KPMG Post Risk Workshop recommendations from the roadmap and the work programme put together for the recommendations (covered in the Risk Management Work Programme)
  - WBOPDC Strategic Risk Register
  - Infrastructure Operational Risk Register
  - The Risk Management Work Programme.
  - Internal Audit Plan 2022/23 to 2025/26
2. The Risk and Assurance team are currently working with KPMG to review its draft risk management framework and risk management policy. Following the outcome of the review, any recommendations/improvements made to the draft will be carried out and then presented to SLT. The proposed risk management framework will be presented to the Committee for approval to adopt on the 23<sup>rd</sup> of May ARFC meeting.
3. The proposed Internal Audit Plan is a 3-year rolling plan. The plan covers key risks areas through a process of risk identification, treatment and ongoing exposure at Chief Executive, General Manager and Unit Manager's meetings to identify and evaluate updates and changes to risks and associated mitigations. The Internal Audit Plan was reviewed by KPMG and the plan reflects some of the key areas of risks that they have identified for WBOPDC.

4. The details of the proposed Internal Audit plan for FY23/24 review objective and scope for the selected key risks areas for FY23/24 will be presented verbally at the Committee meeting.
5. This is a draft of the internal audit plan. After discussion of the plan with ARFC and senior leadership team workshop, the final plan will then be presented on the 23<sup>rd</sup> of May 23 to ARFC for its approval for adoption on the 1<sup>st</sup> of July 23, noting that this will be reviewed regularly to accommodate for emerging risks.

## ATTACHMENTS

1. **Risk and Assurance Report February 2023**  





































**9.5 FINANCIAL PERFORMANCE UPDATE AS AT 31 DECEMBER 2022****File Number:** A5021939**Author:** Sarah Bedford, Financial Controller**Authoriser:** Azoora Ali, Chief Financial Officer**EXECUTIVE SUMMARY**

The purpose of this report is to inform Elected Members on progress on the financial results for the 6 months period ended 31 December 2022.

**RECOMMENDATION**

That the Financial Controller's report dated 27 February 2023 titled 'Quarterly Audit, Risk and Finance Committee Financial Update as 31 December 2022' be received.

**SUMMARY FINANCIALS**

1. The following is a summary of the financial performance for the period ended 31 December 2022 along with associated financial statements. Overall Council has tracked well for the period against its key metrics (refer to Attachment 1).
2. The current budgets from a capital delivery perspective have been reflected as 1/12<sup>th</sup> of the budget and staff are currently undertaking a reforecast exercise as part of the Annual Planning process to account for any phasing difference. This process will take into account key timing differences that have resulted since the adoption of the Annual Plan in June.
3. The below table sets out shows a summary of our progress to date:



<b>Statement of comprehensive revenue and expense</b>	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Variance YTD</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Revenue	62,776	64,199	(1,424)
Expense	56,031	56,656	625
Surplus/(deficit)	6,745	7,544	(798)
Total Revenue - Actual vs Budget	98%		
Total Expenses - Actual YTD vs Budget YTD	99%		
<b>Statement of financial position</b>			
	<b>Actual YTD</b>	<b>Budget Full Year</b>	
	<b>\$000's</b>	<b>\$000's</b>	
Assets	1,726,583	1,675,746	
Liabilities	105,976	162,288	
Equity	1,620,607	1,513,458	

4. Financial Performance - The overall financial results show a favourable surplus to date of \$6.7M. This is a \$787K un-favourable variance to budget.
5. Balance Sheet - As at December council's Assets are 103% (higher PP&E) and Liabilities are 94% (lower Provisions) of the target full year budget.
6. Treasury - There were no new loans taken out in the last quarter.
7. Council remains within its debt, interest, and liquidity ratio policy limits.
8. Capital Expenditure - Total capital expenditure of \$25.24m was \$46.13m lower than the full year budget of \$71.37m. This represents capital expenditure of 35% of the full year budget.
9. Council has marginally breached two timeline policies in relation to its interest rate hedging. This is because of adopting a new treasury policy in December 2020.

10. Bancorp has suggested potential hedging instruments to bring council back within policy.

## ATTACHMENTS

1. **Quarterly Financial Report**  







































### 9.6 HEALTH AND SAFETY REPORT

**File Number:** A5041802

**Author:** Clint Boyle, Health, Safety and Wellbeing Lead

**Authoriser:** Adele Henderson, General Manager Corporate Services

#### EXECUTIVE SUMMARY

This report provides a summary of:

- The health and safety performance across the organisation;
- Significant health and safety risks and safety events for the reporting period; and
- The progress against the health and safety strategy and work programme.

#### RECOMMENDATION

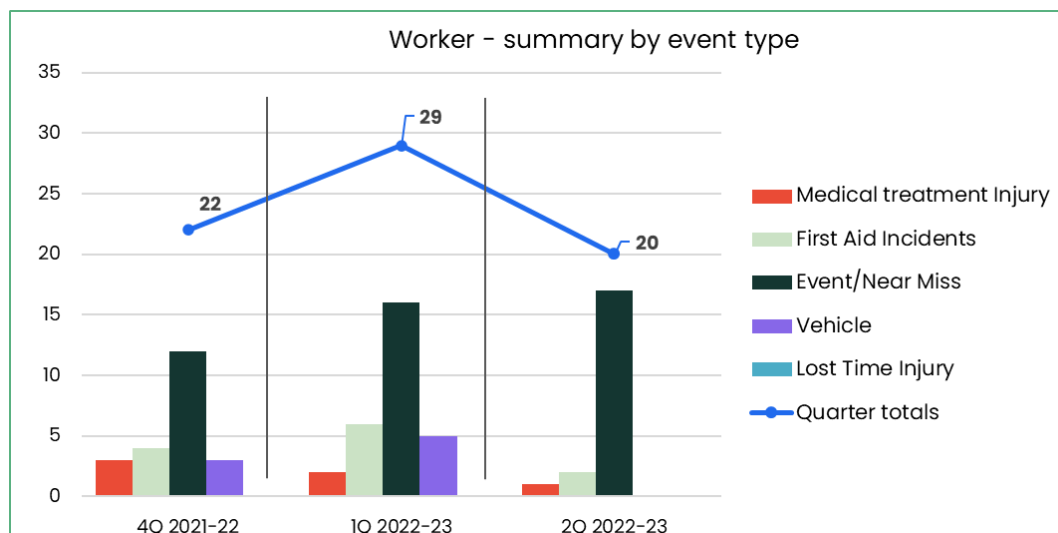
That the Health, Safety and Wellbeing Lead’s report dated 31 January 2023 titled ‘Health and Safety Report’ be received.

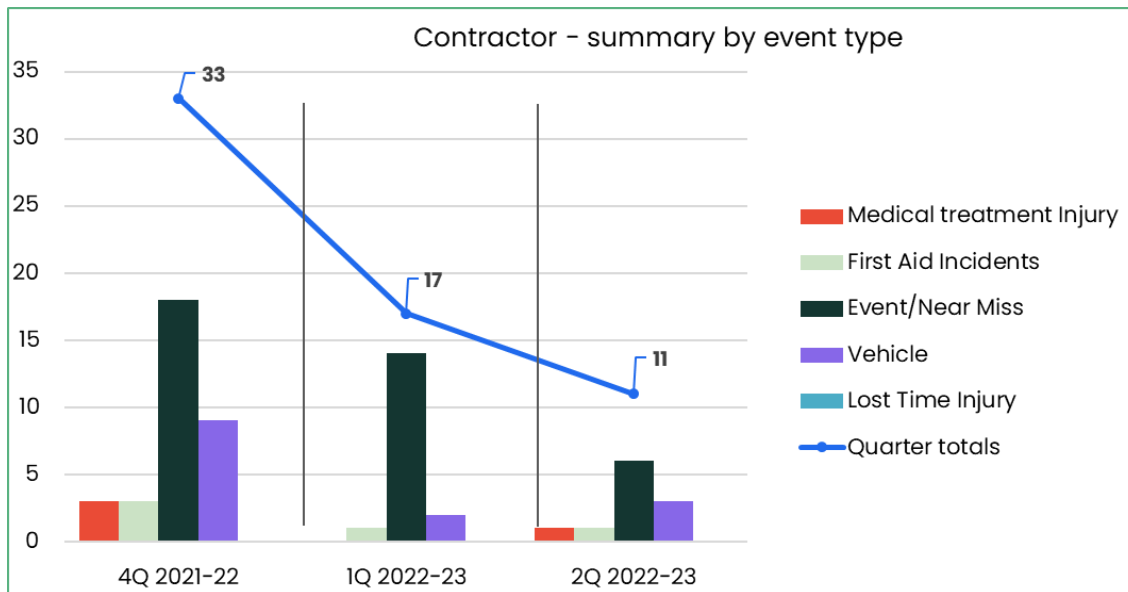
#### SUMMARY OF PERFORMANCE

The graphs and data below provide an overview of Council’s Health and Safety performance, with comparison statistics from quarter four 2021-2022 and quarters one & two 2022-23.

#### Events by Event Type

*Excludes non work related, third party, minor-no injury (no treatment), complaints and contractor yard events. The graphs have been split between ‘worker’ and ‘contractor’ events by type. **Note:** The reporting for quarter four 2021-22 have been reported as per the last Health and Safety Report. The August 2022 report did not reflect true quarter reporting. Going forward the quarters will be reported as per the financial year.*



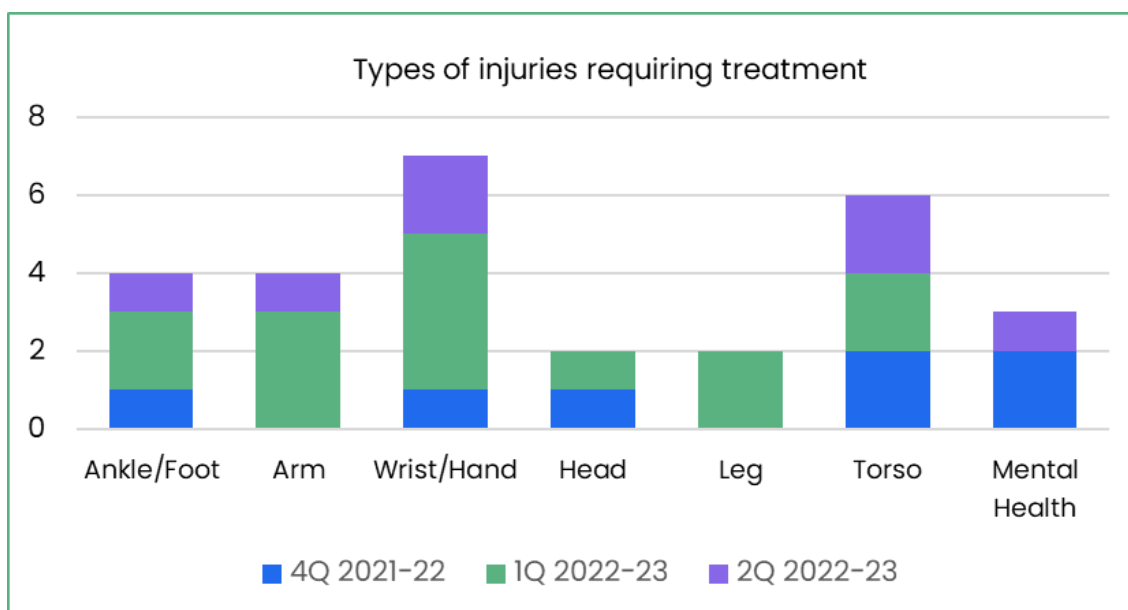


**Worker events** have remained relatively consistent over the last three quarters. Although notably, event/near misses have increased slightly since the last report. The increase in vehicle incidents reported in quarter one relates to vehicles becoming stuck in wet and sodden road/track conditions.

**Contractor events** have trended downwards through Q1 and Q2. While this is a pleasing trend to observe, it could be impacted by events not reported to Council. Ongoing discussions are being held with all of our contractors to ensure Council receive notification of events, to enable a more holistic view and accurate reporting.

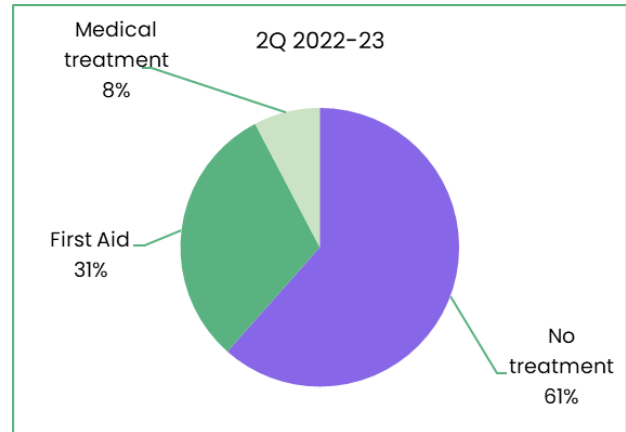
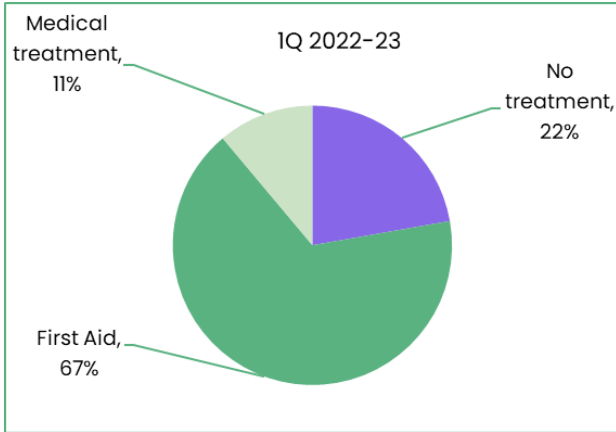
Medical treatment injuries for both workers and contractors have occurred due to slips, falls, trips and work conditions.

**Injury by Body Part (including mental health) July - December 2022**



**Event by Injury Severity Q1 and Q2**

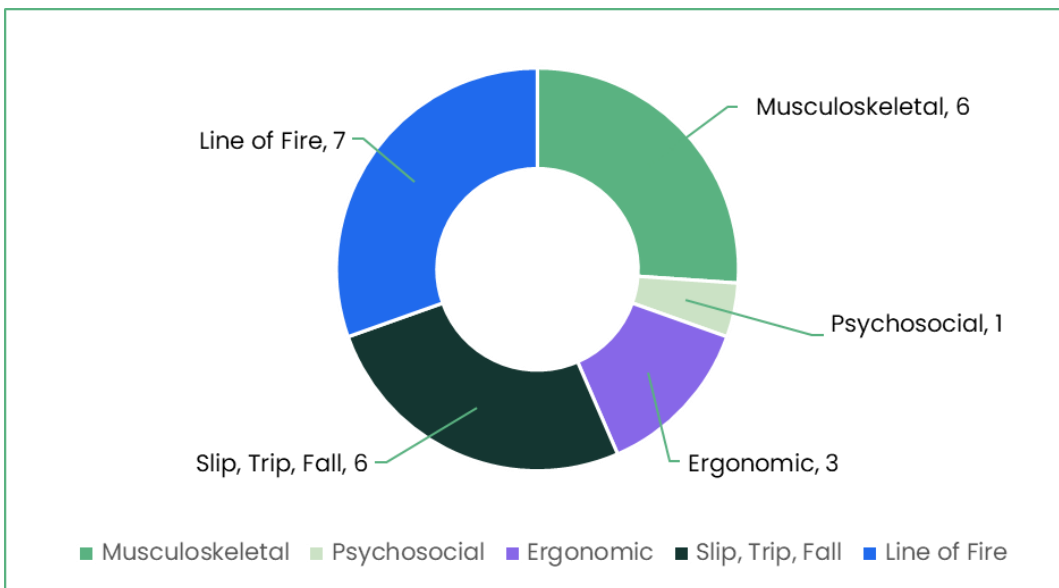
The data below incorporates injury and illness related events that occurred in quarter one (July – September 2022) and quarter two (October – December 2022).



9 injury events occurred in quarter one, this number includes minor injuries (no treatment).

12 injury and illness events occurred in quarter two, including minor injuries (no treatment). While there has been an increase in injury numbers from Q1 to Q2, it is positive to note that the majority of events in Q2 did not require any treatment, indicating that injuries sustained were minor in nature.

**Mechanism of Injury – Q1 and Q2 Combined**



**Lag Indicators** (Accident/Incident Frequency Rates)\*

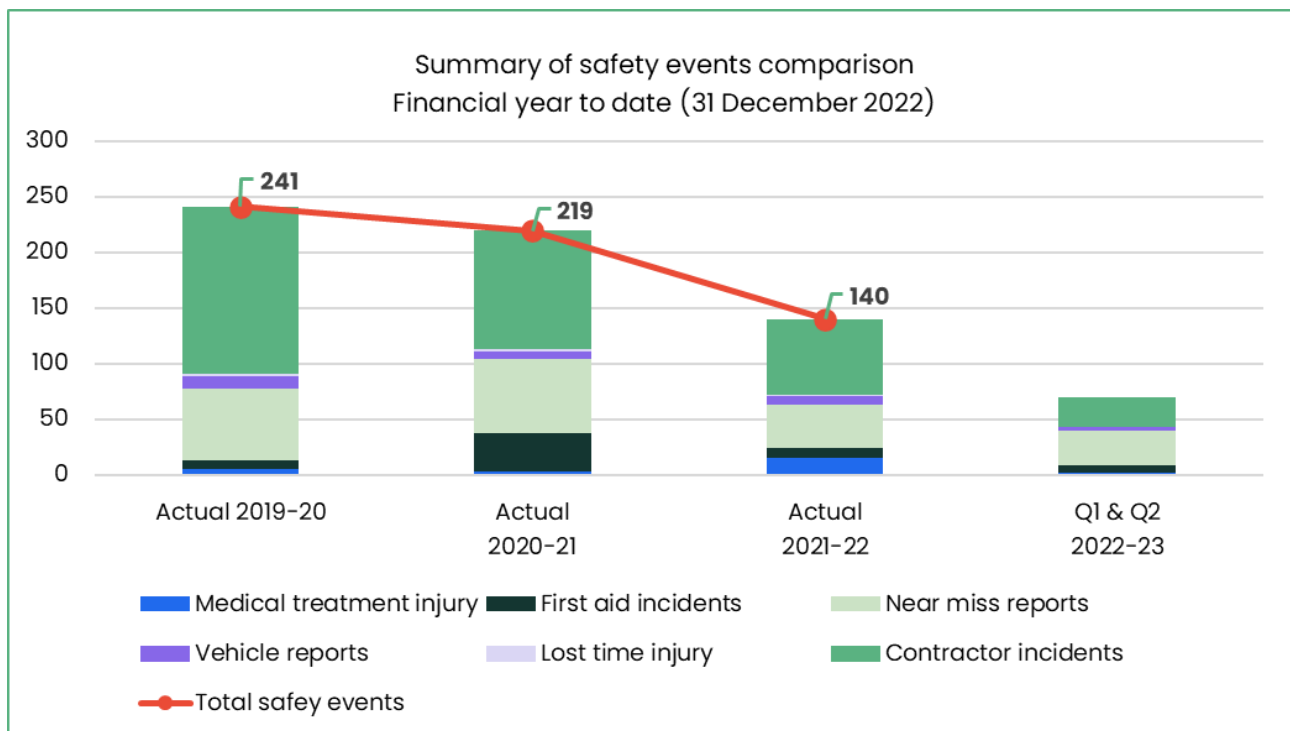
The metrics reported are provided in a rolling 12-month form. This enables a more general picture of safety (injury) performance, rather than taking a monthly picture, which can show inaccurate spikes in overall performance:

- Lost Time Injury Frequency Rate (LTIFR). This is the number of lost time injuries per 1,000,000 hours worked.
- Total Recordable Injury Frequency Rate (TRIFR). This is the number of recordable injuries per 100,000 hours worked.
- Lost Time Injuries (LTI’s).

Metric	Western Bay of Plenty District Council
LTIFR (rolling 12 months)	0.00
TRIFR (rolling 12 months)	8.76
Number Lost Time Injuries (LTI). (rolling 12 months)	0

\* Recordable injuries (Fatality, LTI, MTI, RWI) require detailed definitions and guidelines for classifying injuries. Incident Classification definitions currently under review. Statistics above do not include contractor incidents, as currently contractor hours are not provided to Council.

**Summary of Safety Events – Financial Year to Date (31 December 2022)**



This trend indicates we are on track towards safety events being reported comparable to the end of the financial year 2021-22.

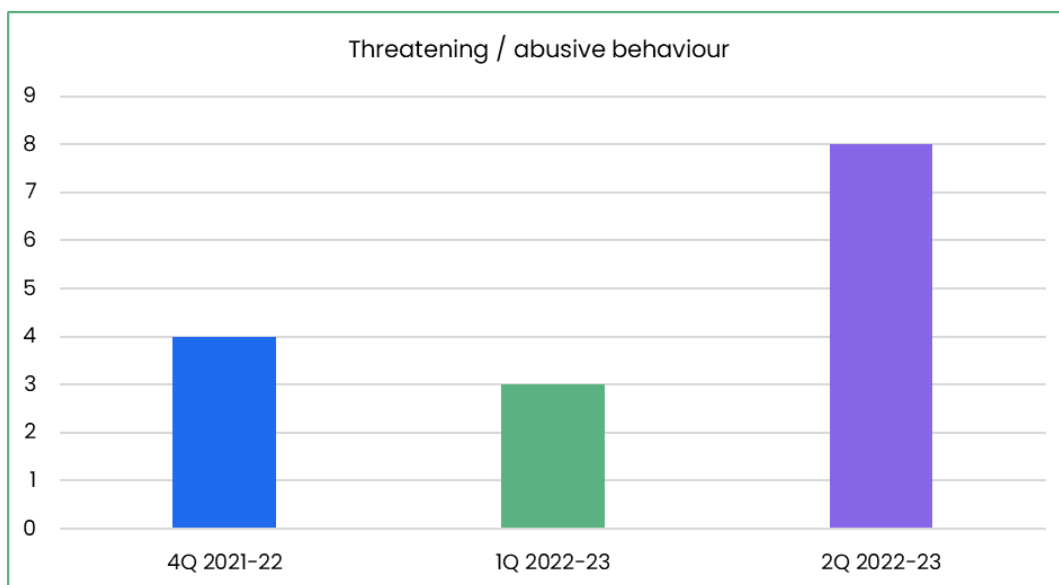
**HIGH POTENTIAL SAFETY EVENTS**

**Aggressive Customers**

There has been an increase in events of Council staff being involved in threatening or aggressive behaviour with members of the public. During the two quarters reported there were 11 verbally aggressive encounters which includes five threatening behaviour interactions. Many of the aggressive encounters were from inappropriate language that have taken place at the libraries.

In all accounts Council staff have acted appropriately and have been able to calm the situation while exercising caution.

The graph below provides the trend per quarter.



Since October 2022, employees who have a high likelihood of interacting with difficult or aggressive customers have been encouraged and expected to complete WARN International’s online training modules as part of their induction. One of these modules provides training on how to deal with threatening behaviour. The CERT – Situational and Tactical Communication course is also offered to staff who may encounter aggressive people in their work environment.

As of 26 January 2023 61% of eligible staff have completed the online modules.

**Learnings from High Potential Safety Events**

During the Q1 and Q2 periods, there were two incidents that had a high potential outcome. Neither resulted in this high potential outcome, however there were some good learnings for the business in both instances.



### Faulty Equipment – Recycling Tipping Bin

While performing a routine task of tipping recyclable material from a bin to the truck, an attachment in place to secure the pallet was unable to be positioned to securely attach the rubbish bin. The worker and contractor adjusted a component of the system, believing that to be the issue. When raising the next bin, the securing mechanism did not work as planned, with the bin then falling onto the deck of the truck. Another member of the contracting firm corrected the overturned pallet, however in doing so the pallet has fallen from the truck and struck a Council workers leg. As a result, the standard operating procedure (SOP) for this task has been reviewed and updated. Re-induction and training to the site and tasks has also been undertaken. Attachment inspection has been included to the daily forklift checklist, with reiteration to staff around reporting faulty equipment so that it can be repaired.

### Water Sampling Incident

A worker at a Water Treatment plant was obtaining a water sample, as is required by the resource consent in place. Due to recent wet weather, the stream banks were softer and wetter than would normally be expected. The worker is required to obtain the sample from a flowing area of the stream. To reach this section of the stream, the worker is required to move close to the stream edge. On this occasion, the wet ground gave way, and the worker slipped into the stream, entering the mud to waist level. This highlighted the dangers of water sample collection, with workers having to move closer to moving water. The investigation looked at constructing a fixed secure platform protruding over the stream edge, as well as using drone technology to remove the need for staff to access the waters edge. Implementing drone technology was deemed the safest method to complete the task and was adopted by the Council. Training and process documentation is underway.

## **WELLBEING**

There has been one reported incident of stress due to workplace pressures. These have been taken very seriously with immediate intervention, meeting with staff involved and planning solutions. Council staff have also reported some ergonomic discomfort from workstation set up. Managers and staff have been proactive with their responses in these instances, supporting their employees to obtain improved ergonomics within their workstations.

## HEALTH AND SAFETY STRATEGIC WORK PROGRAMME

### Contractor Online Inductions

A continuation of site based online inductions have been developed by Work Safety Investigations, and this suite now also includes Te Puke Animal Services and Te Puke Recycling Centre. Work is continuing on Waihi Beach Water treatment plant and Katikati Water treatment plant (presently under review).

### Implementation of Drone Technology

Investigations into the stream fall incident noted earlier in the report resulted in drone technology being evaluated and implemented for water sample collection processes. Training on safe drone use was undertaken. Full engagement of the drone technology has not been achieved; however this is the preferred method for this task, reducing the risk to Council workers of falling into the stream.

### Summary of the Health and Safety Strategic Work programme

As referenced by the Annual Safety Plan 2021-2022, the following works were undertaken during the period.

- Site Based Hazard and Risk Registers (Sept 2022 - ongoing).
- Continuation of e-learning module promotion and completion.
- Policy Template Review (ongoing).
- Continued Covid-19 response, as required.
- Online induction modules for contractors to sites.
- Implementation of drone technology for water sampling processes.
- Continuation of Staff Wellbeing initiatives such yoga and pilates, aligning with the WorkWell accreditation achieved by Council.

The Health and Safety team experienced staff turnover during Q2. As a result, Council welcomed a new Health, Safety and Wellbeing Lead at the end of Q2.

### Health and Safety Training

Throughout the reporting period staff attended the following training:

- Working at Height Course – Advance (Refresher)
- Workplace – First Aid
- Psychological – First Aid
- Workplace Chemical Handling
- CERT – Situational and Tactical Communications
- E-learning – Mental Health
- Asbestos Awareness use
- Workstation Assessment
- Health and Safety Representative Stage 2
- Level 3 NZQA Certificate in Health and Safety Representatives

### **HEALTH AND SAFETY COMMITTEE**

The Health and Safety Committee met twice during the reporting period, again impacted by staff turnover in the Health and Safety team. This committee reviews safety events, policies, and new legislation. 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 is expected to attend every Committee meeting.

A present focus of the committee is workshopping how the health and safety representatives can work proactively with teams and not just report on incidents that have occurred.

The meetings held very much focussed on previous events, and outside of what has already been covered in this report, the only significant point raised was the presence of boy racers at the entrance to TECT Park after hours. Council has an employee stationed at the park full time, and discussions centred around expectations of the worker in response to the presence of boy racers, as this also has a flow on effect to the safety and comfort of park users. Waka Kotahi have previously been engaged to review preventative measures at the main park entrance.

## FOCUS FOR NEXT QUARTER

### Strategy

Preliminary work has started on obtaining information and insight from the business with a view to establishing a detailed, targeted Health Safety and Wellbeing strategy. There will be some correlation between previous works and future work with respect to some of the activity that will be undertaken, and the Annual Safety Plan previously used forms a good platform to work from.

Primary focus points for the strategy will be determined by an all of staff survey and internal audit which will highlight areas of strength and opportunities for improvement in Health Safety and Wellbeing space.

### Risk and Hazard Management

A thorough review of Council Risk Management processes is under way. The intent is to align Health Safety and Wellbeing risk control and management with the broader risk management guidelines. This includes a full review of policies and procedures, risk rating processes, contractor management and staff engagement, among other things. The review is in its infancy at present given the Health Safety and Wellbeing Lead joined Council in December.

### Lead Indicators

A proposed new inclusion to the Audit and Risk Report is an overview of Lead Indicators, to demonstrate proactive safety activity from our operations teams. While these have not been formally required from the teams to date, this is a measure that can have a marked impact on the lag indicators already included. These indicators will form a key part of the aforementioned Health and Safety strategy throughout 2023.

Examples of Lead Indicators

<b>Indicator / Measure</b>	<b>Number Completed</b>
Vehicle Inspections	5
General Workplace Inspections	2
Activity Based Inspection (for example Cage Cleaning, Confined Space)	4
Site Inductions (via Vault Check)	2
Contractor Works Inspections	9
<b>TOTAL</b>	<b>22</b>

## 9.7 FINAL AUDIT MANAGEMENT REPORT 2022

**File Number:** A5099181

**Author:** Sarah Bedford, Financial Controller

**Authoriser:** Azoora Ali, Chief Financial Officer

### EXECUTIVE SUMMARY

1. The purpose of this report is to provide Elected Members an opportunity to review the Audit Management Report on the audit of Western Bay of Plenty District Council for the year ended 30 June 2022.

### RECOMMENDATION

That the Financial Controller's report dated 27 February 2023 titled 'Final Audit Management Report 2022' be received.

### BACKGROUND

2. The final audit Management Report (the report) was issued on 14 February 2023 and has been reviewed by the reviewed by the Management Team. Management comments have been provided setting out proposed actions and areas for improvement in response to audit findings provided in the report.
3. Audit New Zealand issued a non-standard audit report on 22 December 2022. Without modifying their opinion, they included an emphasis of matter paragraph drawing attention to the disclosures in the financial statements about the possible impact of the Government's three waters reform on the District Council.

This means that Audit New Zealand was satisfied with the financial statements and statement of service performance fairly reflected Council's activity for the year and financial position at the end of the year.

4. Matters raised in Audit New Zealand's audit plan, together with other findings and areas of focus, are noted in sections 3 (page 8) and section 4 (page 13) of the report.

### ATTACHMENTS

1. **Audit Report to Council - 30 June 2022**  







































































## 9.8 INDEPENDENT ASSURANCE REPORT OF THE DEBENTURE TRUST DEED FOR THE YEAR ENDED 30 JUNE 2022

**File Number:** A5097970

**Author:** Sarah Bedford, Financial Controller

**Authoriser:** Azooria Ali, Chief Financial Officer

### EXECUTIVE SUMMARY

1. The purpose of this report is to provide Elected Members an opportunity to review Independent Assurance Report on the audit of Western Bay of Plenty District Council for the year ended 30 June 2022 (**Attachment 1**).

### RECOMMENDATION

That the Financial Controller's report dated 27 February 2023 titled 'Independent Assurance Report of the Debenture Trust Deed for the Year Ended 30 June 2022' be received.

### BACKGROUND

2. The debenture trust deed covers the lending agreement with LGFA, and Audit NZ undertakes a limited independent assurance review of the records of held at ComputerShare for Council's borrowing.
3. ComputerShare engages its own auditors to give assurance over its operations and record keeping. Audit NZ relies upon this work to give Council its limited assurance.
4. Following the adoption of the 2021-22 Annual Report on 22 December 2022, Audit New Zealand carried out an assurance review on Council's Debenture Trust Deed (the Deed) in accordance with clause 12.2.6. 4. Audit New Zealand issued a non-standard audit to Council and Trustee Executors Limited (Council's Debenture Trust administrator). These reports have been provided to the Elected Members for information.

### ATTACHMENTS

1. **Independent Assurance Report 30 June 2022**  























**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 - 2023 Statute Barred Rates Report</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	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
<b>11.2 - Confidential Risk and Assurance Report February 2023</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	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
<b>11.3 - Litigation Update and Issues Watch Register</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	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><b>11.4 - Outstanding Recommendations Register February 2023</b></p>	<p>s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</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>
---	---	---