



# **Finance, Audit & Risk Committee**

## **AGENDA**

**5.30pm Wednesday 4 November 2015**

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

The agenda and associated papers are also available on our website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

For further information please contact us 06 838 7309 or by email [info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)

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# Agenda

**CHAIRMAN:** Councillor J Harker

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

	<b>Pages</b>
<b>Procedural Items</b>	
1. <b>Civic Prayer</b>	
2. <b>Apologies for Absence</b>	
3. <b>Declarations of Conflict of Interest</b>	
4. <b>Chairman's Announcements</b>	
5. <b>Items of Urgent Business not on the Agenda</b>	
6. <b>Public Participation</b>	
A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 3 minutes per person is allowed.	
7. <b>Minutes of the Previous Meeting</b>	<b>4-7</b>
<b>General Items</b>	
8. <b>Rating Review Proposal</b>	<b>8-12</b>
F Power – Chief Executive Officer	
9. <b>Contract Schedule</b>	<b>13</b>
J Cox – Engineering Manager	
10. <b>Health &amp; Safety Update</b>	<b>14-34</b>
J Baty – Corporate Services Manager	
11. <b>Annual Report Update (verbal update at meeting)</b>	
A Morton – Chief Financial Officer	
12. <b>Internal Audit Update</b>	<b>35-36</b>
A Morton – Chief Financial Officer	

**Public-Excluded Items**

<b>13.</b>	<b>Resolution to Exclude the Public</b>	<b>37</b>
<b>14.</b>	<b>Council leases and licences to occupy</b>	<b>37</b>
<b>15.</b>	<b>Procurement Risk</b>	<b>37</b>



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

6.30pm Wednesday 29 July 2015 held in the Council Chamber, Wairoa District Council, Coronation Square, Wairoa.

**Present:** Councillor J Harker (Chairman)

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

F Power (Chief Executive Officer)

J Cox (Engineering Manager)

A Morton (Chief Financial Officer)

C McGimpsey (Governance Advisor and Policy Strategist)

### Procedural Items

#### 1. Election of Committee Chair

**Resolved:** *That Councillor Jeremy Harker be elected as the chair of the Finance, Audit & Risk Committee.*

*Eaglesome-Karekare/Little*

#### 2. Election of Committee Deputy Chair

**Resolved:** *That Councillor Denise Eaglesome-Karekare be elected as the deputy chair of the Finance, Audit & Risk Committee.*

*Little/Harker*

#### 3. Civic Prayer

The civic prayer was given by Councillor Eaglesome-Karekare

#### 4. Apologies for absence

None

#### 5. Declarations of Conflict of Interest

None

#### 6. Chairman's Announcements

None

#### 7. Items of Urgent Business not on the Agenda

None

#### 8. Public Participation

None

## 9. Terms of Reference

**Resolved:** *That the committee receive the Terms of Reference.*

*Eaglesome-Karekare/Little*

## 10. Policy Review Schedule

The Governance Advisor & Policy Strategist presented the report.

The Committee discussed Appendix 1 (the policy review schedule) and identified the following policies to be reviewed:

- Policy on Elected Members Allowances and Recovery of Expenses
- Provision of Safe Drinking Water in Rural Areas
- Smoke-free Environments Policy

## 11. Risk Management Framework

The Transformation Manager presented the report.

The Committee discussed what information could be included on the risk register and the proposed risk management framework.

**Resolved:** *That the report be received.*

*Eaglesome-Karekare/Little*

## 12. Internal Audit Programme

The Chief Financial Officer presented the report.

The Committee discussed the options and issues outlined in the report.

**Resolved:** *That:*

1. *The report be received;*
2. *The Committee agree in principle to the establishment of an Internal Audit Programme and Function in partnership with a neighbouring Local Authority, preferably Napier City Council;*
3. *Officers approach Napier City Council with a view to establishing such an arrangement and Internal Audit Programme and report back to the Committee in due course.*

*Little/Jones*

## 13. Treasury Policy Compliance

The Chief Financial Officer presented the report. The policy is named 'Investment Liabilities Policy' in the draft Long Term Plan 2015-2025.

The Committee discussed the issues outlined in the report.

**Resolved:**      *That the report be received.*

*Jones/Eaglesome-Karekare*

#### **14. Expected changes to Accounting Standards, Policies and/or Legislation**

The Chief Financial Officer presented the report.

The Committee discussed the issues outlined in the report, the introduction of monthly and quarterly financial reporting, and issues in the report by Ernst & Young.

The Committee requested that the Chief Financial Officer bring a schedule of financial reports with templates for these reports to the next committee meeting.

**Resolved:**      *That:*

1. *The report be received;*
2. *The Committee note the changes in Accounting Standards and subsequent impact for financial reporting going forward as per the report from Ernst and Young.*

*Little/Eaglesome-Karekare*

#### **15. Health & Safety Report – July 2015**

The Chief Executive Officer presented the report.

The Committee discussed the report and the liability of councillors in the upcoming legislation changes.

**Resolved:**      *That the report be received.*

*Eaglesome-Karekare/Jones*

#### **General Business**

The Chief Executive Officer recommended to the committee that it invite the Council's auditors to attend these meetings as an observer. The Committee requested that the Chief Executive Officer send an invitation to Ernst & Young for their next meeting.

Councillor Harker declared an interest, vacated the Chair and left the meeting at 7.39pm. Councillor Eaglesome-Karekare presided over the meeting in the Chair from 7.39pm.

The Engineering Manager gave the committee an update on procurements in his area.

Councillor Harker re-entered the meeting at 7.50pm and resumed the Chair.

The next committee meeting will be Wednesday 16<sup>th</sup> September, 6.30pm in the Council Chamber.

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

**CLOSED:**           The meeting closed at **7.51pm.**

.....  
Chair

<b>REPORT TO:</b> FINANCE, AUDIT & RISK COMMITTEE	
<b>DATE:</b> 04 NOVEMBER 2015	
<b>SUBJECT: PROPOSAL FOR RATING REVIEW</b>	<b>FILE REF:</b>
<b>AUTHOR: FERGUS POWER, CEO</b>	<b>ATTACHMENTS:</b> Proposal for Rating Review
<b>RELATED COMMUNITY OUTCOME:</b> <ul style="list-style-type: none"> <li>• A strong, prosperous and thriving economy</li> <li>• A community that values and promotes its culture and heritage</li> <li>• Safe and accessible recreational facilities</li> <li>• Supportive, caring and valued communities</li> <li>• Strong district leadership and valued communities</li> </ul>	<b>RELATED COUNCIL ACTIVITY:</b> All

**PURPOSE:**

To provide the committee with information of the proposal for the undertaking of Phase 1 of the rating review by a consultant.

**CURRENT SITUATION:**

Phase 1 of the rating review is scheduled to be completed in this financial year and there is budgetary provision in the Long Term Plan for this task.

Phase 2 will involve consultation with the community regarding the proposed changes (if any) to the current rating system for Wairoa District.

In relation to Phase 1, three workshops for councillors have been organised to take place on 10 November 2015, 08 December 2015 and 09 February 2016.

**RECOMMENDATION:** That:

1. This report be received.



F Power  
**CHIEF EXECUTIVE OFFICER**





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19 October 2015

Chief Executive  
Wairoa District Council  
PO Box 54  
Wairoa 4160

Attn: Fergus Power

### **Proposal for Rating Review**

Further to our conversations I set out below my proposal for the Rating Review for the Wairoa District Council.

#### **Background**

As part of the Functional Review undertaken by LGNZ it was identified that the current rate differentials are not well supported by the Revenue and Funding Policy. While the outcome of this proposed review is a robust and supportable rating method, this must be consistent with Council's Revenue and Funding Policy.

#### **Timing and Outcomes**

At this stage you have scheduled three workshops. Therefore my approach is based on three workshops with Council, however based on my experience more workshops may be required. It is intended that the resulting Revenue and Funding Policy and new proposed rating method will need to be publicly consulted with the community and this is best achieved as part of the 2016/17 Annual Plan process.

Workshop one – 8 November 2015

Outcomes

- Principles of a revenue and financing policy
- Principles of rating including an understanding of the various options available
- Identify council's issues in respect of both revenue and finance and rating
- Agreed priorities and actions required

Workshop two - 10 December 2015

Outcome

- Development of preferred options that require modelling

Workshop three - 9 February 2016

Outcome

- Selection of preferred option that then will be formally adopted by a subsequent Council meeting and then consulted through the 2016/17 Annual Plan process.

### **Overall outcomes**

The revised Revenue and Financing Policy supporting the new rating method must comply with the requirements of the Local Government Act 2002. These are detailed in appendix 1

As rates are a tax therefore the principles of taxation must be considered

- Neutrality
- Efficiency
- Certainty and simplicity
- Effectiveness and fairness
- Flexibility

### **Modelling impacts and consider overall impacts**

I strongly recommend that any modelling is done by the Council's staff as this assures Council retains ownership of the model and enables the Council to moderate make minor modifications in the future. I propose to meet with your staff to fully understand the current process for modelling options on 4 and 5 November. This would also enable me to attend the FRAC on the evening of 4 November.

I obviously will work with staff to ensure the model enables robust decision-making and the outputs are easily utilised in the workshop.

### **Estimated costs**

Based on three workshops, a formal council meeting to adopt its preferred option and consultation through the 2016/17 annual plan, I estimate the total cost to be \$17,500 plus GST and reasonable disbursements. This includes preparation of the final report to Council and development of the consultation documentation to be included within the annual plan.

I would also propose to cap for each workshop at a maximum of \$4,000. This would include any preparation required and supervision of modelling.

These costs are based on my charge out rate through LGNZ Equip of \$190 per hour and if the actual time is less than budgeted then I will only charge for the actual time.

I look forward to your response and if you require any clarification please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read "P Jones", is written over a light grey rectangular background.

Philip Jones  
Principal  
PJ and Associates

## Appendix 1

### Requirements of a Revenue and Financing Policy

#### Step One

Section 101 (3) Local Government Act 2002, which requires Council to consider the funding needs of the council which must be met from those sources that the local authority determines to be appropriate, following consideration of:

(a) in relation to each activity to be funded:

- *community outcomes - the community outcomes to which the activity primarily contributes (in other words your rationale for service delivery)*
- *the user/beneficiary pays principle – the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals*
- *the intergenerational equity principle – the period in or over which those benefits are expected to accrue*
- *the exacerbator pays principle – the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity, and*
- *the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.*  
*(Paraphrased)*

The final consideration in this step is the selection of the tools to recover the costs that are considered most appropriate.

#### Step Two

The final selection of must consider Section 101 (3) LGA which states

(b) the overall impact of any allocation of liability for revenue needs on the community

**WDC Maintenance Contract schedule**

Period June- December 2015

October update

<b>Tender Period 2015</b>	<b>Contract</b>	<b>Contract term</b>	<b>Estimated value</b>	<b>Recommended procurement method</b>	<b>Status</b>
July	Sealed road contract	1+2 years	2,400,000.00	Lowest price conforming	Awarded to Russell roads
July	Roadman contract-Kinikini road	1+1+1 years	90,000.00	Lowest price conforming	Awarded to Telford contracting
October	Resurfacing	12 weeks	500,000.00	Weighted attributes	Tender evaluation period
September	New footpaths	12 weeks	100,000.00	Lowest price conforming	Stage 1 given to QRS
November	Mohaka Township Bridge STAGE2	26 weeks	700,000.00	Lowest price conforming	Docs being prepared
December	Piping open drains	12 weeks	100,000.00	Lowest price conforming	
December	Mangawharangi Bridge HPMV	10 weeks	100,000.00	Lowest price conforming	Docs being prepared
December	Heavy metal buildups	24 weeks	500,000.00	Lowest price conforming	Docs being prepared
December	Waitahora Bridge Upgrade	10 weeks	350,000.00	Lowest price conforming	Design work underway
December	Sewer/Water and stormwater reactive maintenance and renewals	3 years	2,000,000.00	Weighted attributes	Considering S17 A evaluation

<b>REPORT TO: FINANCE, AUDIT &amp; RISK COMMITTEE</b>	
<b>DATE: 4 NOVEMBER 2015</b>	
<b>SUBJECT: HEALTH &amp; SAFETY REPORT – NOVEMBER 2015</b>	<b>FILE REF: C19.01</b>
<b>AUTHOR: J BATY, CORPORATE SERVICES MANAGER</b>	<b>ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. H&amp;S Committee -Terms of Reference</li> <li>2. H&amp;S Leadership Accountability Review 2015</li> <li>3. H&amp;S Plan Implementation 2015</li> <li>4. H&amp;S Reps Role Position Profile</li> <li>5. H&amp;S Strategic Plan WDC 2015-2018</li> <li>6. H&amp;S Yearly Health Safety Objectives 2015-2016</li> <li>7. Bedrock Solutions Newsletter October 2015</li> </ol>
<b>RELATED COMMUNITY OUTCOME:</b> All outcomes.	<b>RELATED COUNCIL ACTIVITY:</b> Health & Safety

**PURPOSE:**

The purpose of this report is to update the Finance, Audit & Risk Committee on health and safety (H&S) matters.

**BACKGROUND:**

The management of the Wairoa District Council is committed to providing and maintaining a safe and healthy working environment for its employees, visitors and all persons using the premises as a workplace.

To ensure a safe and healthy work environment, management will work towards developing, establishing and maintaining an H&S management system. Specifically, management will actively work towards achieving all of the following:

- Set H&S objectives and performance criteria for all managers and work areas, ensuring managers are continuously up skilled in H&S Management relative to their roles. Management performance is reviewed against H&S responsibilities whenever there is a regraded position or new appointment.
- Annually review H&S objectives and managers' performance.
- Actively encourage the accurate and timely reporting and recording of all incidents and injuries.
- Investigate all reported incidents and injuries to ensure all contributing factors are identified and, where appropriate, plans are formulated to take corrective action.
- Actively encourage early reporting of any pain or discomfort.
- Provide a treatment and rehabilitation plan that ensures a safe, early and durable return to work.
- Identify all existing and new hazards and take all practicable steps to eliminate, isolate or minimise the exposure to any hazard deemed to be significant.

- Ensure that all employees are made aware of the hazards in their work area and are adequately trained to enable them to perform their duties in a safe manner.
- Encourage employee consultation and participation in all matters relating to H&S.
- Enable employees to elect H&S representatives.
- Promote a system of continuous improvement, including the annual review of policies and procedures.
- Meet our obligations under the Health and Safety in Employment Act 1992 (and its Amendments), the Health and Safety Regulations 1995, Codes of Practice and any relevant Standards or Guidelines.

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

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

### **The Health and Safety Committee**

The H&S committee includes senior management representation and H&S representatives from across the organisation. The committee meets monthly and are responsible for the implementation, monitoring, review and planning of H&S policies, systems and practices. The next meeting of the committee is set down for 30 October 2015.

### **CURRENT SITUATION:**

#### **Hazard Identification/Register/Accident or Near Miss Reports**

There were no reported incidents etc. for the months of August and September 2015.

The recent hazard review undertaken in respect of the Spark Exchange Building that Council now occupies a level of continues. Officers are working their way through the recommendations of the resulting report.

#### **Accredited Employers Programme**

Management continues to work towards achieving accreditation in the Accredited Employers Programme through the Accident Compensation Corporation (ACC).

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

The Committee have worked through the following key elements to date as relates this process:

- H&S Committee -Terms of Reference
- H&S Leadership Accountability Review 2015
- H&S Plan Implementation 2015
- H&S Reps Role Position Profile
- H&S Strategic Plan WDC 2015-2018
- H&S Yearly Health Safety Objectives 2015-2016

Copies attached.

The committee are now working their way through a number of policy documents beginning with the “Return To Work” policy and procedure.

### **Workplace Health and Safety Reform**

#### **Where is the new law at?**

The Health and Safety Reform Bill has been passed by Parliament. It will come into effect on 4 April 2016.

#### **What happens next?**

The new law will be called the Health and Safety at Work Act.

A series of regulations are being developed to support the new Act. These include:

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

Once the regulations are finalised, WorkSafe will issue formal guidance to support the Act and regulations. This formal guidance will start to become available in 2016. In the meantime WorkSafe will develop general information on the new legislation to help people prepare. This general information will help explain our responsibilities under the new Act, and will provide examples and case studies to assist us. However, this guidance does not provide specific guidance for every business activity in New Zealand.

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

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

#### **Things we can do now:**

The new law comes into effect on 4 April 2016. Between now and then WorkSafe will provide supporting information to help us get ready. In the meantime here are five things we can do now:

- Familiarise ourselves with the key concepts of the legislation
- Review our health and safety practices
- Identify health and safety risks in our business and take steps to prevent these from causing harm
- Lead by example
- Make health and safety part of your workplace culture

Council has already made steps in this direction with a present from WorkSafe regarding the new legislation on 13 October 2015.

Please see attached the latest Bedrock Solutions Newsletter for further information.

### **ASSESSMENT OF SUSTAINABILITY:**

Completing this project contributes to the sustainability of the Wairoa District by helping to achieve the all of Council’s community outcome.

### **SIGNIFICANCE & CONSULTATION:**

Decisions made by the Wairoa District Council affect the residents and ratepayers of Wairoa. Council is committed to building and maintaining good relationships with stakeholders and our community so that decisions are well informed. Wherever practical, we will engage with individuals, organisations and groups in our community in ways that give them the best opportunity to have their say.



Significance means the importance of an issue, proposal, decision, or matter, as assessed by Council. Council needs to take into account the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- The likely impact/consequences of the issue, proposal, decision or other matter, on the district.
- Whether the asset is a strategic asset as listed in schedule two of the Significance & Engagement Policy.
- The impact on levels of service provided by Council or the way in which services are delivered.
- The degree of impact on Council's debt or the level of rates it charges.
- The financial and non-financial costs and implications of the issue, proposal, decision or other matter having regard to Council's capacity to perform its role.
- Whether the decision is reversible and the likely impact on future generations.
- The impact on the community, how many people are affected and by how much.
- Whether the decision or action flows from, or promotes, a decision or action that has already been taken by Council or furthers a community outcome, policy or strategy.
- Is there a past history or reasonable expectation of the issue generating wide public interest within the district.
- The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and Māori.

It may be that only one of the criteria applies, but to such a high degree that the decision will be considered "significant". Conversely, several criteria may be applicable, but to only a low degree, and therefore will be considered to have a lower level of significance. Each decision will involve staff making an assessment for consideration by elected members.

There are currently no matters of significance in this report which require Council to consult the public for the following reasons:

- There is a medium to low level of impact.
- There is a medium to low level of change to services.
- The impact on the community is medium to low.
- The decision does not impact on Council's ownership of an asset.
- The decision or action is consequential to, or promotes, a decision or action already taken by Council.
- There is no history of the matter generating widespread interest.
- The impact on youth, elderly and Māori is medium to low.

**FINANCIAL IMPLICATIONS:**

There is no financial impact at this stage of the process.

**RECOMMENDATIONS:** That:

1. The report be received.



J Baty  
**CORPORATE SERVICES MANAGER**



# Staff Participation

## Terms of Reference

### Health & Safety Committee

#### Introduction

Wairoa District Council (WDC), as a good employer, acknowledges that it is important to have employees involved in the management of workplace health and safety. So as to actively encourage and ensure that employees are involved WDC has established Health and Safety Committee.

The Committee ensures that health and safety representation occurs in the areas relevant to the work being carried out. Health and safety information is encouraged to be shared, as appropriate, across Council.

The role of the Committee is to deal with issues directly relating to staff of the WDC. This Committee will also review health and safety incidents occurring as a result of work carried out by staff of these areas.

There will be:

- Regular meetings
- Published agenda
- Open discussion
- Recorded meeting minutes
- Published meeting minutes

#### Committee Selection/Composition

The Committee will comprise employees and management representation. The number of staff representatives is not fixed, the focus for WDC is to ensure that the composition of the committee allows full coverage and fairly represents all staff interests. Requirements of the committee:

- At least one member of the forum is to be a Health and Safety Representative
- The Health and Safety Advisor will be a required member of the committee
- At least one, of a **maximum** two (2), management representatives appointed by WDC, should be present at each meeting
- Advisors may be invited to attend the committee where expertise in a specific area is required.

#### Committee Member Election:

**When:** Annually

**By whom:** Sitting Committee

**How:** Each represented staff group, (based on location or function), will be asked if they are happy to continue with their existing representative/s.

Where this is the case the sitting representative is welcome to continue on the Committee.

Unions are free to suggest and hold alternative elections, participate directly or otherwise in any process.



## Wairoa District Council

**Note:** Where any group is not happy with the current representative/s, or the representative/s wishes to resign, the employee group will be required to nominate a replacement/s and elect a new representative/s from the nominations.

This encourages employee representatives who know the work, to be involved in health and safety decisions in their area.

### **Role of the Committee**

The role of the Forum is to:

- Discuss issues raised by members on behalf of staff
- Raise health and safety issues with the employer
- Where appropriate, make suggestions to the employer for resolution of issues raised
- Encourage a culture of health and safety 'Best Practice' by assisting in the ongoing education and training of staff
- Promote ideas for continuous improvement in health and safety management.

### **Committee Member Role**

Within the guidelines of the H&S Committee member will:

- Champion health and safety solutions; issues pertinent to their direct work environment may be able to be resolved at the time, however where an issue is likely to affect others this should be raised at the committee;
- Represent staff in health and safety issues;
- Ensure all health and safety issues are introduced and discussed at the committee;
- Give feedback to the group they represent;
- Lead by example;
- Attend all committee meetings, or assign another person in your absence
- In conjunction with the Health and Safety Advisor, carry out workplace inspections and investigations as required.

### **Employer Communication**

Formal communication between the Committee and the employer, (WDC Chief Executive and the Executive Management Team), should be in written format. This does not exclude the ability for either party to make verbal representation, however where this occurs items of discussion should be represented in written format.

Where a health and safety recommendation is made by the Health & Safety Committee, or a health and safety representative, and that recommendation is not adopted WDC management will provide a written statement indicating the reasons for not adopting the recommendation.

Communications between the Committee and the employer should be accurate and timely, thereby ensuring that issues are able to be dealt with promptly. For this purpose either party may, from time-to-time, request a response from the other party within a specific timeframe.

### **Health and Safety Committee Meetings**

**When:** At least quarterly  
**By whom:** Forum Chair



**How:** Organises venue and time, seeks agenda items, records and publishes minutes of meeting.

**Reference documents:** Previous meeting minutes from the committee.

**Financial Delegation**

The Health and Safety Committee holds no delegated budget or signatory authority.

When recommendations from this Committee to the employer are adopted any financial resource required to implement the recommendations will need to be provided by the employer.

**Review of Employee Participation Scheme for H&S Committee**

**When:** Two yearly

**By whom:** Committee members

**How:** Determine effectiveness of Committee, by survey of staff; consider attendance at meetings, employee/management interest, health and safety committee meeting minutes, issues raised, recommendations adopted.

**Signed:** \_\_\_\_\_ (Employee Representative)

**Date:** \_\_\_\_\_

**Signed:** \_\_\_\_\_ (Management Representative)

**Date:** \_\_\_\_\_



## H&S Leadership Accountability Review

In critical element one of the ACC Workplace Safety Management Practices Programme, section 1.4.4 & 1.4.4 states:

***Management positions are reviewed against the performance of designated health and safety responsibilities.***

***Evidence that individual management performance has been reviewed against health and safety responsibilities.***

### **OBJECTIVE**

WDC is able to demonstrate an active, consultative commitment to all areas of health and safety management in the workplace by reviewing Senior Management and Supervisor Managers on the criteria below.

This review is to be done on an annual basis by their Manager.

### **SENIOR MANAGEMENT LEVEL**

Health and Safety:

- Observe Council's health and safety corporate policy and procedures, particularly maintaining safe work practices
- Ensure your department meets all relevant health and safety legislation and regulations requirements
- Ensure that new staff undergo health and safety orientation and training appropriate to their area of work
- Provide adequate resources for effective management of health and safety
- Ensure adequate supervision and monitoring of staff
- Ensure supervisors have an understanding of health and safety management
- Ensure the accurate reporting and recording of all workplace injuries and incidents
- Ensure all incidents and injuries are recorded and that corrective preventative actions taken are effective
- Actively promote health and safety discussions during meetings
- Actively participate in on-going review and identification of hazards within the facility
- Facilitate the early return to work programme, for work and non-work related injuries, and provide information on progress to the Health and Safety Advisor
- Keep manager/supervisor informed of all significant health and safety issues
- Maintain close liaison with the Health and Safety Advisor
- Ensure all relevant health and safety communication is provided to staff (work rules, memos, safety information) and encourage employee participation in health and safety management
- Ensure plant and equipment are maintained as per design specifications including health and safety requirements

Wairoa District Council



Review Period:            From: \_\_\_\_\_ to: \_\_\_\_\_

<b>Name:</b>	<b>Title:</b>	<b>Signature:</b>	<b>Date:</b>
<b>Fergus Power</b>	<b>Chief Executive Officer</b>		
<b>James Baty</b>	<b>Corporate Services Manager</b>		
<b>Jamie Cox</b>	<b>Engineering Manager</b>		
<b>Helen Montgomery</b>	<b>Regulatory Manager</b>		
<b>Andrew Morton</b>	<b>Chief Financial Officer</b>		



## H&S WDC Implementation Plan

### Proposed Plan for Implementation

Good afternoon James. Below is a proposed outline plan for introducing the implementation of Health & Safety at WDC.

I am available to come up next week, the days that suit me are Wednesday or Friday. Would that suit you? If not, let me know and I will see if I can change appointments on other days.

### Proposed Plan

#### Initial

CE & SLTs announce to staff the direction H&S is heading.

#### Phase 1 **Confirmed 1 month from 29<sup>th</sup> July for implementation James/Michelle**

CE & SLT review/accept:

- Strategy
- Objectives
- Leadership Accountability
- Management Accountability
- Employer Commitment Policy

#### Phase 2 **Confirmed within 6 months from 29<sup>th</sup> July James/Michelle**

- MW to do presentation to all staff : agree on what at this stage
- MW to meet with H&S committee
- Introduce to H&S:
  - Strategic Plan
  - Objectives
  - H&S Reps Role
  - WDC Reps Forum Members Election Form/Process
  - H&S Committee Terms of Reference
  - Annual Review & Process
  - H&S Manual **This part will take longer**

#### Phase 3 **Confirmed starting in 2 months approx. from 29<sup>th</sup> July Up to 1 year James/Michelle**

- MW – in-house training for all staff on:
  - Inductions
  - Return to work process (RTW)
  - Find Champions
  - MW to train person in work station assessments
  - Trainings
  - SOPs

#### Phase 4 **1 year +**

- Other sundry items
- ACC WSMP accreditation



## Wairoa District Council

# H&S Reps Role

### Duties of health and safety representatives (H&S Reps)

As an elected H&S rep your role is to:

- ✓ Foster positive health and safety management practices in any place where you work through engaging with your employer
- ✓ Identify hazards and work with the employer to manage them – if there's no resolution, and you're appropriately trained, you can issue a hazard notice
- ✓ Consult with inspectors on health and safety issues
- ✓ Promote the interests of employees in a health and safety context, and particularly for 4 employees who've been harmed at work including helping arrange rehabilitation and return to work
- ✓ Carry out any duties required by an employee participation system, or by agreement with the employer including requirements under a code of practice.

You can also be involved in other ways such as inductions, training, and decisions about buying equipment.

### Training health and safety reps

A single H&S rep gets 2 days paid leave each financial year to attend approved health and safety training, and must give 14 days' notice before attending. But the amount of leave can change depending on the size of the organisation and how many H&S reps the employer has.

### Mandate

Health and Safety in Employment Act 1992, sections 19E-F, 46A, Schedule 1A.





Wairoa District Council

# Strategic Plan

**Health & Safety Plan 2015 – 2018**

**Dated: 10 August 2015**

This plan relates to all employees of the Wairoa District Council (WDC) recognising that the health, safety and wellbeing of our staff and those involved with our diverse business, are integral to the achievement of our role in contributing to Worksafe New Zealand's Health & Safety Strategy.

We are all jointly responsible for ensuring no one is placed, expected or permitted to work or learn in our environment without appropriate and acceptable health, safety and wellbeing measures in place. This necessitates partnering between CE, managers, staff, visitors, contractors and others to ensure the creation of healthier, safer and supportive working environment.

To achieve our vision, the following key focus areas and expectations have been identified:

- Leadership and commitment
- Knowledge and capacity
- Accountability and ownership
- Wellbeing of Staff

Importantly, this plan is about ensuring our people in our workplaces remain healthy, safe and well.

Fergus Power  
**Chief Executive**



Wairoa District Council

# Our Health, Safety and Wellbeing Expectations

## **Our Vision**

Healthy people in a safe and supportive working environment.

## **Our Intent**

A 'safety culture' that improves the health and wellbeing of our Councillors, staff and contractors and that strives to reduce the number and seriousness of health and safety incidents.

## **Our Belief**

The health, safety and wellbeing of our Councillors, staff and contractors is integral to the achievement of our strategic goals and a core value to WDC.

A strong health, safety and wellbeing culture is a vital precursor to reducing our injuries and improving general wellbeing.

Safety is everyone's responsibility.

## **Our Safety Culture will be based on the following characteristics**

### **A Just and Caring Approach**

WDC workplace safety will be built on trust, with a no blame approach to managing this. Safety awareness, cooperation, commitment and caring are key personal attributes required to be displayed by all employees.

### **An Informed Awareness**

Councillors, staff and contractors have the necessary knowledge and skills to effectively manage health, safety and wellbeing within the workplace. WDC will encourage and direct feedback, both positive and negative, as constructive. Health, safety and wellbeing information will be communicated effectively across all departments of WDC.

### **A Reporting Imperative**

Health, safety and wellbeing performance is monitored and reported through the H&S Committee to top Managers and good performance is rewarded, through recognition for example, through staff newsletters. We encourage staff to report hazards, near misses and incidents, knowing that they will be fully investigated.

### **A Risk Aware Consciousness**

Councillors, staff and contractors are mindful that new risks can emerge and Councillors, staff and contractors will be constantly on the lookout for risks and hazards. Risk assessment is an integral component of every planning activity and key to the safe conduct of our daily operations.

## **Our Philosophy**

1. Good health, safety and wellbeing practice means an effective organisation.
2. Health, safety and wellbeing will be a core business practice, not an optional extra.
3. Councillors, staff and contractors will display attributes which show thinking about health, safety and wellbeing is as natural as thinking about core business activities.
4. Healthy workers are productive workers.
5. Health, safety and wellbeing is everybody's responsibility.

## **We Will Focus Our Actions On**

1. Leadership and commitment
2. Knowledge and capacity
3. Accountability and ownership
4. Wellbeing of staff.



Key Areas Of Focus	Our Expectations	Performance Indicators
<p><b>Leadership and Commitment</b></p>	<ul style="list-style-type: none"> <li>• Staff in leadership positions demonstrate through their actions a visible and consistent commitment to health, safety and wellbeing as a core value of WDC and integral to the achievement of our strategic goals.</li> <li>• Leaders affirm that health, safety and wellbeing legislation establishes a minimum requirement for managing health, safety and wellbeing, and demonstrate a willingness to exceed these requirements in the delivery of health, safety and wellbeing strategies, initiatives and processes.</li> <li>• Leaders review the operational activities of their business unit, identify specific health, safety and wellbeing risks and develop strategies in a strategic or operational plan that will control these risks, as well as contribute to the achievement of corporate health, safety and wellbeing objectives and performance indicators.</li> <li>• Leaders communicate the health, safety and wellbeing activities, expectations and targets outlined in the plan to staff.</li> <li>• Leaders actively support the planning and promote the implementation of health, safety and wellbeing enhancement and demonstrate initiatives.</li> <li>• Leaders view health, safety and wellbeing as an integral part of daily business activities, not as an added extra, and demonstrate this through their planning, communication and work practices.</li> <li>• Job descriptions (Position Profiles). Organisation commitment is shown through clear expectations set in staff job descriptions.</li> <li>• Health, safety and wellbeing principles are considered and integrated into all business decisions.</li> </ul>	<p><b>Audit results confirm that:</b></p> <ul style="list-style-type: none"> <li>• All workplaces have copies of the health &amp; safety policy and are displayed at prominent locations throughout the workplace and that the health and safety policy, plan, initiatives and strategies are promoted through all available workplace communication channels at every opportunity, e.g. intranet, newsletters, team meetings.</li> <li>• Leaders and staff quarterly review their business unit’s health, safety and wellbeing performance and departments health, safety and wellbeing environment e.g. audit results, injury and incident reports, assessments, risk registers. Possible checklist should be setup.</li> <li>• Performance reporting e.g. upper/lower limits on accidents/incidents/injuries/near misses. Sick days.</li> <li>• Staff Survey.</li> <li>• The WDC employee participation forum are responsible to get the information in this strategy to all staff in their business units.</li> </ul>



Key Areas Of Focus	Our Expectations	Performance Indicators
<p><b>Knowledge and Capacity</b></p>	<ul style="list-style-type: none"> <li>• Leaders engage in professional development to increase their health, safety and wellbeing knowledge.</li> <li>• Leaders and staff are aware of, and refer to, departmental procedures and resources that outline the departments requirements and processes for managing health, safety and wellbeing issues.</li> <li>• Workplaces comply with legislative requirements regarding numbers of training requirements e.g. first aiders, health and safety reps, safety coordinators.</li> <li>• Leaders and staff with health, safety and wellbeing responsibilities are provided with training and information on the health, safety and wellbeing responsibilities and accountabilities related to their roles, understand their responsibilities and accountabilities, and demonstrate this understanding in the performance of their daily activities.</li> <li>• Staff responsible for identifying and managing workplace hazards and risks are provided with relevant training and other relevant information and assistance.</li> <li>• Leaders ensure that they and their staff undergo health, safety and wellbeing induction, annual refresher training, legislated trainings, professional development relevant to specific risks that are identified within their work environments.</li> <li>• Leaders actively promote and support programs designed to provide professional assistance to staff in dealing with psychological wellbeing issues, e.g. Employee Assistance Programme (EAP), or to increase their knowledge, awareness or skills in dealing with these issues. E.g. HR online DVD library trainings.</li> </ul>	<p><b>Audit results confirm that:</b></p> <ul style="list-style-type: none"> <li>• Health, safety and wellbeing induction and refresher training is provided and covers legislative responsibilities and accountabilities, planning, policy and procedures, and support and assistance is available to staff.</li> <li>• Leaders have undertaken health, safety and wellbeing induction or refresher training or professional development in the previous 12 months.</li> <li>• Workplaces comply with legislative requirements regarding numbers and training requirements e.g. first aiders, health and safety reps, safety coordinators.</li> <li>• Programs designed to enhance physical and psychological wellbeing (including EAP) are being offered at the workplace.</li> <li>• Staff induction, training and professional development records in relation to health, safety and wellbeing are maintained.</li> </ul>



Key Areas Of Focus	Our Expectations	Performance Indicators
<p><b>Accountability and Ownership</b></p>	<ul style="list-style-type: none"> <li>• Role descriptions and performance agreements of staff in leadership of health, safety and wellbeing related positions include expectations relating to the management of health, safety and wellbeing at the workplace, including specific health, safety and wellbeing activities and related performance targets that help to ensure legislative compliance and support the achievement of health, safety and wellbeing goals at the operational and departmental strategic planning levels.</li> <li>• The progress of leaders and health, safety and wellbeing staff in meeting performance targets is measure at least on an annual basis, and the outcomes are reported to a superior.</li> <li>• Leaders health, safety and wellbeing activities and performance targets are reviewed and updated annually to align with changes to health, safety and wellbeing corporate objectives or operational plans.</li> <li>• Leaders and staff are aware of their health, safety and wellbeing legislative obligations, and the legal consequences if these obligations are not managed.</li> <li>• Leaders will allocate sufficient resources to ensure people responsible for health, safety and wellbeing at the workplace have the capability to comply with legislative and procedural requirements and performance planning targets.</li> <li>• Leaders and staff will identify health, safety and wellbeing hazards encountered in their day-to-day environment and, where possible, take immediate action to eliminate the risks or reduce them to as low as it is reasonably practicable to achieve in the circumstances, and report the hazard or risks to the responsible person.</li> </ul>	<p><b>Audit results confirm that:</b></p> <ul style="list-style-type: none"> <li>• Health, safety and wellbeing activities and performance indicators are measured, reported on to the Chief Executive, reviewed and updated annually for all workplace managers and staff with specific health, safety and wellbeing responsibilities.</li> <li>• Reporting: Sick Leave, Accidents, Injury Leave, for example.</li> </ul>



<b>Key Areas Of Focus</b>	<b>Our Expectations</b>	<b>Performance Indicators</b>
<p><b>Wellbeing of Staff (Healthy People)</b></p>	<ul style="list-style-type: none"> <li>• Dedicated budget: to cover Health Checks e.g. hearing, bloods, xrays, to be created and set aside for this purpose.</li> <li>• Wellness will include things such as flu injections, pre-employment checks.</li> <li>• Leaders and staff seek assistance from HR personnel regarding significant health, safety and wellbeing issues.</li> <li>• Leaders encourage and facilitate the exchange of health, safety and wellbeing, injury management.</li> <li>• The forums will, where appropriate, include a presentation on key strategic health, safety and wellbeing issues or risks.</li> <li>• Leaders and staff will comply with any partnering requirements outlined in health, safety and wellbeing procedures or related documents e.g. emergency plans.</li> <li>• Significant health, safety and wellbeing risks that require a coordinated departmental response involving internal or external stakeholders will escalate the matter to the forums or the HR department.</li> <li>• Leaders participate, and encourage the participation of staff, in consultative forums for the communication and resolution of health, safety and wellbeing issues at the workplace.</li> <li>• Leaders promote and embrace positive ideas, innovation, commitment or leadership from staff for improving health, safety and wellbeing at the workplace.</li> </ul>	<p><b>Audit results confirm that:</b></p> <ul style="list-style-type: none"> <li>• Health monitoring to be completed in 2015/2016.</li> <li>• Significant health, safety and wellbeing matters are identified, considered and, if necessary, submitted to the appropriate Health and Safety forum and escalated as necessary.</li> <li>• Workplaces adopt procedures to ensure the health, safety and wellbeing of workers, contractors and other visitors to WDC.</li> <li>• Leaders or senior officers chair or participate in, and support the involvement of staff in, health, safety and wellbeing consultative forums.</li> <li>• Leaders and staff participate in workshops and other programs designed to improve their knowledge and understanding of health, safety and wellbeing at WDC.</li> </ul>



# Yearly Health & Safety Objectives

Year 2015 – 2016

No	Objective	Reason	People Involved	Completion Date	Outcome/Sign-Off
1	PHASE 1 CE & SLT review/accept: <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Objectives</li> <li>• Leadership Accountability</li> <li>• Management Accountability</li> <li>• Employer Commitment Policy</li> </ul>	Aiming to get to Primary Level	CE & SLT	29 August 2015	
2	PHASE 2 <ul style="list-style-type: none"> <li>• MW to do presentation to all staff : agree on what at this stage</li> <li>• MW to meet with H&amp;S committee</li> <li>• Introduce to H&amp;S:               <ul style="list-style-type: none"> <li>➤ Strategic Plan</li> <li>➤ Objectives</li> <li>➤ H&amp;S Reps Role</li> <li>➤ WDC Reps Forum Members Election Form/Process</li> <li>➤ H&amp;S Committee Terms of Reference</li> <li>➤ Annual Review &amp; Process</li> <li>➤ H&amp;S Manual</li> </ul> </li> </ul>	Aiming to get to Primary Level	H&S Working Group	29 January 2016	
3	PHASES 3 & 4 <ul style="list-style-type: none"> <li>• MW – in-house training for all staff on:               <ul style="list-style-type: none"> <li>➤ Inductions</li> <li>➤ Return to work process (RTW)</li> <li>➤ Find Champions</li> <li>➤ MW to train person in work station assessments</li> <li>➤ Trainings</li> <li>➤ SOPs</li> </ul> </li> <li>• Other sundry items</li> <li>• ACC WSMP accreditation</li> </ul>	Aiming to get to Primary Level	H&S Working Group	29 July 2016	



4	Self-assessment of ACC WSMP process	Aiming to get to Primary Level	H&S Working Group	29 July 2016	
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Chairperson: \_\_\_\_\_

Dated: \_\_\_\_\_



### Welcome

Welcome to the October edition of Bedrock Solutions' newsletter! This month we have an update on the draft regulations to support the Health and Safety at Work Act 2015; summarise the first prosecution of an officer under Australian Health and Safety Law, look at ISO 45001, the new health and safety management standard due in October 2016 and highlight a resource from WorkSafe. As always, if you have any questions about any of the information in the newsletter, or about your health and safety obligations in general, please be in touch.

### Regulations to Support the Health and Safety at Work Act 2015

The Ministry of Business, Innovation and Employment (MBIE) has just released the exposure draft of the Worker Engagement, Participation and Representation Regulations for consultation and can be accessed [here](#).

The draft regulations outline the procedural requirements that apply when workplaces have health and safety representatives or committees. They also specify the high risk sectors which will be subject to the small business requirement to have a health and safety representative if a worker asks for one – under the new health and safety law. The draft regulations identify high risk sectors at level 2 of the ANZSIC system. Exemptions for some types of work are also proposed in schedule 3 of the draft regulations.

Consultation on these draft regulations close on **30 October 2015**. Feedback on these draft regulations during the consultation process will be used to inform the Government's final decisions.

### Inside this Issue

- 1 Welcome
- 1 Draft Regulations to Support the Health and Safety at Work Act 2015
- 1 First Prosecution of an Officer under Australian Health and Safety Law
- 2 Development of a new Standard for Occupational Health and Safety Management Systems
- 2 WorkSafe New Zealand Publications
- 2 Workshop Schedule 2015

### First Prosecution of an Officer under Australian Health and Safety Law

WorkSafe ACT has recently prosecuted an individual as an officer in relation to the death of a contractor on a worksite in the Australian Capital Territory (ACT).

While ultimately unsuccessful, the decision provides useful guidance for New Zealand businesses preparing for the Health and Safety at Work Act 2015 which comes into force on 4 April 2016.

In *Brett McKie v Munir Al-Hasani & Kenoss Contractors Pty Ltd (In Liq) [2015] ACTIC 1*, the ACT Industrial Magistrates Court considered who is an 'officer' under the Work Health and Safety Act 2011 (ACT). This is the first case considering this issue for the model work health and safety legislation.

**Background:** The employee of a sub-contractor was electrocuted and died while delivering materials to a storage site managed by Kenoss Contractors Pty Ltd (Kenoss). The electrocution occurred when overhead powerlines made contact with the sub-contractor's truck.

Kenoss was charged as a corporate defendant for failing to comply with a health and safety duty under the Act. Mr Muni Al-Hasani, the project manager, was charged in his personal capacity as an officer of Kenoss for failing to exercise due diligence in safety compliance.

**ACT Industrial Magistrates Court decision:** The ACT Industrial Magistrates Court held that Kenoss had breached the Act by failing to comply with the duty of care it owed to the sub-contractor and its employees. However, the Court held that Mr Al-Hasani was not liable because he was not an 'officer' of Kenoss within the meaning of the Act.

**Kenoss Contractors Pty Ltd:** The Court accepted that Kenoss had formal control of the site at the time of the incident. The Court held that Kenoss owed a duty of care to all those who visited its sites, including the employees of sub-contractors. This duty had been breached because Kenoss had failed to take adequate measures to mitigate the risk associated with the powerlines – for example, by limiting access to the site or turning off the power to the site for deliveries.

**Mr Muni Al-Hasani:** The Court found that Mr Al-Hasani had not exercised due diligence because he had failed to ensure safety compliance on the site. However, the Court held that Mr Al-Hasani was not an 'officer' of Kenoss. In reaching this conclusion, the Court applied the meaning of 'officer' from

s9(b) of the Corporations Act 2001. Under that section an 'officer' includes a person who participates in decision-making that affects the whole, or a substantial part, of the business of the corporation.

The Court held that consideration should be given to Mr Al-Hasani's role in Kenoss as a whole rather than to his specific role in the incident that gave rise to the alleged breach. The Court found that there was insufficient evidence that he had a level of control or responsibility in Kenoss that would make him an 'officer' within the Act. In the Court's view, Mr Al-Hasani possessed only 'operational responsibility' for particular contracts but was not part of the decision-making process in Kenoss more generally.

### Implications and significance of the decision

The New Zealand Health and Safety at Work Act 2015 defines Officer differently from Australia. In Australia, outside the obvious officers, such as a director or liquidator, the test for an officer is whether the person "makes or participates in making decisions that affect the whole, or a substantial part of the business"

The New Zealand HSW Act 2015 defines officer as:

(a) means, if the PCBU is—

(i) a company, any person occupying the position of a director of the company by whatever name called:

(ii) a partnership (other than a limited partnership), any partner:

(iii) a limited partnership, any general partner:

(iv) a body corporate or an unincorporated body, other than a company, partnership, or limited partnership, any person occupying a position in the body that is comparable with that of a director of a company; and

(b) includes any other person occupying a position in relation to the business or undertaking that allows the person to exercise significant influence over the management of the business or undertaking (for example, a chief executive); but

(c) does not include a Minister of the Crown acting in that capacity;

(d) to avoid doubt, does not include a person who merely advises or makes recommendations to a person referred to in paragraph (a) or (b).

This definition was watered down from the original Health and Safety Reform Bill and the Australian model law. Importantly, rather than covering a Chief Operating Officer (COO), a Chief Financial Officer (CFO) or a Legal Counsel as could be the case in Australia, the New Zealand law appears to be aimed purely at Directors, CEOs and any person who makes or has "significant influence" over the "management" of the business or undertaking. In some cases, this may include a COO in a larger organisation or a General Manager in a SME (small and medium sized enterprise).

## Development of the new International Standard for Occupational Health and Safety Management Systems (ISO 45001)

A new ISO standard, ISO 45001, on occupational health and safety management system requirements is being produced by a Project Committee, ISO PC 283 with publication date of October 2016. The standard will align with ISO 9001 (Quality Management) and ISO 14001 (Environment Management) which are themselves undergoing revision.

Health and safety must be an integral part of business management and by using the same structure and core requirements as other management system standards, such as Quality and Environment, ISO 45001 will bring occupational health and safety directly into top management responsibility.

### What about BS OHSAS 18001?

A number of countries have adopted BS OHSAS 18000 as a national standard, however, there is still no formal agreement between accreditation bodies and OHSAS. ISO 45001 aims to bridge this gap and set an international benchmark for everyone to follow. The OHSAS Project Group is actively participating in the development process of ISO 45001. If they approve the final standard, they will withdraw OHSAS 18001. If they do not, this may not happen.

ISO 45001 mainly differs from BS OHSAS 18000 in Annex SL and the language used; more stress on leadership and management roles and with a new risk-based approach.

## What's New?

### Resources from WorkSafe New Zealand

WorkSafe New Zealand has published its Prosecution Policy on its website.

[Click here](#) for a copy or go to [www.business.govt.nz/worksafe/information-guidance/legal-framework/worksafe-new-zealand-prosecution-policy/](http://www.business.govt.nz/worksafe/information-guidance/legal-framework/worksafe-new-zealand-prosecution-policy/)

### Workshop Schedule 2015

[Click here](#) to go to our full workshop schedule with details on how to register. Alternatively you can type the following link in your browser ([www.bedrocksolutions.co.nz/workshops/](http://www.bedrocksolutions.co.nz/workshops/))

We can also provide these workshops in-house along with workshops on a range of health and safety topics. Stuart is happy to discuss your options with you. Please do call him on 021 0263 8592 or on 03 337 0493.

*"There are two primary choices in life: to accept conditions as they exist, or accept the responsibility for changing them"*

— Denis Waitley

<b>REPORT TO: FINANCE, RISK AND AUDIT COMMITTEE</b>	
<b>DATE: 4 NOVEMBER 2015</b>	
<b>SUBJECT: INTERNAL AUDIT PROGRAMME</b>	<b>FILE REF:</b>
<b>AUTHOR: A MORTON; CHIEF FINANCIAL OFFICER</b>	<b>ATTACHMENTS:</b> None
<b>RELATED COMMUNITY OUTCOME:</b> Strong district leadership and a sense of belonging.	<b>RELATED COUNCIL ACTIVITY:</b> Community Representation.

**PURPOSE:**

The purpose of this report is to update the Committee on the progress towards the development of an Internal Audit Programme.

**BACKGROUND:**

At its Workshop held on Monday 22 June 2015 the Committee requested that a report on an Internal Audit Programme be a standard item on the Finance, Risk and Audit Committee Agenda.

**COMMENTARY:**

At the previous Finance, Risk and Audit Committee held on 29 July 2015, it was resolved:

That the Committee agree in principle to the establishment of an Internal Audit Programme and Function in partnership with a neighbouring Local Authority, preferably Napier City Council, and

That officers approach the Napier City Council with a view to establishing such an arrangement and Internal Audit Programme and report back to the Committee in due course.

**PROGRESS:**

At the request of the Chief Financial Officer of Central Hawkes Bay District Council, a meeting was held on 21 August with all Chief Financial Officers of the five Councils within Hawkes Bay to investigate the possibility of providing an Internal Audit Service via the HBLASS framework.

Options discussed included:

1. A single Authority employing an Internal Auditor who would be charged out to other Councils based upon an hourly rate,
2. HBLASS employing an Internal Auditor who would be charged out to other Councils based upon an hourly rate,
3. Contracting a local Chartered Accounting Practice to provide an Internal Audit service on an as needed basis,
4. Contracting an existing Internal Audit function of a different Shared Service provider on an as needed basis,
5. A mix of the above with primarily strategic direction and Audit Programme being developed by the external source and internal staff undertaking the work.

A further meeting was held on 25 September where an external Contractor to a North Island District Health Board was invited to describe the services he provides to his clients.

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It was resolved at that meeting that an introductory report be provided to the HBLASS Board to inform of progress to date and to ascertain whether a HBLASS Internal Audit Function would have the support of the HBLASS Board.

The views of the HBLASS Board are awaited.

**OPTIONS & ASSESSMENT:**

The establishment of an Internal Audit Programme or Function is considered to be best practice in Local Government in New Zealand. Council has the option of developing an Internal Audit Programme and resourcing the function internally or seeking out a relationship with a neighbouring Local Authority with a view to establish a shared or reciprocal service. A shared or reciprocal service is considered to be not only more efficient but also effective in terms of bringing an element of independence to the monitoring and reporting function.

**ASSESSMENT OF SUSTAINABILITY:**

An Internal Audit Function contributes to the sustainability of the Wairoa District by helping to achieve the specified community outcome noted above. Further, an effective Internal Audit Function assists Council with its stewardship role in monitoring and managing risk.

**SIGNIFICANCE & CONSULTATION:**

The establishment of an Internal Audit Programme does not trigger WDC's Significance and Engagement Policy.

**FINANCIAL IMPLICATIONS:**

There are no known financial implications associated with the establishment of an Internal Audit Programme however it should be noted that it will draw on existing organisational capacity in terms of staff time.

**RECOMMENDATIONS:** That the report 'Internal Audit Programme' be received.

That the Committee note the progress made to date.



A MORTON  
**CHIEF FINANCIAL OFFICER**

## RESOLUTION TO EXCLUDE THE PUBLIC

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

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

The general subject of each matter to be considered while the public is excluded; the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<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(1) to the passing of this resolution</b>
Council leases and licences to occupy	Section 7 (2) (c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or (ii) would be likely otherwise to damage the public interest; or (f) maintain the effective conduct of public affairs through— (i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty; (h) enable any local authority holding the information to carry out, without prejudice or disadvantage,	48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist:  (i) where the local authority is named or specified in the Schedule 1 to this Act, under section 6 or section 7 (except section 7(2)(f)(i)) [of the Local Government Official Information and Meetings Act 1987]

	<p>commercial activities;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	
Procurement Risk	<p>(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;</p> <p>(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	