



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

**Date: Tuesday, 28 February 2017**  
**Time: 1.30pm**  
**Location: Council Chamber, Wairoa District Council,  
Coronation Square, Wairoa**

# **AGENDA**

## **Finance, Audit & Risk Committee Meeting**

**28 February 2017**

**Fergus Power  
Chief Executive Officer**

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)



**Order Of Business**

<b>1</b>	<b>Karakia</b> .....	<b>5</b>
<b>2</b>	<b>Apologies for Absence</b> .....	<b>5</b>
<b>3</b>	<b>Declarations of Conflict of Interest</b> .....	<b>5</b>
<b>4</b>	<b>Chairperson’s Announcements</b> .....	<b>5</b>
<b>5</b>	<b>Late Items of Urgent Business</b> .....	<b>5</b>
<b>6</b>	<b>Public Participation</b> .....	<b>5</b>
<b>7</b>	<b>Minutes of the Previous Meeting</b> .....	<b>5</b>
<b>8</b>	<b>General Items</b> .....	<b>6</b>
8.1	HB Regional Internal Audit Capability Procurement.....	6
8.2	NZTA Investment Audit Report .....	40
8.3	Insurance Cover Infrastructure Assets .....	52
8.4	Health & Safety Report – February 2017 .....	57
8.5	Approval of Purchase Order for Genesis Energy Limited.....	63
<b>9</b>	<b>Public Excluded Items</b> .....	<b>68</b>
9.1	Consideration of Sale of Investment in Credit Agricole .....	68



- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

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 MINUTES OF THE PREVIOUS MEETING**

## 8 GENERAL ITEMS

### 8.1 HB REGIONAL INTERNAL AUDIT CAPABILITY PROCUREMENT

**Author:** Christopher Hankey, Acting Chief Financial Officer

**Authoriser:** Fergus Power, Chief Executive Officer

**Appendices:**

1. HBLASS IA Procurement Timetable [↓](#)
2. BOPLASS Procurement Document [↓](#)
3. Procurement Plan IA Services [↓](#)

#### 1. PURPOSE

- 1.1 To advise on progress relating to the establishment of an internal audit function for HB Councils.

#### RECOMMENDATION

The Acting Chief Financial Officer RECOMMENDS that the Committee:

1. Receive this report;
2. Endorse the procurement process as outlined;
3. Authorise the CFO to act as the Wairoa District Council representative and tender evaluator; and
4. Commence consideration of a priority listing for development of an Internal Audit program

#### 2. BACKGROUND

- 2.1 At its Workshop held on Monday 22 June 2015 the Committee requested that a report on an Internal Audit (IA) Programme be established as a standard item on the Finance, Risk and Audit Committee Agenda .
- 2.2 Current internal audits are ad-hoc and only undertaken as and when significant issues are identified. This approach can be cost intensive.
- 2.3 The last report to this Committee was presented on 04 November 2015 in which the CFO advised on the commencement of initial regional discussions on this process.

#### 3. COMMENTARY

- 3.1 A meeting of the CFOs or representatives of the HB Councils was held in Hastings on 13 February 2017 in order to discuss the IA procurement plan as prepared by the HDC Procurement Officer assisting with the process. The following points came out of this meeting:
  - 3.1.1. A number of Councils have undertaken a range of lower value audits as required, while CHBDC has delayed progressing any IA's until this process is completed and a contract is in place. WDC's only review in the past year has been the tax audit by PwC.

- 3.1.2. The potential scope of the IA program was discussed and two aspects of Council operations were identified as being specifically excluded from this program:
  - 3.1.2.1. Building Control Authority Processes, as there are already audit programs in place,
  - 3.1.2.2. Asset Management, as the AM planning area requires a specific level of engineering knowledge that would not be available within the target RFP audience.
- 3.1.3. Collectively, ~\$120,000 is budgeted for audit work of this type across the region each year.
- 3.1.4. Discussion was held on the options of a closed process focused on the “big 4” accounting firms, or a local procurement focus, however there were a number of barriers to the use of the latter, in that:
  - 3.1.4.1. the level of capacity and capability in terms of appropriate knowledge levels of local firms to meet the requirements is an unknown,
  - 3.1.4.2. The use of local ratepayers has the potential to breach the independence of any potential audit team;
  - 3.1.4.3. A closed process would not permit an adequate review of the potential value add that an open review RFP process could potentially offer; and
  - 3.1.4.4. EY as a current supplier of external audit services would be excluded and this would unduly limit the field of potential operators who could respond to the tender.
- 3.1.5. Support will be needed from the participating Councils for administrative needs.
- 3.1.6. Discussion was held on the requirement for a presentation by any responders, especially the HBRC representative was strongly in favour of presentations by the top two or all shortlisted candidates.
- 3.1.7. Options for essential versus desirable criteria were discussed as well as the potential weighting of these options.
- 3.1.8. A similar process was recently undertaken by BOPLASS and they had a significant number of firms respond to the RFP. A copy of the BOPLASS RFP documentation is attached at Appendix 2 and was discussed using this as a base document for the RFP documentation.
- 3.1.9. The HDC procurement officer would like to utilise the HDC procurement plan as shown at Appendix 3 for this process.
- 3.1.10. The likely impact of travel and accommodation costs could impact on or limit the number of days of service that may be available for IA work to be undertaken in a year and how it might impact on responses from various firms.
- 3.1.11. The preferred life of the resulting contract is 3 + 1 + 1 years
- 3.1.12. Sharing of general information resulting from audits was discussed favourably as this allowed for maximisation of effectiveness from an IA process. All representatives agreed that information shared should only be of a general nature, information that is specific to an individual Council or sensitive would not be shared.

- 3.2 HBLASS are generally supportive of this process, however are not prepared to engage an individual directly or manage a single contract. These were part of the options previously being considered and detailed in the last report to the Committee. The revised process is that a group RFP offer will be made, with the ultimate result of the process being that each Council will have a separate and individual contract with the preferred vendor.
- 3.3 This would allow each Council to establish their own IA program, while looking at synergies around information sharing and some economies of scale in a collaborative approach to an RFP.

#### **4. KEY DATES**

- 4.1 The identified key milestones and dates for this process are as per the project plan attached at Appendix 1 and are:
- 4.1.1. Approval of the Procurement Plan: 7<sup>th</sup> March 2017
  - 4.1.2. Approval of the RFP document: 28<sup>th</sup> March 2017
  - 4.1.3. Individual Council Non-Price Evaluations: 28<sup>th</sup> April 2017
  - 4.1.4. Expected Contract Start Date: 1<sup>st</sup> July 2017

#### **5. MOVING FORWARD WITH THIS PROCESS**

- 5.1 The author seeks the following from the committee:
- 5.1.1. Endorsement of the process being considered for the procurement of IA services;
  - 5.1.2. Approval for the CFO to be the tender evaluation representative in this process;  
and
  - 5.1.3. Direction on the priority for IA investigations/reviews to be undertaken once a contract is in place.

#### **6. CONCLUSION**

- 6.1 HBLASS are not prepared to directly employ an internal auditor nor manage a single contract for service.
- 6.2 A group Open RFP offer will be made for IA services in the HB Region.
- 6.3 The ultimate result of the process is that each Council will have a separate and individual contract with the preferred vendor.
- 6.4 Committee and Council will have control of the IA program direction and levels of activities for Wairoa focused investigations.
- 6.5 Information sharing of a general nature is a desired outcome of this process where such information will not risk confidentiality and/or is not of a sensitive nature.

#### **7. CORPORATE CONSIDERATIONS**

##### **What is the change?**

- 7.1 No changes to operations
- 7.2 This will not trigger a S17a review



**Compliance with legislation and Council Policy**

- 7.3 Included funding for the Tax Compliance Review, which would fall within the scope of an AI program
- 7.4 The LTP has provision for review items and the costs of the procurement process can be accommodated within current budgets.
- 7.5 No impact on the District Plan.
- 7.6 No impact on the Economic Development Strategy.
- 7.7 No impact on other Council Policies.

**What are the key benefits?**

- 7.8 Cost-effective provision of an IA service.

**What is the cost?**

- 7.9 Council will set the level of frequency and extent of audits and fund this through the LTP and Annual Plan process as per normal. Pricing of services will be part of the procurement process.

**What is the saving?**

- 7.10 N/A

**Who has been consulted?**

- 7.11 No consultation is required, the RFP will be an open process that any and all interested parties will have access to.

**Service delivery review**

- 7.12 This does not impact s17A Level of Service information.

**Maori Standing Committee**

- 7.13 This matter is not suitable for referral to the MSC.

**8. SIGNIFICANCE**

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

**9. RISK MANAGEMENT**

- 9.1 There are no strategic risks identified with the implementation of the recommendations.

**References (to or from other Committees)**

This issue was previously brought to the attention of the FAARC in September 2015.


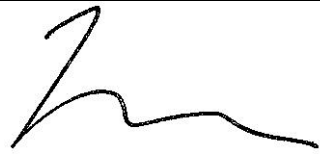
**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,

- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
<p>Christopher Hankey Author</p>	<p>Fergus Power Approved by</p>





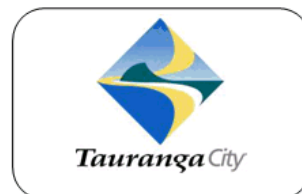








**Request for Proposal  
For  
Internal Audit Services**



**Reference: 2015-IAS**

**23 October 2015**



## Table of Contents

<b>Section A - Introduction .....</b>	<b>5</b>
1. BOPLASS .....	5
<b>Section B - Purpose .....</b>	<b>5</b>
2. Internal Audit Services .....	5
3. Responsibility to understand existing Internal Audit Service requirements .....	6
<b>Section C – Outcomes .....</b>	<b>6</b>
4. Services Covered .....	6
5. Pricing.....	6
6. Services required.....	6
<b>Section D – Information Required.....</b>	<b>7</b>
7. Instructions .....	7
8. Executive Summary .....	7
9. Organisation Profile .....	7
10. Services & costs .....	7
11. Track record .....	8
12. Environmental awareness.....	8
13. Management.....	8
14. Technical skills.....	8
15. Assumptions .....	8
16. Terms and Conditions.....	8
17. Additional Information .....	8
<b>Section E – Process.....</b>	<b>8</b>
18. Outcomes .....	8
19. Timing.....	9
20. Response .....	9
21. Joint Proposals .....	9
22. Communication.....	9
23. Incumbent service providers .....	10
24. Rights reserved by BOPLASS .....	10
25. Canvassing.....	10
26. No warranties or representations .....	10
27. Information complete and accurate .....	11
28. Probity of tender procedures.....	11
29. Confidentiality .....	11
30. Proposal costs .....	12
31. Ownership / return of Proposals.....	12
32. Governing law.....	12

33. Liability limitation.....	12
<b>Section F - Evaluation Criteria .....</b>	<b>12</b>
34. Evaluation criteria .....	12
35. Evaluation of Proposal .....	13
36. Communication of decisions .....	13
37. Short listing and negotiation.....	13
38. Preferred Participant.....	14
Appendix One - Proposal Forms .....	15
Appendix Two – BOPLASS Regional Map.....	19



## Section A - Introduction

### 1. BOPLASS

- 1.1. BOPLASS Ltd is a Council controlled organisation established to promote shared services between local authorities in the Bay of Plenty and Gisborne Regions.
- 1.2. The company is owned by a group of local and regional Councils, specifically:
  - Bay of Plenty Regional Council
  - Gisborne District Council
  - Kawerau District Council
  - Opotiki District Council
  - Rotorua District Council
  - Tauranga City Council
  - Taupo District Council
  - Western Bay of Plenty District Council
  - Whakatane District Council
- 1.3. BOPLASS Councils are responsible for delivering services across a large geographic area including the Bay of Plenty, Taupo and Gisborne regions.
- 1.4. BOPLASS' involvement in the provision of services is managed by an advisory group set up for each service, comprising representatives of each Council participating in the service.
- 1.5. More information about BOPLASS can be found at [www.boplass.govt.nz](http://www.boplass.govt.nz).
- 1.6. This RFP consists of:
  - Section A - Introduction
  - Section B - Purpose
  - Section C - Background
  - Section D – Outcomes
  - Section E – Information Required
  - Section F – Process
  - Section G – Evaluation Criteria
  - Appendix One – Proposal Forms
- 1.7. Your acknowledgement of the RFP requirements and conditions is required on the Proposal Form in Appendix One.

## Section B - Purpose

### 2. Internal Audit Services

- 2.1. The Institute of Internal Auditors defines an internal audit as follows:

*Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

- 2.2. BOPLASS Councils recognise that Internal Audit and Risk Management are essential responsibilities and wish to appoint an external provider to develop and deliver Internal Audit work plans that provide independent and objective assurance that the financial and operational controls of BOPLASS Councils are efficient, effective, economical and ethical.
- 2.3. BOPLASS and the participating Councils wish to engage with an Internal Audit service provider for a new collaborative commercial arrangement. This will be delivered through individual contracts with the participating entities. Associated invoicing etc will therefore be directly with the individual participating entities.
- 2.4. The final number of BOPLASS councils participating in a collaborative contract will be determined after responses to this RFP have been received and evaluated.
- 2.5. BOPLASS is inviting providers to participate in a process that enables each provider to present to BOPLASS a solution or range of solutions that the provider believes best meet the BOPLASS Councils' needs.
- 2.6. It is envisaged that the process will involve the providers engaging with BOPLASS to both ensure their understanding of the service requirements and to outline the services the provider believes best meets the BOPLASS Councils' needs.
- 2.7. After considering the various responses received, it is then intended to proceed to the appointment of a provider or providers of Internal Audit services.
- 2.8. Any appointed supplier shall be considered a 'Preferential Supplier' to the participating BOPLASS Councils for a three (3) year term. The Councils reserve the right to extend the arrangement by two further terms of one year (1 + 1) at Councils' sole discretion, subject to the provisions set out in s17A of the Local Government Act 2002.
- 2.9. The appointed provider will be responsible for providing skilled, independent and objective opinions on internal controls, processes and risk management practices.
- 3. Responsibility to understand existing Internal Audit Service requirements**
- 3.1. It is your responsibility to gather any additional information from that provided in this RFP to assist with your compilation of an accurate and reliable proposal.
- 3.2. All requests for clarification or further information must be conducted through the Councils' Authorised Representative as listed in 22.1

## Section C – Outcomes

### 4. Services Covered

- 4.1. The scope of this tender is for the provision of expert internal audit services to mitigate organisational risks, enabling each Council to address internal audit and other services on a continuous, consistent and independent basis.

### 5. Pricing

- 5.1. It is anticipated that pricing structures will be proposed that recognise the collaborative structure of the BOPLASS Councils and will highlight the associated financial savings and benefits.
- 5.2. Pricing should reflect that the proposed term of engagement will be for a minimum of three years, as outlined in 2.8.

### 6. Services required

- 6.1. BOPLASS will be looking for Internal Audit services respondents to provide a description of each service or feature and describe how it would be of benefit within the BOPLASS Councils' environments.

These services are to include:

- Delivery of audit programmes that are tailored for individual Councils, and do not provide a “one-size-fits-all” solution.
- Providing a wide knowledge base with a degree of specialisation that leads to risk management improvements.
- Annual summary reports capturing learnings to be shared across the BOPLASS group of Councils.
- Reporting in writing or, if requested, in person to participating Councils’ audit and risk committees at least twice per annum.
- Delivery of added value through leverage of your organisation’s expertise to provide opportunities for improvement based on national and international best practice.

6.2. The Internal Audit service requirements will vary from Council to Council and BOPLASS is looking for a controllable cost across these services.

## Section D – Information Required

### 7. Instructions

- 7.1. You are required to answer each question in this section. You must use this numbering system and headings in your response and respond in the same sequence.
- 7.2. The Proposal forms contained in Appendix One must be completed, signed and returned along with your responses to all questions in this section.

### 8. Executive Summary

- 8.1. Please provide an executive summary of your Proposal outlining the key advantages of your Proposal to BOPLASS and how you will meet the key requirements of the RFP.

### 9. Organisation Profile

- 9.1. Provide a company or organisation profile that includes:
- (a) name and address of the company or organisation including your legal company name and details of your trading name if different;
  - (b) a brief history of the company or organisation including the core areas of your business, relative position in the market, size of operation and future plans/focus.
- 9.2. If your Proposal is a joint Proposal, provide the information above in respect of each party.
- 9.3. Provide the name, title and contact information for the main person authorised to represent you in this RFP process.

### 10. Services & costs

- 10.1. Please provide details of the proposed services/solutions and pricing structures (including any establishment costs or handling fees) for Procurement of Services. This should include a description of each service, describe how it would be deployed within the BOPLASS environment and outline any impacts on existing Council systems.
- 10.2. Please provide details on your approach to retaining a consistent and standardised delivery of services across the region whilst allowing participating Councils to achieve cost-savings through the collaborative contract.
- 10.3. Specify any other financial or service benefits that the BOPLASS Group might be expected to receive from the implementation of your recommended approach to Internal Audit services over the future years, not yet included in your proposal.

**11. Track record**

- 11.1. Provide comment on your relevant experience and expertise in Internal Audit services compatible with the requirements sought by the Councils in this RFP.
- 11.2. Provide the names/details of three (3) client referees (ideally including at least one New Zealand Territorial Authority or other public entity) who are able and are authorised by you to comment effectively on your ability to carry out the Internal Audit services covered by this RFP.

**12. Environmental awareness**

- 12.1. Provide comment on local initiatives that demonstrate a proactive approach to sustainability and environmental awareness.
- 12.2. Provide details of actions taken towards creating sustainable business practices in the approach to Internal Audit services supply.

**13. Management**

- 13.1. Provide comment on your management skills and systems in relation to:
  - (a) account management and service development
  - (b) quality standards, performance management and reporting
  - (c) service level agreements and performance monitoring

**14. Technical skills**

- 14.1. Please provide comment on the technical skills you and/or your organisation currently possess or utilise which are appropriate to this RFP including:
  - (a) technical ability to do the job
  - (b) any other skills that may be relevant to the services.

**15. Assumptions**

- 15.1. Please detail the assumptions you have made about the provision of the services.

**16. Terms and Conditions**

- 16.1. Provide a copy of your standard terms and conditions that apply to the services included in your Proposal.

**17. Additional Information**

- 17.1. Please append to your Proposal any additional information you wish to submit, for example brochures.

**Section E – Process****18. Outcomes**

- 18.1. Following evaluation of the Proposals received, BOPLASS may:
  - (a) enter into service agreement contract negotiations with preferred Participant(s); or
  - (b) conclude or abandon the process without tendering or awarding any contracts.
- 18.2. BOPLASS may amend the description of services required or any other aspect of this RFP.
- 18.3. Participants are required to submit their standard terms and conditions as part of their Proposals; however, BOPLASS will develop its own service agreement with the successful Participant.

**19. Timing**

19.1. The anticipated timetable is:

Activity	Date
Issue RFP document	23 October 2015
Deadline for RFP response	2:00 pm, 13 November 2015
Presentations from shortlisted respondents	24 November 2015
Participants notified of decisions	30 November 2015
Commencement date	1 January 2016

19.2. BOPLASS reserves the right to change or suspend this process at any time prior to acceptance of any proposal by providing written notification to all respondents.

**20. Response**

20.1. Please submit 1 electronic copy by email to [tenders@boplass.govt.nz](mailto:tenders@boplass.govt.nz) with the subject heading: **BOPLASS Internal Audit Services Response.**

20.2. Responses must not exceed 10 MB in size.

20.3. Deadline for the receipt of responses will be 2:00pm, 13 November 2015.

*Please note that the "Tenders" mailbox will not be monitored until after this date. However, you will receive an auto response to confirm receipt.*

*All general communication concerning this process should be made to the Authorised Representative as outlined in 22.1.*

**21. Joint Proposals**

21.1. Joint Proposals may be submitted. Where a joint Proposal is submitted, Participants must provide full details of each party submitting the Proposal and name one party as the single contact point for all communications relating to your Proposal. The Proposal must include full details of the manner in which the delivery of the services will be apportioned and administered.

**22. Communication**

22.1. All communication with BOPLASS and the Councils concerning this RFP, requests for clarification, or further information must be conducted through the Councils' Authorised Representative as listed below:

Authorised representative:	Stephen Boyle ("Authorised Representative") BOPLASS Ltd
Postal Address:	PO Box 13056 Tauranga Central Tauranga 3141
Phone:	07 577 7342
Email:	<a href="mailto:contact@boplass.govt.nz">contact@boplass.govt.nz</a>



**23. Incumbent service providers**

- 23.1. Providers should recognise that as incumbent providers to the BOPLASS Councils, operational and account management services and arrangements are expected to continue despite this procurement process.
- 23.2. BOPLASS expects all providers and respondents to follow appropriate probity practices regarding the procurement process.

**24. Rights reserved by BOPLASS**

- 24.1. BOPLASS reserves the right to:
- vary this RFP. Any such variation once notified by way of a written amendment notice will become part of this RFP;
  - proceed directly to negotiations;
  - issue modified descriptions of service requirements, including innovations proposed to BOPLASS, through this RFP process;
  - deal separately with any of the divisible elements of any Proposal received through this RFP process, unless the relevant Proposal specifically states that those elements must be taken collectively;
  - enter into discussions and/or negotiations with any one or more Participants relating to matters dealt with in this RFP;
  - not proceed to evaluation of Proposals;
  - reject all Proposals;
  - limit or extend the list of potential Participants to a subsequent RFP process or negotiations beyond those who respond to this RFP;
  - seek clarification of any aspect or information provided in a Proposal and seek further information from any party;
  - waive any irregularities or informalities in this RFP process;
  - amend the closing date for submission of Proposals or any other date referred to or implied in this RFP;
  - suspend or cancel (in whole or in part) this RFP process and/or the overall process; and
  - re-advertise the RFP.
- 24.2. BOPLASS and the Councils will not be bound to give reasons for any decision made under this clause.

**25. Canvassing**

- 25.1. Any Participant who indirectly or directly canvasses any Councillor, officer, employee or advisor of BOPLASS or the Councils other than the Authorised Representative, concerning any aspect of this RFP process may, at the discretion of BOPLASS, be disqualified.
- 25.2. Canvassing is deemed to be contacting or meeting with any BOPLASS group staff for the purpose of influencing the outcome of the RFP process.

**26. No warranties or representations**

- 26.1. While the BOPLASS Group endeavours to supply correct information, it disclaims, to the extent allowed by law, any liability (in contract and in tort, including negligence) to any Participant or

other person if they rely on any information provided by the BOPLASS Group in relation to this RFP.

- 26.2. Those submitting RFP responses will be deemed to have:
- Examined this RFP and all documents referenced (if any);
  - Considered all the risks, contingencies and other circumstances that may have an effect on their RFP response; and
  - Satisfied themselves as to the correctness and sufficiency of their Proposal, including any pricing structure offered.
- 26.3. Participants will be responsible for verifying the accuracy and adequacy of information supplied by or on behalf of individual Councils at their own cost.
- 26.4. The terms of this RFP does not guarantee the successful Participant any volume, value, or the placement of any orders.

## **27. Information complete and accurate**

- 27.1. All information provided by a Participant in its Proposal is warranted by the Participant to be complete and accurate in all material respects. The Participant also warrants to BOPLASS and the Councils that the provision of information to BOPLASS and the Councils, and the use of it by BOPLASS and the Councils for the evaluation of Proposals and for the negotiation of any resulting contractual agreement, will not breach any third party intellectual property rights.
- 27.2. BOPLASS is under no obligation to check Proposals for errors.
- 27.3. All Participants submitting a Proposal agree that:
- A contract is only formed between the Councils and the successful Participant when the Councils execute such a contract covering the relevant services.
  - This RFP and any provision contained in it does not give rise to a separate contract between BOPLASS and the Councils and the Participant; and
  - Nothing in this RFP, or in the relationship of BOPLASS and the Councils and the Participant, imposes any duty of care on BOPLASS and the Councils, and any such duty of care is expressly excluded.

## **28. Probity of tender procedures**

- 28.1. Should any Participant consider that they have been prejudiced by any breach of the conditions of this RFP or any other relevant principles affecting the RFP process and/or evaluation of the Proposals, the Participant must provide immediate notice of the alleged breach to BOPLASS and the Council's Authorised Representative. The Participant should include in their notification the issues in dispute, the impact upon the Participant's interest, any relevant background information and the outcome they seek to desire.

## **29. Confidentiality**

- 29.1. The information supplied by BOPLASS and the Councils (either itself or through its consultants or advisors) in connection with this RFP or any contract that may arise out of it is confidential. You must not release or disclose any of the information to any other person (other than your employees or advisors) without the prior written consent of BOPLASS.
- 29.2. Before releasing any confidential or commercially sensitive information to a Participant, BOPLASS may require the Participant (and employees, subcontractors or agents of the Participant, as appropriate) to sign a confidentiality deed or agreement.
- 29.3. All Proposals provided to BOPLASS shall be retained by BOPLASS and the Councils and shall be treated as confidential by BOPLASS and the Councils. However, BOPLASS and the

Councils are subject to the Local Government Official Information and Meetings Act 1987, and information provided by Participant may be required to be disclosed under that Act or under any other law or by any Court. BOPLASS and the Councils may also decide to make the Proposals available to other members of BOPLASS who have initially decided not to participate in this RFP process but who wish to have access to the Proposals for the purpose of deciding whether they would like to join this process and contract with the Service Partner as part of this procurement.

- 29.4. No advertisement or other information relating to this RFP process or any contract that may arise out of it shall be published in any newspaper, magazine, journal or other advertising medium, or broadcast/disseminated by radio, television or other electronic media without the prior written approval of BOPLASS.

### **30. Proposal costs**

- 30.1. All costs incurred by the Participant in connection with its Proposal are the sole responsibility of the Participant, including any costs relating to:
- preparation of the Proposal;
  - any communication and/or negotiation with BOPLASS and the Councils;
  - any presentations, meetings or interviews with BOPLASS and the Councils;
  - any site inspections.

### **31. Ownership / return of Proposals**

- 31.1. The RFP documents are the property of BOPLASS and may not be copied or reproduced in any way (other than for the purposes of preparing and submitting your Proposal) without the prior written approval of BOPLASS.
- 31.2. The Proposals submitted to BOPLASS in response to this RFP shall be retained by BOPLASS and the Councils.

### **32. Governing law**

- 32.1. This RFP is governed by New Zealand law. The New Zealand courts have non-exclusive jurisdiction as to all matters relating to this RFP.

### **33. Liability limitation**

- 33.1. BOPLASS and its agents or advisors will not be liable in contract or tort or in any other way for any direct or indirect damage, loss or cost incurred by any Participant or other person in respect of this RFP process.

## **Section F - Evaluation Criteria**

### **34. Evaluation criteria**

- 34.1. The key advantages of the RFP Proposal should be able to be demonstrated both collectively to the BOPLASS entity and individually to each Council.
- 34.2. There will be no public opening of Proposals.
- 34.3. Prior to the RFP closing BOPLASS and the Councils reserve the right to amend the evaluation weightings. You will be notified of this accordingly.
- 34.4. Shortlisted Participants will be invited to present their range of solutions to a panel comprising of representatives from the participating BOPLASS councils. Presentations will be held in Tauranga on 24 November 2015.

- 34.5. Factors that will be taken into account when evaluating each Proposal received include, but may not be limited to, the items listed in the first column of the table below:

<b>Internal Audit Services</b>	
<b>Evaluation criteria</b>	<b>Weighting (%)</b>
<ul style="list-style-type: none"> <li>Methodology - The procedures the tenderer proposes to use to achieve the specified end result and deliver the scope of the contract</li> </ul>	45
<ul style="list-style-type: none"> <li>Partnership and track record – Ability to form a proactive service partnership</li> </ul>	20
<ul style="list-style-type: none"> <li>Price</li> </ul>	30
<ul style="list-style-type: none"> <li>Presentations</li> </ul>	5
<b>Total</b>	<b>100%</b>

### 35. Evaluation of Proposal

- 35.1. Each Proposal will be evaluated by an evaluation team as to the capability of the Participant and strengths of the Proposal. The evaluation team consists of selected representatives from the Councils (including BOPLASS Ltd entity) with the expertise and skills to ensure an objective evaluation is achieved.
- 35.2. BOPLASS and the Councils may also include in its evaluation of your response its own past experience with you. This may include whether you have met all contractual requirements that you may have had with individual Councils; for example your previous service delivery record, your ability to promptly identify and resolve issues and to provide timely and accurate information.
- 35.3. BOPLASS reserves the right to request information from any company, organisation or person it considers relevant in the course of evaluating any Proposal response.
- 35.4. BOPLASS and the Councils will evaluate the impact of your standard terms and conditions when considering the relevant evaluation criteria in the table above.

### 36. Communication of decisions

- 36.1. Participants will be notified in writing of the decisions resulting from the evaluation of Proposals.

### 37. Short listing and negotiation

- 37.1. Where there is a decision to short-list and/or proceed to negotiation directly from this RFP process:
- the preferred Participant(s) will be notified of their preferred status and the expected time frame for negotiations; and
  - other Participants will be notified either:
    - that their Proposals have been unsuccessful; or
    - that they are short-listed but are not preferred at this stage. In this case, the Participant will be asked to confirm that their Proposal remains open for the period of negotiation with the preferred Participant.

Any failure to reach agreement between BOPLASS and the preferred Participant(s) may result in a re-evaluation of other short-listed Participants. Contract negotiation may then commence with the Participant(s) selected from this re-evaluation.

- 37.2. BOPLASS and the Councils are not bound to draw up a short-list or negotiate with any Participants.

**38. Preferred Participant**

- 38.1. BOPLASS and the Councils are not obliged to negotiate with any Participant selected as a preferred Participant resulting from this RFP process.
- 38.2. Should BOPLASS advise that you are a preferred Participant, such advice does not:
- constitute an award of the contract to you; or
  - imply or create an obligation on BOPLASS to enter into negotiations with you or award the contract to you.
- 38.3. BOPLASS may discontinue any negotiations with Participants at any time.

**Appendix One - Proposal Forms**

**FORM OF RESPONSE**

The party(ies) submitting this RFP Proposal are:	
The primary contact person is:	
Contact details:	
Phone:	
Mobile:	
Fax:	
Postal:	
Email:	
Address for service:	

I/we understand that you are not obliged to accept the lowest priced or any proposal that you may receive.
I/we acknowledge that our Proposal is irrevocable and remains open for acceptance for a period of 3 months from the deadline for Proposals.
<p>On behalf of the parties submitting this RFP, we confirm that we have fully understood the requirements set out in the RFP documents, and that none of the information submitted by us breaches any third-party copyright.</p> <p>In lodging this Proposal the Participant also warrants:</p> <ul style="list-style-type: none"> <li>▪ that they did not rely on any express or implied statement, warranty or representation, whether oral, written, or otherwise made by or on behalf of BOPLASS and the Councils, its officers, employees, agents, contractors or advisers other than any statement warranty or representation expressly contained in the RFP document and any Notice To Respondents documents issued relating to this RFP document.</li> <li>▪ that it did not use the assistance of BOPLASS and the Councils employees, or information unlawfully obtained from BOPLASS and the Councils in compiling its response.</li> </ul>

Dated:	
--------	--

Signed by:	
for and on behalf of the submitting party(ies)	



BOPLASS RFP FOR INTERNAL AUDIT SERVICES Ref: 2015-IAS

**CONFLICT OF INTEREST DECLARATION**

**PROPOSAL FOR INTERNAL AUDIT SERVICES**

The Participant hereby confirms that it, and its staff, consultants and partners do not have and are not aware of any actual or potential conflicts of interest which may arise between BOPLASS and the Councils and the Participant, unless indicated below.

Are you aware of any actual or potential conflicts of interest?

Please provide details of your strategy for identifying, managing and preventing conflicts of interest during the contract period.


Please provide details of any engagements, obligations or commitments that the Participant or any of its staff, consultants and partners have or are likely to acquire which may give rise to any actual or potential conflict of interest with any of the services that may be required as a result of this tender process or in connection with the proposed contract.


Please advise your strategy for managing the conflicts of interest noted above, and identifying and preventing conflicts of interest during the contract period.


Participant Name	
Authorised Signature	
Date	



**DECLARATION**

**PROPOSAL FOR INTERNAL AUDIT SERVICES**

**BOPLASS and the Councils**

All Participants submitting a Proposal are required to complete and sign this declaration confirming that the information given to BOPLASS and the Councils in the Proposal, and any other document provided as part of your response to this RFP, is true and correct in all aspects.

**DECLARATION**

From:

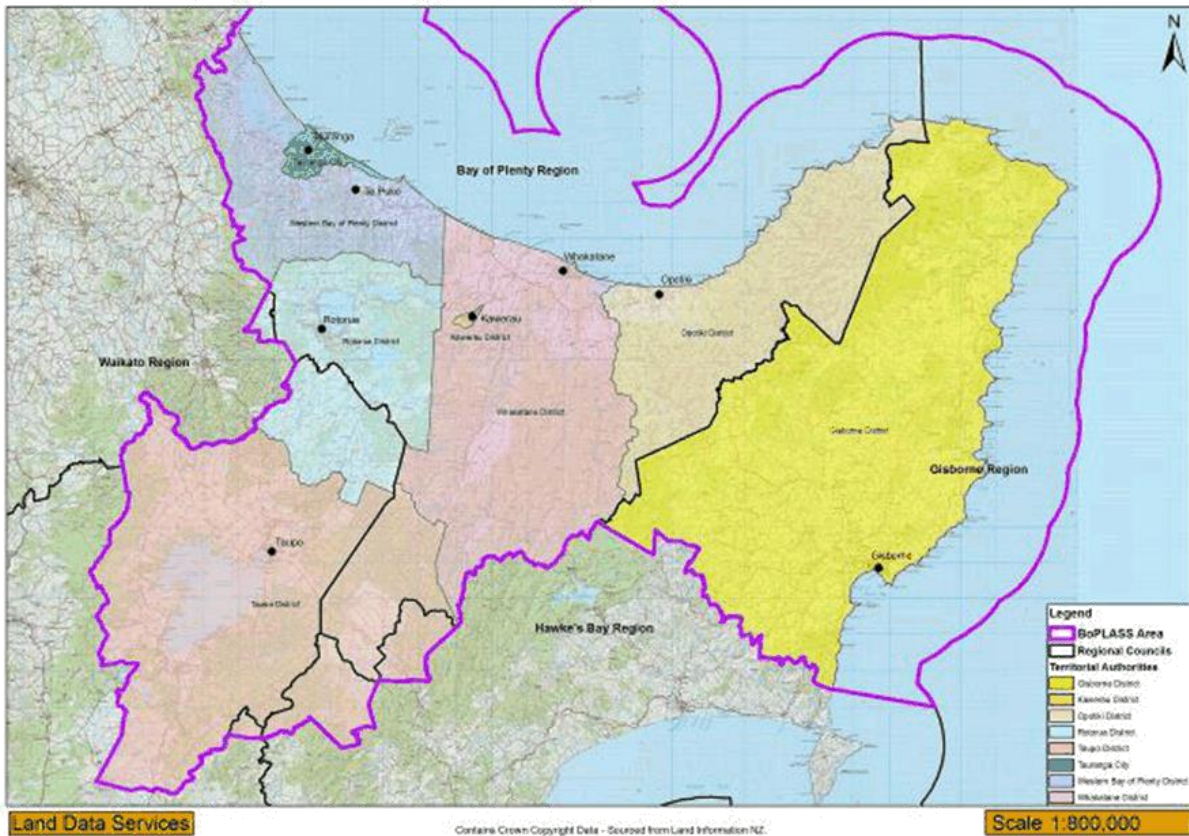
I/We declare that the information provided to BOPLASS and the Councils in this Proposal for Internal Audit Services is true and correct in all aspects.

Declared at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature (of duly authorised officer): \_\_\_\_\_

Full Name and Designation: \_\_\_\_\_

**Appendix Two – BOPLASS Regional Map**



## PROCUREMENT PLAN (DETAILED)

Project Name
--------------

**Instructions**

This Template is intended for procurements valued at over \$70,000 (over the life of the contract) or for high risk procurements, regardless of value.

**Text in blue italics is for guidance only and should be deleted prior to completion.**

Guidance on all procurement activities including the procurement plan can be found in the Procurement Manual. The procurement can be found in SAMI under Policies and Procedures and manuals or by opening the hyperlink below and scrolling down the alphabetical list to select Procurement Manual.

<http://kb1/sites/samiv2/Policies%20procedures%20and%20manuals/Forms/AllItems.aspx>

For low risk low risk procurements valued at \$10,000 - \$70,000 use the Procurement Plan (Simple) Template.

Version Control

Name	Title / Role	Version	Comment	Date

**A WHAT WE ARE BUYING AND WHY**

Information	Detail
Background	
Short description of goods/services:	
Expected benefits:	
New or Replacement	
Dates:	Contract Start Date: Contract End Date:
Contract type:	
Estimated whole-of-life cost:	
Budget Information:	

*Is there an existing contract? Provide details (supplier & expiry date).*

*Is there an opportunity to procure the goods collectively?*

*Is there an opportunity to procure the goods collectively?*

**B TYPE OF PROJECT/PURCHASE**

Supply of Goods	<input type="checkbox"/>
Asset purchase	<input type="checkbox"/>
Professional Advice/Consultants	<input type="checkbox"/>
Contractor Service	<input type="checkbox"/>
IT (If it is an IT Procurement you must consult with the IT Governance Board)	<input type="checkbox"/>
Other (provide details)	<input type="checkbox"/>

Place a cross on the option you want to select by clicking on the box. Click again to deselect

**C FINANCIAL CONSIDERATIONS**

**Consider the Whole of Life costs** e.g. acquisition, delivery, installation, servicing & maintenance, storage & accommodation, disposal, insurance and liability, financing, training and the management of Health and Safety risks. Provide details about the Budget and Estimated Spend. Provide analysis of options such as lease vs. buy where appropriate.

**D PROCUREMENT TEAM**

Project Team Member (non evaluating)	Role	Conflict of Interest Form
		YES / NO
		YES / NO
Tender Evaluation Team Member	Role	Conflict of Interest Form
		YES / NO
		YES / NO
		YES / NO

*Conflicts of Interest should be discussed early in the Project. Conflict of Interest Forms must be completed before the tender evaluation is completed. Refer to the following template or guide for more information*

Conflict of Interest and Confidentiality Agreement -located TRIM Templates Procurement Planning

Conflict of Interest and Confidentiality Guide located TRIM Templates Procurement Planning

**E MARKET ANALYSIS**

*How many potential Suppliers are there?*

*Is there a current contract in place? What is the value of the contracts in place?*

What is the degree of ease in moving between suppliers?

Is council a customer of choice?

Can the requirement be disaggregated (split up) to allow local suppliers an opportunity to participate?

Is there scope for a joint or consortium approach?

Is there an All of Government or collaborative Contract that Council could join? For details of these click the hyperlink.

<http://www.business.govt.nz/procurement/all-of-government-contracts>

## F HEALTH & SAFETY

Consider the supplier /contractor's ability to meet the Health and Safety requirements for the contract works.

Identify likely hazards and evaluate the risk. Consult the Health and Safety Advisor about significant health and safety risks.

Is there likely to be any hazardous work that is notifiable to Worksafe? e.g. excavations, working at height, confined space entry, significant crane lifts.

## G PROCUREMENT METHODOLOGY

Place a cross on the option you want to select by clicking on the box. Click again to deselect.

Market Approach	Cross selection	Proposal Format	Cross selection
Multi-stage Tender	<input type="checkbox"/>	One envelope	<input type="checkbox"/>
Single-stage Tender	<input type="checkbox"/>	Two envelope	<input type="checkbox"/>
Market Approach	Cross selection	Tender Advertising	Cross selection
Open Tender	<input type="checkbox"/>	TenderLink	<input type="checkbox"/>
Invited/Closed Tender	<input type="checkbox"/>	GETS	<input type="checkbox"/>
Direct Engagement/Sole source	<input type="checkbox"/>	Other (add details)	<input type="checkbox"/>

Why is this market approach recommended? Ensure appropriate local suppliers are given an opportunity to participate.

## H EXEMPTIONS TO TENDER

**Council policy recommends an open tender approach.** If you selected Direct Engagement or Invited Tender as your market approach, please provide the justification for this and list the selected suppliers. i.e Suppliers have been invited using a Council approved prequalified list of suppliers.

Selected Suppliers

## I EVALUATION METHODOLOGY

Confirm the type of evaluation model that would be applied to your procurement and why this model was selected.

Lowest Price Conforming	Weighted Attribute	Best Value	Price/quality	Brook's Law (quality based)	Target Price
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Confirm the criteria weightings

Evaluation Criteria	Weighting or Priority	Mandatory (Yes/No)

## J TIMELINE

Action	Date
Procurement Plan Approval:	
RFx Approved:	

RFx Issued:	
<b>Deadline for submission of Proposals (Closing Date):</b>	
Evaluation	
Supplier selected & unsuccessful Suppliers notified:	
Negotiation:	
Contract Award:	
Supplier debriefs:	
Anticipated Contract start date:	
Anticipated Contract end date:	

**Details of all term contracts must be registered in the TRIM file, reference FIN-21-2-14-3**

## K CONTRACT

*Identify appropriate type of contractual arrangement: contract for services / supply of goods agreement / service level agreement etc.*

*Ensure all supplier responsibilities are clearly defined e.g. warranties, timeframes, insurance & indemnity requirements, bonds, extent of services*

*Identify specific legal risks that may arise as a result of the nature of the goods/services*

*Identify any intellectual property rights arising from the nature of the goods/services*

*Identify appropriate terms and conditions of contract*

*Identify any liability risks that may arise as a result of the nature of the goods/services*

*Identify the contract term and contract manager*

*Will the Contract require a Council Seal? Refer to the procurement manual for details*

## L RISKS

*Describe (where known) any risks that that could influence this procurement.*

*If a change in products or services occurs, will a managed transition be required?*

*Do the risks warrant contract specific insurances or bonds?*

## M SUSTAINABILITY

*Insert details of the sustainability considerations/impacts, objectives and procurement response for this project*

*Consider all the environmental consequences/impacts and complete all requirements*

*Consider Council's policy and objectives of sustainability. Refer to section 3.4 of the Procurement manual.*

*Identify the requirements to consult all stakeholders e.g. iwi, property owners, community groups, Councillors*

*Identify all the appropriate consent requirements*

## N APPROVALS

Required Sign Offs	Project Manager	Budget Managers	Group Manager	Delegated Financial Authority Holder	IT Governance Group Only if there is an ICT component.
Check Budget Available		✓			
<b>Procurement Plan Approved by</b>		✓	✓		
Tender documents approved for release	✓	✓			
Tender Evaluation Recommendation				✓	✓
Execution of contracts / variations				✓	

The reference table above is a guide to significant milestones in the procurement process and the recommended level of business approval required. If there is no IT component; this column can be ignored.

The Procurement Plan should be **prepared** by the project manager **endorsed** by the budget holder and **approved** by the appropriate Group Manager (or delegate).

The budget manager and Group manager (or delegate) may be the same person. At least two separate signatories are required. When authorising the procurement plan the one up rule applies i.e. the document should be referred up to the relevant budget/line manager.

Version	Date	Description	Name	Role	Signature
		Drafted by			
		Reviewed by			
		Approved by			

**8.2 NZTA INVESTMENT AUDIT REPORT****Author:** Libby Young Transport Asset Manager**Authoriser:** Jamie Cox, Engineering Manager**Appendices:** 1. NZTA Investment Audit Report [↓](#)**1. PURPOSE**

- 1.1 This report provides information for Committee on the outcomes of the NZTA Investment Audit for the triannual period ending 30 June 2016. No decisions are required by Committee at this stage.

**RECOMMENDATION**

*The Engineering Manager RECOMMENDS that Committee receive the report.*

**2. BACKGROUND**

- 2.1 Tri annual audits to monitor investment performance are undertaken by NZTA under section 95(1)(e)(ii) of the Land Transport Management Act 2003.
- 2.2 As outlined in the report, the objective of this audit is to provide assurance that the New Zealand Transport Agency's investment in the Wairoa District Council's land transport programme is being well managed and delivering value for money.

**3. REMEDIAL ACTIONS TAKEN**



- 3.1 The following table summarises the areas of improvement which were identified by NZTA and the remedial actions undertaken by WDC.

Recommendation:	WDC Action:	Status/Deadline:
That the Wairoa District Council confirms it will code emergency works expenditure to the programme funded allocation for that event in the future.	WDC has implemented from 2016/2017 a new emergency works GL structure to ensure correct coding and reconciliation to the funding allocation is seamless.	Complete
That the Wairoa District Council's late tender's policy be consistently represented in its contract tender documents.	The late tenders submission criteria shall be updated in any new tenders let from 2016/2017 to reflect the approved policy.	As tenders are let.
That the Wairoa District Council confirms it will consider road safety audits at project milestones for all improvement and renewal activities, for which it receives funding assistance, in future.	WDC has conducted safety audits for a number of NZTA funded projects however; they had not been correctly filed. WDC is in the process of implementing an electronic filing system in conjunction with the hard copy files. As recommended a contract	Complete



	file check sheet shall be implemented to ensure key documents are appropriately filed.	
That Wairoa District Council consults with their Transport Agency Planning and Investment regional representative to agree an action on recovery of the Transport Agency's share of over claimed expenditure calculated at \$23,009.95 (plus GST).	WDC is in preliminary discussions with the CFO to rectify the on-cost incorporated into the IBU charges.	WDC has confirmed a repayment option with NZTA's senior investment advisor. This adjustment will be made at the end of the financial year.

**Signatories**

	
<p>Libby Young Author</p>	<p>Jamie Cox Approved by</p>



November 2016

## NZ TRANSPORT AGENCY INVESTMENT AUDIT REPORT

### Monitoring Investment Performance

Report of the investment audit carried out under section 95(1)(e)(ii) of the Land Transport Management Act 2003.

<b>Approved Organisation (AO):</b>	<b>Wairoa District Council</b>
<b>NZ Transport Agency Investment (2015 – 2018 NLTP)</b>	<b>\$17.3m (budgeted programme value)</b>
<b>Date of investment audit:</b>	<b>12 – 15 September 2016</b>
<b>Investment Auditor:</b>	<b>Ron Wheeler</b>
<b>Report No:</b>	<b>IARWI-1688</b>

#### OBJECTIVE

The objective of this audit is to provide assurance that the New Zealand Transport Agency's investment in Wairoa District Council's land transport programme is being well managed and delivering value for money. We also sought assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. We recommend improvements where appropriate (for audit programme refer appendix A).

#### EXECUTIVE SUMMARY

Wairoa District Council's network has endured frequent storm events over several years, prompting Council to engage consultants to manage its emergency works and preventative maintenance programme full-time. Overall, Council's pragmatic approach to the delivery of its land transport programme has demonstrated some innovative management practices resulting in significant savings in both sealed pavement maintenance and unsealed road metalling costs.

The previous audit in 2013 noted numerous instances of incorrectly coded emergency works expenditure. Misaligned coding of emergency works expenditure was still evident during this audit. Clearer definition is required linking general ledger coding to specific storm events. A number of expenditure invoices posted to the general ledger in late June of both the 2013/14 and 2014/15 financial years appeared not to have been captured into Council's claims for financial assistance. Improved financial processes have largely resolved this issue in the 2015/16 financial year. There was sufficient qualifying expenditure in Council's general

#### DISCLAIMER

While every effort has been made to ensure the accuracy of this report, the findings, opinions, and recommendations are based on an examination of a sample only and may not address all issues existing at the time of the audit. The report is made available strictly on the basis that anyone relying on it does so at their own risk, therefore readers are advised to seek advice on specific content.

Audit: Wairoa District Council

ledger to satisfy the reconciliation of its financial assistance claims for the three years ending 30 June 2016.

Six physical works contracts reviewed for procurement procedures met the Transport Agency's requirements, however inconsistent application of Council's late tenders policy was noted. Administration of contract files needs improving to ensure key documents are correctly filed. A focus of Council's recently appointed roading manager is to review and update a number of Council's policy documents and manuals.

#### RISK ASSESSMENT

	Issue	Risk Assessment*
Q.1	Previous audit issues	High
Q.2	Financial management	High
Q.3	Procurement	Low
Q.4	Contract Management	Medium
Q.5	Professional Services	Medium

\* Key to risk assessment - refer appendix B

**Note:** Before being finalised this report was referred to Wairoa District Council for comment. Council's responses are included in the body of the report.

#### RECOMMENDATIONS SUMMARY

That Wairoa District Council:

Q.2	Confirms it will correctly code emergency works expenditure to the programme funded allocation for that event in future.
Q.4	Confirms it will consider road safety audits at project milestones for all improvement and renewal activities, for which it receives funding assistance, in future.
Q.5	Consults with their Transport Agency Planning and Investment regional representative to agree an action on recovery of the Transport Agency's share of over claimed expenditure calculated at \$23,009.95 (plus GST).

That the NZ Transport Agency's Planning and Investment:

Q.5	Confer with Wairoa District Council to action the recovery of over claimed expenditure calculated at \$23,009.95 (plus GST).
-----	--

Audit: Wairoa District Council

## FINDINGS

<b>Question 1:</b>	<b>What issues, if any, remain unresolved from the previous procedural audit?</b>	<b>High</b>
Findings	The previous procedural audit report from the October 2013 audit made one recommendation relating to the incorrect coding of emergency works expenditure. This audit found the issue has not been adequately addressed. The matter is further discussed in the findings at question 2.	
Wairoa DC response	The previous Roading Manager endeavoured to achieve consistency with the allocation of Emergency Works funding however, it became very challenging with overlapping funding years and projects.	

\* \* \*

<b>Question 2:</b>	<b>Does the Wairoa District Council have good financial systems in place to effectively manage the NZ Transport Agency's investment in the delivery of its land transport programme?</b>	<b>High</b>
Findings	<p>Sufficient qualifying expenditure was identified in Council's general ledger to successfully reconcile its financial assistance claims for the three years ending 30 June 2014, 2015, and 2016.</p> <p>An issue identified during the previous audit in October 2013 was still evident. Audit trails linking emergency works expenditure in Council's general ledger to subsidy claims in Transport Investment Online (TIO) were fragmented and difficult to reconcile. General ledger narratives identifying each emergency event need to better align with programmed funding allocations to ensure the integrity of variable financial assistance rates is not compromised. The remainder of its financial procedures is consistent with sound management practice.</p> <p>A sample of 2015/16 expenditure transactions was correctly coded to the land transport disbursement account and was eligible for subsidy.</p> <p>Activity on a sample of contract retentions was tested and confirmed to source records. Contract retentions are monitored and processes are well managed.</p>	
Recommendation	That Wairoa District Council confirms it will correctly code emergency works expenditure to the programme funded allocation for that event in future.	
Wairoa DC response	WDC has implemented from 2016/2017 a new emergency works GL structure to ensure correct coding and reconciliation to the funding allocation is seamless.	

\* \* \*

Audit: Wairoa District Council

<b>Question 3: Has Wairoa District Council acted in accordance with its endorsed procurement strategy and the NZ Transport Agency's procurement requirements?</b>		Low
Findings	<p>A sample of six physical works contracts was selected for the review of Council's contract procurement procedures (refer appendix C). The review sample was consistent with Council's procurement strategy and met the Transport Agency's procurement requirements. However Council's late tenders policy was applied inconsistently with three differing versions noted. Council's late tenders policy should be consistently represented in all contract tender documents.</p> <p>Direct appointment of consultants to manage Council's emergency works response to multiple storm events was negotiated and procured from a local supplier on the basis of a monopoly supplier situation, due in part to both immediacy of the situation and accessibility. Council considered market competition would not have presented value for money in the circumstances.</p>	
Suggestion	That Wairoa District Council's late tenders policy be consistently represented in its contract tender documents.	
Wairoa DC response	The late tenders submission criteria shall be updated in any new tenders let from 2016/2017 to reflect the approved policy.	

\* \* \*

<b>Question 4: Has Wairoa District Council contract management practices in place to ensure contracts are managed effectively?</b>		Medium
Findings	<p>Council demonstrates good practice in managing the delivery of its contract outputs. Value for money options is well considered and significant savings have been achieved across both its sealed pavement maintenance and unsealed road metalling programmes.</p> <p>Council was unable to provide examples of any road safety audits or exemption declarations for any capital works or renewals activities. The requirement for road safety audits to be considered is a condition of receiving funding from the national land transport fund. Council must consider road safety audits in the context of the safe system approach by ensuring projects achieve outcomes consistent with Safer Journeys (refer hyperlink <a href="#">Road safety audit procedures for projects</a> guidelines).</p> <p>Administration of contract files is inconsistent and management of recordkeeping practices needs reviewing to ensure key documents are appropriately filed. Contract document checklists are a useful means for managing this process.</p>	
Recommendation	That Wairoa District Council confirms it will consider road safety audits at project milestones for all improvement and renewal activities, for which it receives funding assistance, in future.	
Suggestion	That Wairoa District Council adopts the use of contract file checklists for ensuring key documents are appropriately filed.	

Audit: Wairoa District Council

Wairoa DC response	WDC has conducted safety audits for a number of NZTA funded projects however; they had not been correctly filed. WDC is in the process of implementing an electronic filing system in conjunction with the hard copy files. As recommended a contract file check sheet shall implemented to ensure key documents are appropriately filed.
--------------------	---

\* \* \*

Question 5:	Are Wairoa District Council's professional services providing value for money?	Medium
Findings	<p>Council has a service level agreement in place with its Infrastructure Business Unit to deliver professional services activities in-house. While this offers Council the best value for money option for delivering these services, Council needed to supplement its resources by engaging external consultants to manage its emergency works programme in the wake of multiple storm events.</p> <p>In reviewing the revenue and expenditure activities of the Infrastructure Business Unit it was noted an on-cost of 9% is added to salaries. Previous acceptance by the Transport Agency in allowing a profit to be realised by in-house professional services business units was halted in July 2015 following introduced policy change requirements. Council must immediately discontinue claiming this on-cost. The Transport Agency's share of over claimed on-cost from 1<sup>st</sup> July 2015 to the period of the audit is calculated at \$23,009.95 (plus GST). This amount may be recovered by invoice, or off-set with current unclaimed funding allocated in the current NLTP period, but must be agreed and approved by authorised Transport Agency regional Planning and Investment staff.</p> <p>NZ Transport Agency policy changes coming into effect on 1<sup>st</sup> July 2015 introduced new procedures for the way in which Approved Organisations obtain and retain approval for claiming funding assistance for the delivery of in-house professional services. Approved Organisations must document the formal management structure for in-house operations and address how professional services are to be procured, including which services (if any) are to be obtained in-house, in their procurement strategy (refer hyperlink <a href="#">NZTA Planning &amp; Investment Knowledge Base</a>). Approved Organisations must also document the methodology covering how costs for in-house services, including associated overheads and administration are to be determined and allocated to work categories, and where appropriate to individual approved activities.</p>	
Recommendation (to Council)	That Wairoa District Council consults with their Transport Agency Planning and Investment regional representative to agree an action on recovery of the Transport Agency's share of over claimed expenditure calculated at \$23,009.95 (plus GST).	
Recommendation (to NZTA Planning & Investment)	That NZ Transport Agency's Planning and Investment confer with Wairoa District Council to action the recovery of over claimed expenditure calculated at \$23,009.95 (plus GST).	

Audit: Wairoa District Council

Wairoa DC response	WDC is in preliminary discussions with the CFO to rectify the on-cost incorporated into the IBU charges. WDC has commenced a review of the professional services procurement of in-house services and process around the management of this service.
--------------------	---

Audit: Wairoa District Council

APPENDIX A

**Audit Programme**

1. Previous audit October 2013
2. Land Transport Disbursement Account
3. Final Claims for 2013/14, 2014/15, and 2015/16
4. Transactions (accounts payable) – 2015/16
5. Retentions Account
6. Reconciliation between ledgers supporting final claim and the audited financial statements
7. Procurement Procedures
8. Contract Management & Administration
9. Contract Variations
10. Professional Services
11. Transport Investment On-line (TIO) Reporting
12. Other issues that may be raised during the audit
13. Close out meeting



Audit: Wairoa District Council

## APPENDIX B

## RISK ASSESSMENT TABLE

Low	<ul style="list-style-type: none"><li>• Sound processes and procedures.</li><li>• Reliable management practices.</li><li>• Quality systems (assurance) in place.</li><li>• NZ Transport Agency requirements met.</li></ul>
Medium	<ul style="list-style-type: none"><li>• Error and omission issues to be addressed.</li><li>• Limited risk to the Transport Agency.</li></ul>
High	<ul style="list-style-type: none"><li>• Systemic and significant issues to be addressed.</li><li>• Substantial risk to the Transport Agency.</li></ul>
Critical	<ul style="list-style-type: none"><li>• Serious issues that must urgently be addressed.</li><li>• Serious risk to the Transport Agency.</li></ul>

Audit: Wairoa District Council

## APPENDIX C

(from Question 3)

**CONTRACTS AUDITED**

Contract Number	Tenders Received	Date Let	Description	Contractor		
			<b>Physical Works</b>			
14/11	2	Dec 2013	South Area Flood Damage Repairs 2013	Schick Construction & Cartage	Estimate Let Price Final Cost	\$ 493,000 \$ 513,083 \$1,273,165
14/12	3	Nov 2013	Road Resurfacing 2013/14 (rolled over to 2014/15)	Downer	Estimate Let Price Final Cost	\$1,123,545 \$1,180,488 \$ 985,192
14/17	1	Nov 2014	Street Lighting Maintenance & Operations	Eastech	Estimate Let Price Final Cost	\$ 610,475 \$ 545,123 Ongoing
14/20	4	Jan 2015	Mohaka Township Bridge Refurbishment	Schick Construction & Cartage	Estimate Let Price Final Cost	\$ 445,060 \$ 895,994 \$1,055,543
15/02	2	Feb 2015	Traffic Calming Improvements – Queen St/SH2	Quality Roothing & Services	Estimate Let Price Final Cost	\$ 120,799 \$ 220,548 \$ 382,232
15/06	4	Sep 2015	Sealed Road Maintenance Contract	Russell Roads	Estimate Let Price Final Cost	\$3,458,500 \$2,844,890 Ongoing

Audit: Wairoa District Council

**Investment Audit of Wairoa District Council**

Report Number: IARWI – 1688

November 2016

Prepared by:   
-----  
Ron Wheeler, Senior Investment Auditor

Reviewed by:   
-----  
Tony Pinn, Senior Investment Auditor

Approved by:   
-----  
Antony Flux, Investment Assurance Manager (Acting)

**8.3 INSURANCE COVER INFRASTRUCTURE ASSETS**

**Author:** Christopher Hankey, Acting Chief Financial Officer

**Authoriser:** Fergus Power, Chief Executive Officer

**Appendices:** 1. **Member Update from Civic Liability Pool dated 17 February 2017** [↓](#)

**1. PURPOSE**

- 1.1 To seek direction on insurance cover on infrastructure assets on the dissolving of Civic Liability Pool (Riskpool) as from 1 July 2017

**RECOMMENDATION**

The Acting Chief Financial Officer RECOMMENDS that the Committee

1. Receive this report; and
2. Recommend to Council that Council instruct the Chief Executive Officer to seek replacement cover utilising the services of Council's broker, JLT.

**2. BACKGROUND**

- 2.1 Civic Liability Pool (CLP) has written to all member Councils, of which WDC is one, to advise that CLP has decided not to offer any new policies as from 1 July 2017. This letter is attached at Appendix 1.
- 2.2 WDC currently has \$54M of cover for infrastructure assets with Riskpool.
- 2.3 At the Council meeting of 24 May 2016 Council instructed the Chief Executive Officer to give notice of intention to leave the Local Authority Protection Programme (LAPP), on the recommendation of the CFO.
- 2.4 Insurance cover contributes to a strong and sustainable community.

**3. DISCUSSION**

- 3.1 Appendix 1 is a letter received from the provider of insurance for our infrastructure assets advising that they will no longer be offering new policies to LG organisations without a significant increase in utilisation of their services.
- 3.2 At the Council meeting of 24 May 2016, (then) CFO Mr Andrew Morten tabled a paper recommending that WDC give notice of intention of withdrawing WDC from the LAPP coverage offered through CLP.
- 3.3 Since that report was tabled, the Kaikoura earthquake has caused concern for insurers. There has been no indication of the possible impact of the Kaikoura earthquake on the cost of insurance coverage at this time, but it can be expected that premiums are likely to increase.
- 3.4 HB Region CFOs are set to meet with JLT to review insurance coverage and issues around insurance on the 24<sup>th</sup> March 2017.

#### 4. ASSETS COVERED UNDER THIS POLICY

- 4.1 Currently WDC insures 40% of the value of infrastructural assets, to a value of \$54M.
- 4.2 Cost of premiums for this coverage has been ~\$50,000 per annum

#### 5. OPTIONS

- 5.1 The options identified are:
  - a. Not insure infrastructural assets;
  - b. Uptake the offer in the CLP Notice to Members to utilise JLT to insure assets with the CLP underwriter;
  - c. Approach JLT as our broker to offer an option to insure infrastructural assets; or
  - d. Undertake an open market review of options via a request for tender.
- 5.2 The first option is to not insure assets. This represents the greatest risk and considering the two earthquakes in excess of 6 on the Richter Scale in Christchurch and Kaikoura in the past 6 years, and the two 5.5+ earthquakes in the Wairoa/Gisborne ranges and at Te Aroha in the past months this is not recommended. By this we would need to self-insure to replace infrastructure assets in the event of a catastrophic event and to do so we would need to establish a \$54M pool of special cash reserves. This is impracticable.
- 5.3 The CLP notification advises that it is possible to approach their underwriters for coverage, through JLT. Dependant on price this could be a viable option to uptake, however it would limit the ability of the broker to seek alternative options for consideration.
- 5.4 As our current broker, JLT is in a good position to provide a recommendation as to replacement cover for our infrastructure assets (including the possibility raised in the CLP letter).
- 5.5 The fourth option is to undertake an open market RFP for insurance. This would require specialist knowledge of the market to ensure that any responses would meet the needs of the organisation. At a premium rate of ~\$50,000 per annum this represents a significant level of work that would not necessarily present any better or more cost effective options than that offered by our current broker.
- 5.6 The preferred option is option C. This meets the purpose of local government as it will help meet the current and future needs of communities for good-quality infrastructure in a way that is most cost-effective for households and businesses.

#### 6. CONCLUSION

- 6.1 Following on from the notice to withdraw from LAPP directed by Council on 24 May 2016, CLP have advised that they will no longer be offering new insurance policies to the market.
- 6.2 JLT as our broker is well-positioned to recommend replacement coverage in respect to the infrastructure assets previously covered by CLP.
- 6.3 Should the recommendation be approved, the preferred option will be presented to Council for confirmation.

**7. CORPORATE CONSIDERATIONS****What is the change?**

- 7.1 No operational or policy changes will occur as a result of this paper.
- 7.2 No s17A review will be triggered by this paper.

**Compliance with legislation and Council Policy**

- 7.3 Infrastructural asset insurance is included in the Annual Plan.
- 7.4 Infrastructural asset insurance is included in the Long Term Plan.
- 7.5 No impact on the District Plan.
- 7.6 No impact on ED strategy.
- 7.7 No impact on any other Council Policy .

**What are the key benefits?**

- 7.8 Reduced cost of replacement of assets if damaged as a result of an “Act of God”.

**What is the cost?**

- 7.9 There is provision in the Annual Plan for a premium cost of \$50,000 per annum.

**What is the saving?**

- 7.10 Dependant on the offer of the insurance provider.

**Who has been consulted?**

- 7.11 No consultation has been undertaken or needed for this paper.

**Service delivery review**

- 7.12 There is no impact on service delivery.

**Maori Standing Committee**

- 7.13 This matter has not been referred to the MSC.

**8. SIGNIFICANCE**

- 8.1 This does not trigger Council’s significance and engagement policy, unless the option to self-insure is selected as the preferred option.
- 8.2 This provides coverage for the part cost of replacing infrastructural assets if lost in a catastrophic event.

**9. RISK MANAGEMENT**

- 9.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:

- a. Loss of service of infrastructural assets in a catastrophic event would have an adverse effect on community and would put at risk the health and wellbeing of residents, to the level of potential loss of life;
- b. Replacement of assets would be a significant cost, appropriate insurance cover mitigates that cost to the community; and
- c. Insurance contributes to the ongoing financial security of the council and the community of the district.

**References (to or from other Committees)**


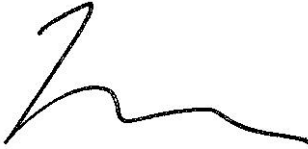
Local Authority Protection Programme paper to Council 24 May 2016

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
<p>Christopher Hankey Author</p>	<p>Fergus Power Approved by</p>



17 February 2017

Andrew Morton  
Wairoa District Council  
PO Box 54  
Wairoa 4160

Dear Andrew

#### Member Update

We regret to inform you that neither Riskpool nor Civic Liability Pool (CLP) will be offering cover from 1 July 2017. The decision not to offer cover for 2017-18 is disappointing given Riskpool's history, but support from the sector has dropped in recent years and without good support it isn't viable for Riskpool and/or CLP to offer new covers. Existing notified claims will be managed in the usual way.

We estimate that over the last 20 years Riskpool has saved the sector around \$250m in insurance premiums. In addition, Riskpool has also been involved in the establishment of a considerable body of new case law that has limited legal liability for local authorities and helped clarify duties of care. However, whereas membership peaked with 82 members out of a possible 85 in the 2004-05 period, Riskpool and CLP for 2016-17 now have a combined membership of only 31. This size membership does not allow us to offer the competitively priced cover and risk management services that Riskpool was able to offer in the past.

If members are currently happy with their level and degree of cover, JLT has advised that its London market local government liability programme, the longstanding ground-up reinsurer of Riskpool (and more recently CLP) will be available to councils directly. This will ensure continuity of underwriters and coverage for your public liability and professional indemnity risks. We otherwise recommend that you discuss coverage options with your insurance broker.

Finally we would like to thank you and your council for your support over the years. We suspect that Riskpool/CLP will be better appreciated by the sector once it is no longer available for new covers and so we will be keeping CLP 'on hold' should sufficient numbers in the sector want it resurrected.

Kind regards

A handwritten signature in blue ink, appearing to read 'Jane Brown', is written over a faint, larger version of the signature.

Jane Brown  
Legal Officer  
DDI: (04) 978 1268  
Email: [jane.brown@civicasurance.co.nz](mailto:jane.brown@civicasurance.co.nz)



## 8.4 HEALTH & SAFETY REPORT – FEBRUARY 2017

**Author:** James Baty, Corporate Services Manager

**Authoriser:** Fergus Power, Chief Executive Officer

**Appendices:**

1. **H&S Dashboard Report February 2017** [↓](#)
2. **Five Highest Perceived H&S Risks** [↓](#)
3. **Safety Audits Summary - February 2017 - Public Excluded**

### 1. PURPOSE

- 1.1 The purpose of this report is to update the Finance, Audit & Risk Committee on Council's health and safety (H&S) matters. No decisions are required by the Committee at this stage.
- 1.2 This information only report is a standing agenda item as requested by the Committee.

### RECOMMENDATION

*The Corporate Services Manager RECOMMENDS that the Committee receive the report.*

### 2. BACKGROUND

- 2.1 Regular reporting of health and safety compliance ensures that Wairoa District Council recognises its moral and legal responsibility to provide a safe and healthy work environment for its workers (employees, contractors and volunteers). This commitment extends to ensuring its operations do not place the local community at risk of injury, illness or property damage.
- 2.2 Consideration of this matter contributes to Council's vision of 'Connected Communities; Desirable Lifestyles; Treasured Environments', is also contributes to the following community outcomes:
  - A safe and secure community.
  - A lifetime of good health and well-being.
  - A safe and integrated transport system.
  - Strong district leadership and a sense of belonging.
  - Safe and accessible recreational facilities.

### 3. CURRENT SITUATION

- 3.1 **Hazard Identification/Register/Accident or Near Miss Reports:** Please see the attached dashboard. Two minor incidents have been reported for the period indicated.
- 3.2 **SiteWise:** Work on this project continues. We have completed compilation of a database of contractors and related communication material. As previously advised the project was delayed due to the Havelock North water crisis but it is now back on track. We anticipate holding contractor workshops in Wairoa in March/April 2017.

- 3.3 **Joint procurement:** Joint procurement with neighbouring Councils continues to be investigated, the first of these centres around health monitoring. There is also a focus on health and safety gear.
- 3.4 **H&S Officer Recruitment:** Council approved via the Annual Plan 2016-2017 budget for a new role reporting to the Corporate Services Manager to assist with health and safety matters across the organisation. To date we have not been successful in securing a suitable candidate. Applications have closed for a third time and a total of 36 applications were received, shortlisting and interviews are underway.
- 3.5 **Training:** There are a number of different training opportunities on the horizon
- 3.6 **Health and Safety Reform:** The Health and Safety at Work Act Regulations, supported with information and guidance from WorkSafe New Zealand, are intended to support businesses (particularly small businesses) to understand what they need to do to comply with the general duties of the Act. Information relating to reforms can be found here: <http://www.worksafe.govt.nz/worksafe/about/legislation>

#### 4. CONCLUSION

- 4.1 The Committee is asked to consider the content of this report and its attachments and advise of any practice or process changes.

#### Further Information

<http://www.worksafe.govt.nz/worksafe/>

<https://www.sitesafe.org.nz/>

<http://www.guardianangelsecurity.co.nz/>


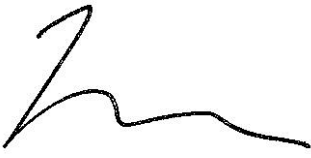
#### Background Papers

Not applicable.

#### References (to or from other Committees)

Not applicable.

#### Signatories

	
<p>James Baty Author</p>	<p>Fergus Power Approved by</p>



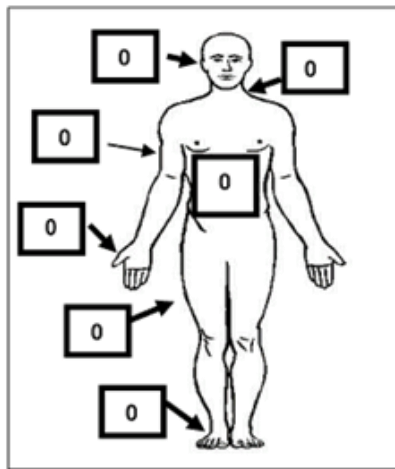
# Health & Safety Dashboard

February 2017

## Accident / Incidents

Incidents last 6 months	Days since last Serious Harm	Days since the last reported LTI	ACC Claims lodged	Investigations overdue 15+ days	Corrective actions overdue 15+ days
<b>2</b>	<b>247</b>	<b>197</b>	<b>2</b>	<b>0</b>	<b>0</b>
					Not started = 0
					Underway = 0

## Staff incidents by body location & treatment type



Incidents	Accidents	Near Miss	Treatments	Total
			No Treatment - Minor Harm	2
			First Aid - Minor Harm	0
			Medical Treatment	0

## Incidents by location

Location	Incidents	Location	Incidents
Main Office	2	WTP	0
Exchange Building	0	Dog Pound	0
Library	0		
Info Centre	0		
Archives	0		

## Accidents/incidents last 6 months:

- Near miss – two incidents involving pool vehicle being taken out of the garage. Driver error.

## Incidents by person

Employee	2
Public	0
Contractor	0
Unknown	0

## Staff Medical / Health Monitoring

Pre-employment drug testing – under new policy, under review	Post-accident drug/alcohol testing – new policy, under review	Workstation Assessments	Inoculations	RTW programmes underway
<b>0</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>2</b>

## Hazard Management

New hazards identified	Hazard registers reviewed	Registers overdue for review	On-site hazard assessments	Safety Audits conducted	Corrective actions overdue 15+ days
<b>38</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>
					Not started = 0
					Underway = 0
New/Modified Equip. checks	Haz. Work Notifications to Worksafe NZ				
<b>0</b>	<b>0</b>				

## Emergency Management

Existing EAP's reviewed	EAP's overdue for review	New EAP's created	Existing MSDS reviewed	MSDS overdue for review	New MSDS added
<b>0</b>	<b>3</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>
Trial evac. completed	Trial evac. overdue	Emerg. Equip checks overdue			
<b>0</b>	<b>0</b>	<b>0</b>			

## Contractor Management

Approvals /re-approvals	Removed from scheme	Documentation overdue for review	Inductions completed	Site audits conducted
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>

## Employee participation

H&S Committee meetings held monthly.

H&S Committee	Dept. morning teas	Meetings with teams
<b>4</b>	<b>0</b>	<b>2</b>

Staff / volunteer inductions

Staff full inductions complete	Staff full inductions overdue	Volunteer inductions complete
<b>2</b>	<b>0</b>	<b>0</b>

Training

H&S reps received annual training	H&S reps requiring annual training
<b>4</b>	<b>4</b>

Policy management

Policies created or reviewed	Policies overdue for review
<b>1</b>	<b>2</b>

Procedure management

Procedures reviewed	New procedures created
<b>1</b>	<b>0</b>
Suggestions overdue	Audits conducted on procedures
<b>0</b>	<b>1</b>

Processes overdue for review (priority based)	OSH page procedures overdue for review (priority based)
High = <b>0</b>	High = <b>0</b>
Medium = <b>0</b>	Medium = <b>0</b>
Low = <b>0</b>	Low = <b>0</b>

NOTE: Processes are scheduled for review but depending on priorities/work load they are not always completed in the scheduled month.

Training conducted:

- H&S Rep training (March 2017, staff booked)
- PPE Essentials
- Communicating Safety (some still to complete)
- Leadership: Being Proactive in Safety
- First aid course complete/on-going
- 

Miscellaneous & more projects

- Appointment of H&S Officer.
- Risk Register Review - ongoing
- Investigation of H&S cloud based system
- H&S manual review – continuous/ongoing
- Pillars = H&S values and auditing – underway.
- Notifiable Events – new terminology – educate staff –underway
- COPs – Started, to complete
- Reporting – ongoing
- Animal Control – education & review policies/SOPs
- Risk Matrix – completed. Education to staff to follow
- Strategic Plan – to be formulated, implemented and monitored
- ACC WSMP accreditation – ongoing.

**6 STEPS TO RISK MANAGEMENT**

- STEP 1. Identify the Hazard**  
Examine the work area or consider the task or process and identify any hazards or potential threats to health and safety.
- STEP 2. Identify the Risk**  
Risk is the potential consequence of a hazard – considering the possibility of injury, illness, damage or loss as a result of a hazard. Identify factors that may be contributing to the risk.
- STEP 3. Assess the Risk**  
Evaluate the likelihood of an injury occurring along with its probable consequences.  
• Identify the likely severity or impact of any injury/illness resulting from the hazard and  
• Identify the probability or likelihood that the injury/illness will actually occur.
- STEP 4. Control the Risk**  
Control of any given risk involves a number of measures drawn from various options. New work procedures may also need to be developed. The risk control hierarchy ranks possible risk control measures in decreasing order of preference.  
• Elimination of hazard  
• Substitution of hazard  
• Engineering controls  
• Administrative controls  
• Personal protective equipment
- STEP 5. Document the Process**  
The information to be documented should include:  
• hazards identified  
• assessment of the risks associated with these hazards  
• decisions on control measures to manage exposure  
• to the risks  
• how and when the control measures are implemented  
• evidence of monitoring and review  
• of the effectiveness of the controls  
• any checklist used in the process.
- STEP 6. Monitor and Review**  
Continue to review and monitor the risk management processes to identify new hazards and continually review the effectiveness of controls.

2017 Objectives

Objective	Measured by	How achieved	Status
<b>5% increase in near miss reporting</b>	• Increase opportunities to identify risk & controls ahead of an event to reduce injuries.	• Review current reporting forms. Involve staff in this process. • Staff awareness campaign on what is a "near miss" and the importance of reporting.	• New forms implemented. • Climate survey or similar to assess. • Near miss reporting increases.
<b>5% increase in internal auditing of sites</b>	• Encourage clear expectations for excellence in H&S.	• New H&S staff employed and train staff to audit. • Education.	• Climate survey or similar to assess. • Training conducted with Supervisors & Managers.
<b>LTI's to reduce by 5%</b>	• Measured by statistics and reporting.	• To promote a healthy work force through the wellness programme. • Encourage staff to engage in the wellness programme.	• Training plan being implemented. • Survey of employee training will commence in February 2017.
<b>5% increase in toolbox / health &amp; safety meetings with employees &amp; contractors</b>	• Measured by auditing toolbox documentation. • Measured by health & safety reporting/auditing reports.	• Auditing by Officers and supported by H&S Officer.	• Find and implement new online safety/risk management system. • Process practice review underway.
<b>5% reduction in RTW injuries on FTEs</b>	• RTW plans and coordination of them from H&S team.	• Promoting RTWs • Promoting healthy workforce	• Currently operational and in place.

2017 Team Projects

Project	Timeframe	Status
Presentations – H&S Council	Apr	Biz Central to present
Staff health / monitoring	May	TBC
Risk Management	Jan - Aug	Nearing completion
Foundations of Safety Training	May - Jun	Underway
Contractor Management Training	Mar	Booked in, 17 March 2017 key staff to complete
Staff H&S inductions – programme review	Feb	Completed
H&S Rep Training	Mar - Apr	Part completed
Contractor Management / Audit Review	Feb - Jun	Underway
SiteWise Contractor Pre Approval System	Feb - Apr	Started. Joint with all Councils in HB
SOP review	Jan - Dec	Possibly moving to videos – underway
HSNO	Mar - Jun	Commenced, awaiting review outcomes, workshop 1 March 2017
H&S Software	Apr - May	Underway awaiting input from H&S Officer/regional partners
Event Management	May - Jun	Awaiting regional review. Started
I-Auditor software	Apr - May	Underway awaiting input from H&S Officer/regional partners

## 5 highest perceived health and safety risks in Council 'workplaces'.

#	Who is exposed	Risk	Initial Risk Rating	Residual Risk Rating	Possible Risk Rating	Controls in place
1	All front line positions, and workers visiting private dwellings and public places	Exposure to aggressive members of the public	Critical	High	Possible Risk Score medium high	<p><b>In place:</b> Training provided e.g. 'dealing with difficult people', trespassing, reporting encouraged, advice to retreat from situation &amp; work in pairs in high risk situations.</p> <p>Dealing with difficult people training module on: 29 March 2017 26 July 2017</p> <p><b>Still to do:</b> Development of new procedures.</p>
2	Employees throughout council	Working alone, various injuries including death	Critical	High	Med- High	<p><b>In place:</b> Efforts made where possible to ensure staff are not in work alone situation, communication devices, emergency duress button installed in all vehicles. Afterhours RT in place and monitoring conducted.</p> <p><b>Still to do:</b> Development of new procedures, investigate use of lone worker transmitter and personal locators. Considering Guardian Angel Security <a href="http://www.guardianangelsecurity.co.nz">www.guardianangelsecurity.co.nz</a></p>

3	Contractors undertaking work for council	Contractors injuring themselves undertaking council work or while at council workplaces & especially risky if uncertified	Critical	Critical	Med- High	<p><b>In place:</b> Good certification, review, audit and monitoring processes.</p> <p>Safety &amp; Contractor Management Auditing Training on 17 March 2017.</p> <p><b>Still to do:</b> Reduce incidents where staff engage contractors without checking they are certified and have good systems in place. This places us at risk. Regional SiteWise implementation on-going to reduce risk.</p>
4	Employees throughout council	Work overload and long hours leading to potential OOS, stress and fatigue	Critical	High	Possible Med - High	<p><b>In place:</b> Awareness, some pertinent policies, EAP (Employee Assistance Programme)</p> <p><b>Still to do:</b> More ease to report might minimise, but perceived stigma attached to reporting stress, development of Fatigue Prevention Policy (draft nearing completion).</p>
5	All staff	Slips and trips on wet or slippery surfaces	High	High	Possible Med -High	<p><b>In Place:</b> Awareness, signage, mats, safety footwear.</p>

**8.5 APPROVAL OF PURCHASE ORDER FOR GENESIS ENERGY LIMITED**

**Author:** Christopher Hankey, Acting Chief Financial Officer

**Authoriser:** Fergus Power, Chief Executive Officer

**Appendices:** 1. Details of PO 172859 - Genesis Energy [↓](#)

**1. PURPOSE**

- 1.1 To seek resolution for approval of purchase order in excess of CEO delegation

**RECOMMENDATION**

The Acting Chief Financial Officer RECOMMENDS that the Committee approve purchase order 172859 for \$250,000 in favour of Genesis Energy for Council's power usage.

**2. BACKGROUND**

- 2.1 Operational and Capital Expenditure in excess of the CEO's delegation must be approved by Council, or Committee where such expenditure is within the current budget in accordance with the Committee's Terms of Reference.
- 2.2 Purchase Orders are currently being prepared monthly and are usually raised after the receipt of the invoice, defeating the purpose of the Electronic Purchase Order (EPO) system and the internal control that this system provides.
- 2.3 There have been no prior resolutions in regard to this item.

**3. DISCUSSION**

- 3.1 It is preferred process with an internal control system, that where there is a common, regular and known supply of goods or services under an existing contract from a single vendor, that a single purchase order be setup for that item of expenditure within a financial year. A highlight of the EPO system currently used by WDC is that it provides for good financial management practices and internal control by having purchase orders that are setup in advance of the receipt of goods or services. It also provides the authorising person/entity for that area of responsibility the chance to review the engagement of a service provider or the supply of a good before that good or service is supplied. The system also allows us to split the total expected value of the cost to separate lines that represents estimated spend in each month.
- 3.2 Genesis Energy Limited provides our energy supply for the whole of Council operations. The account is normally around \$40,000 per month, after discount and smoothing any seasonal adjustments. This contract was established after a review of the market identified Genesis as the preferred vendor for the supply of energy.
- 3.3 Purchase order 172859 has been setup in the EPO system (refer to Appendix 1) and has entries set at a maximum spend of \$50,000 per month for February – June 2017 in order to allow for any seasonal fluctuations on the use of power, and any unforeseen price changes if there becomes any shortage of supply over this period and to minimise any need to re-approach the Committee for additional financial approval if any of these situations occurs.

- 3.4 The budget for this cost is spread over the entire WDC Cost Centre Structure. For administrative ease Finance Department staff code this to a single central code, where the cost is then transferred over the remainder of the organisation. Appendix 1 shows no budget in the selected code. This is the effect of the recharge process in having budgets spread over other areas.

#### 4. OPTIONS

- 4.1 The options identified are:
- a. Approve this purchase order; or
  - b. Not approve this purchase order.
- 4.2 Approving this purchase order permits council staff to progress payment of accounts as they are provided to Council and also enables Council to take advantage of the discount made available to us as part of the contract. This also reduces administrative burden in having to approve individual purchase orders each month, and maximises the advantages of our EPO system (good financial management overview of costs and the internal control that such a system offers).
- 4.3 Budgetary provision for power has been made and this purchase order is within the total allowed for within the remainder of this year.
- 4.4 Non-approval of the purchase order will require Council staff to continue in the less efficient historical manner, which runs contrary to the ideal (from an internal control perspective) of having a single EPO for similar items purchased from a single contract within a year.
- 4.5 The preferred option is Option A. This meets the purpose of local government as it will help meet the current and future needs of the community for local public services, and performance of functions in a way that is most cost-effective for households and businesses.

#### 5. CONCLUSION

- 5.1 A single EPO for similar items purchased under the auspices of a single contract from a single vendor within a year is preferred, allowing the authorised manager the option to track the impact of that cost on the operational or capital budget for that item.
- 5.2 The expenditure for Genesis Energy at approx. \$40,000 per month represents a ~\$480,000 spend over a single financial year.
- 5.3 This has been managed to date through the use of repeated monthly purchase orders being raised on receipt of an invoice, after the utilisation of the service in question (i.e. power).
- 5.4 To achieve the purposes of good financial management a single pre-approved EPO in advance of the provision of service is sought.

#### 6. CORPORATE CONSIDERATIONS

##### What is the change?

- 6.1 Only the administrative management of the payment of the account will change with this decision.
- 6.2 This will not trigger a s17A review.



**Compliance with legislation and Council Policy**

- 6.3 Budgetary provision has been made for power charges in the Annual and Long Term Plans.
- 6.4 This does not impact the District Plan.
- 6.5 This does not impact Economic Development Strategy.
- 6.6 This does not impact other Council Policies.

**What are the key benefits?**

- 6.7 Application of good financial management of Council spending

**What is the cost?**

- 6.8 The EPO has been raised for \$250,000, at \$50,000 per month. Budget provision has been made for this cost across Council Cost Centres, as the cost is transferred to each cost centre each month

**What is the saving?**

- 6.9 WDC receives a discount on the cost of provision of power if the account is paid by the 28<sup>th</sup> of each month.

**Who has been consulted?**

- 6.10 This has not been consulted on.

**Service delivery review**

- 6.11 There is no impact on s17A service delivery or the need for a review.

**Maori Standing Committee**

- 6.12 This has not been presented to the MSC.

**7. SIGNIFICANCE**

- 7.1 This does not trigger any of the significance and engagement policy requirements

**8. RISK MANAGEMENT**

- 8.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:
  - a. Good financial management of Council resources; and
  - b. Application of internal control procedures in the procurement of goods and services.

**Further Information**

Not Applicable.

**Background Papers**

Not Applicable.

**References (to or from other Committees)**


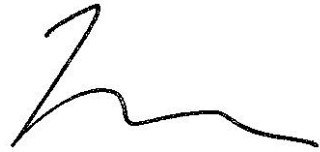
There are no other instances of this request going to Committee or Council.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
<p>Christopher Hankey Author</p>	<p>Fergus Power Approved by</p>

Order: 172859

Search Add Order Orders Processing Maintenance Match Invoices ORP Maintenance Configuration Month Roll Backup Reports \*

Creditor: 12311 GENESIS POWER LTD

Search Enquiry Lines Change Log Change Header Add Lines Authorise Request Authorisation Send To Initiator Cancel Configure Duplicate

Supplier

Our Supplier Number	12311 GENESIS POWER LTD
Postal Address	PO BOX 17188 GREENLANE AUCKLAND 1546
Phone	09 580 4771
Email	genesispayments@genesisenergy.co.nz

Header

Status	New - Not Committed
Initiator	stefini - Stefini Hunia Burling-Claridge
Raised On	20/02/17
Queued for Approval By	fergus - Fergus Power
Total Value	217391.30
Sent By	Email
Sent On	20/02/17
Deliver To	Water Treatment Plant Carol Road Fraserstown
Order Notes	I:fergus ELECTRICITY FEB - JUN 2017

Lines

Line	Job/GL No and Detail	Quantity	Expected Value	Expected Date
History Change 01 Delete 01	ELECTRICITY FEB 2017			
	GC2035 Electricity Control Account ( 010 : Purchases )	1	43478.26	22/03/17
	Year Budget= 0.00 , Spent= 31,870.04 , Order years : Current= 38,001.52 , Previous= 0.00 , Next= 0.00 , Total= 38,001.52 , Total Actual + Orders vs Budget 69,871.56 / 0.00			
History Change 02 Delete 02	ELECTRICITY MAR 2017			
	GC2035 Electricity Control Account ( 010 : Purchases )	1	43478.26	22/04/17
	Year Budget= 0.00 , Spent= 31,870.04 , Order years : Current= 38,001.52 , Previous= 0.00 , Next= 0.00 , Total= 38,001.52 , Total Actual + Orders vs Budget 69,871.56 / 0.00			
History Change 03 Delete 03	ELECTRICITY APR 2017			
	GC2035 Electricity Control Account ( 010 : Purchases )	1	43478.26	22/05/17
	Year Budget= 0.00 , Spent= 31,870.04 , Order years : Current= 38,001.52 , Previous= 0.00 , Next= 0.00 , Total= 38,001.52 , Total Actual + Orders vs Budget 69,871.56 / 0.00			
History Change 04 Delete 04	ELECTRICITY MAY 2017			
	GC2035 Electricity Control Account ( 010 : Purchases )	1	43478.26	22/06/17
	Year Budget= 0.00 , Spent= 31,870.04 , Order years : Current= 38,001.52 , Previous= 0.00 , Next= 0.00 , Total= 38,001.52 , Total Actual + Orders vs Budget 69,871.56 / 0.00			
History Change 05 Delete 05	ELECTRICITY JUN 2017			
	GC2035 Electricity Control Account ( 010 : Purchases )	1	43478.26	22/07/17
	Year Budget= 0.00 , Spent= 31,870.04 , Order years : Current= 38,001.52 , Previous= 0.00 , Next= 0.00 , Total= 38,001.52 , Total Actual + Orders vs Budget 69,871.56 / 0.00			
	Total Value Excluding GST - Use received value once lines received		217391.30	
	Plus GST		32608.70	
	Total Value Including GST		250000.00	

## 9 PUBLIC EXCLUDED ITEMS

### 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<p><b>9.1 - Consideration of Sale of Investment in Credit Agricole</b></p>	<p>s7(2)(c)(i) - the withholding of the information is necessary to 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 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</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>