



**The Meeting of the
Audit and Risk Committee will be
held on Tuesday 5 April 2022
commencing at 1.00pm**

AGENDA

AUDIT AND RISK COMMITTEE

His Worship the Mayor - Malcolm Campbell

Councillor C J Ion

Councillor A Rangihika

Councillor F K N Tunui

Councillor D Sparks

Philip Jones – Consultant - P J Associates (Chair)

Meeting: Audit and Risk Committee

Meeting Date: 5 April 2022

Subject: Occupational Health and Safety Management System Status

File No: 509500

1 Executive Summary

Kawerau District Council's Top 5 Hazards identified by workers				
Hazard	Raw Risk Score	Residual Risk Score	Status	Comment
Public/People/Customers	15 High	10 Moderate	Completed	Target is: 20 Control Measures Completed
				Control Measures
				Completed 20
				Underway 0
Stress	15 High	10 Moderate	Completed	Target is: 25 Control Measures Completed
				Control Measures
				Completed 25
				Underway 0
Slips, Trips and Falls	15 High	10 Moderate	Completed	Target is: 24 Control Measures Completed
				Control Measures
				Completed 24
				Underway 0
Lone Working	15 High	10 Moderate	Underway	Target is: 22 Control Measures Completed
				Control Measures
				Completed 21
				Underway 1
Manual Handling	15 High	12 Moderate	Completed	Target is: 27 Control Measures Completed
				Control Measures
				Completed 27
				Underway 0
				Not Started 0

Above is the top five hazards table based on the results of the staff survey in October 2020.

Prioritisation of Tasks

The table below sets out steps and the priority level of tasks.

Critical Element	Priority	Actions Required	Started	By Whom	Target for Completion	Current Status
Covid- 19 Pandemic	High	Remain ready and prepared to respond to Managing Risks to Staff/Community Health based on Govt Guidelines Maintain preparedness to react to COVID -19 Health and Safety and Government Requirements	23/01/2020	HSO	Unknown - Ongoing	Underway
Hazard, Identification, Assessment and management	High	Create and manage a register aligned with legal/ organisational requirements, current knowledge and thinking. All registered hazards to achieve completed status. Monitor and review hazards.	June 2016	HSO and Work Groups and Managers	Unknown - Ongoing	Underway
Contractor/Contracted Worker Health and Safety Management	High	SHE prequalification complete. Contractor induction document in place. Contractor Monitoring KPI in place. Contractor Post Contract review in place.	June 2016	HSO	June 2019	Complete
Worker Participation in Health and Safety Management	High	Ensure systems are in place and maintained. Monitor and Review.	June 2016	HSO	June 2019	Complete
Employer Commitment to Safety Management Practices	Medium	Review H&S Policies. Identify and implement a performance based management system.	June 2016	HSO	Ongoing	Underway

Critical Element	Priority	Actions Required	Started	By Whom	Target for Completion	Current Status
Emergency Planning and Readiness	Medium	Monitor and review plans.	June 2016	HSO	Ongoing	Underway
Planning, Review and evaluation	Low	Monitor and review	June 2016	HSO	Ongoing	Underway
Information, Training and Supervision	Low	Monitor and review	June 2016	HSO	Ongoing	Underway
Near Miss, Incident and Injury Reporting, Recording and Investigation	Low	Monitor and review	June 2016	HSO	Ongoing	Underway

Data in this report aligns with Council's Financial Year period to 28 February 2022.

COVID – 19 remains a threat to staff health, safety and wellbeing at COVID – 19 Protection Framework Traffic Light Red setting – Phase 3.

The organisation continues to monitor, react and communicate changes internally, externally and to the community.

Government requirements/recommendations and organisational measures are in place to minimise the risk of illness by infection to Council staff, Elected Members and the Community.

Measures include working from home where possible, splitting work groups into smaller teams, shift rostering, My Vaccine Pass (MVP) requirements at specified locations before entry along with a Staff Vaccine Policy.

Security contractors have been engaged to monitor MVP requirements at the specified locations while the requirement remains in place.

Some minor disruptions have occurred to services where staffing levels have been affected by the impact of COVID - 19 and measures like temporarily closing for lunch have been implemented to ensure staff health safety and wellbeing while maintaining a level of service to the community.

All staff are frequently reminded by the Leadership team and people leaders to access the organisation's professional Counselling services if required.

Staff Meetings have continued as usual and Video conferencing technology has been utilised like Microsoft Teams or Zoom.

Staff returning to work from self-isolation are required to carry out Rapid Antigen Testing (RAT) prior to returning to the workplace.

The CCTV Policy was approved in September 2021 subject to the inclusion of a map being included identifying camera locations.

The Health and Safety Policy annual review has been completed by Health and Safety Committee and the Leadership team.

There have been no Contractors audited during this report period.

The Drug and Alcohol Policy review is underway awaiting feedback from the Unions.

Hazard management and reviews continue with workgroups and managers.

Health and Safety Committee (HSC) meetings continue as scheduled and the committee now have their own Microsoft Work Space page for additional sharing of information and ongoing collaboration between monthly meetings.

Event data results will identify as lower than usual due to the Swimming Pool temporary closure and the effects of COVID – 19 Lockdown and limitations.

There have been no notifiable events reported to WorkSafe during this period.

It is expected that the annual offer of flu vaccinations for staff will get underway at the end of March or early April.

Annual occupational health monitoring is likely to be arranged for June or July 2022.

2 Background

This report provides a general overview of the current status of the Occupational Health & Safety Management System (OHSMS).

Source data is identified and accessed from VAULT/Damstra Health and Safety software.

3 Lead and Lag Indicators

Lead Indicators identify activities aimed at preventing accidents and maintaining health and safety like induction, training, hazard management, monitoring and prompt/thorough event investigation.

Near Miss events are considered leading indicators because workers demonstrate awareness and understanding that a near miss represents the potential for harm, loss or damage should there be a repetition of the same or similar event.

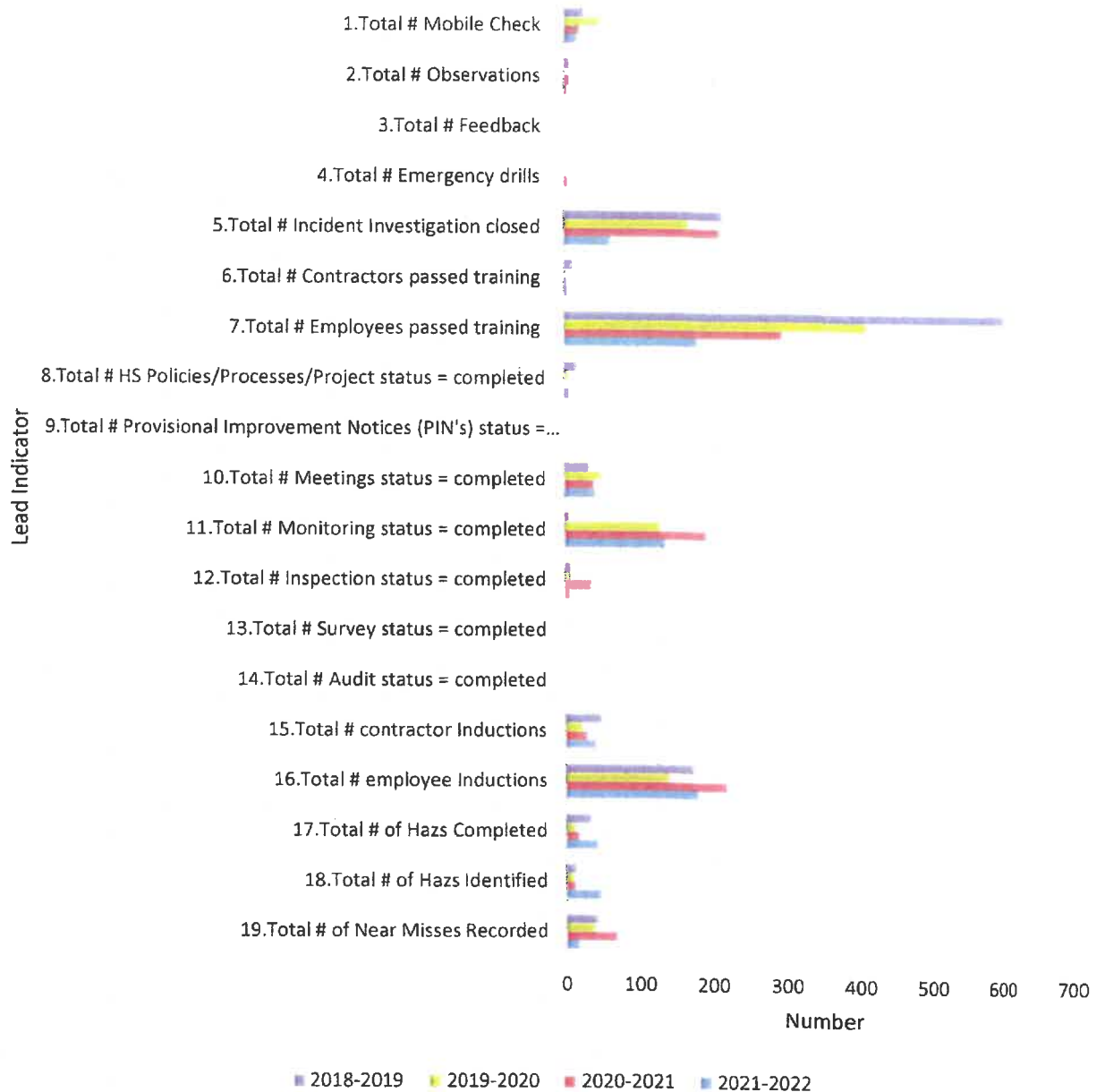
Near Miss events when reviewed will identify learning and continuous improvement opportunities potentially adding to the preventative approach in Health and Safety management.

Lag Indicators identify data that has resulted from a work related injury or illness.

First aid events, medical events and lost working time are identified.

The bar graphs below identify lead and lag indicators by financial year.

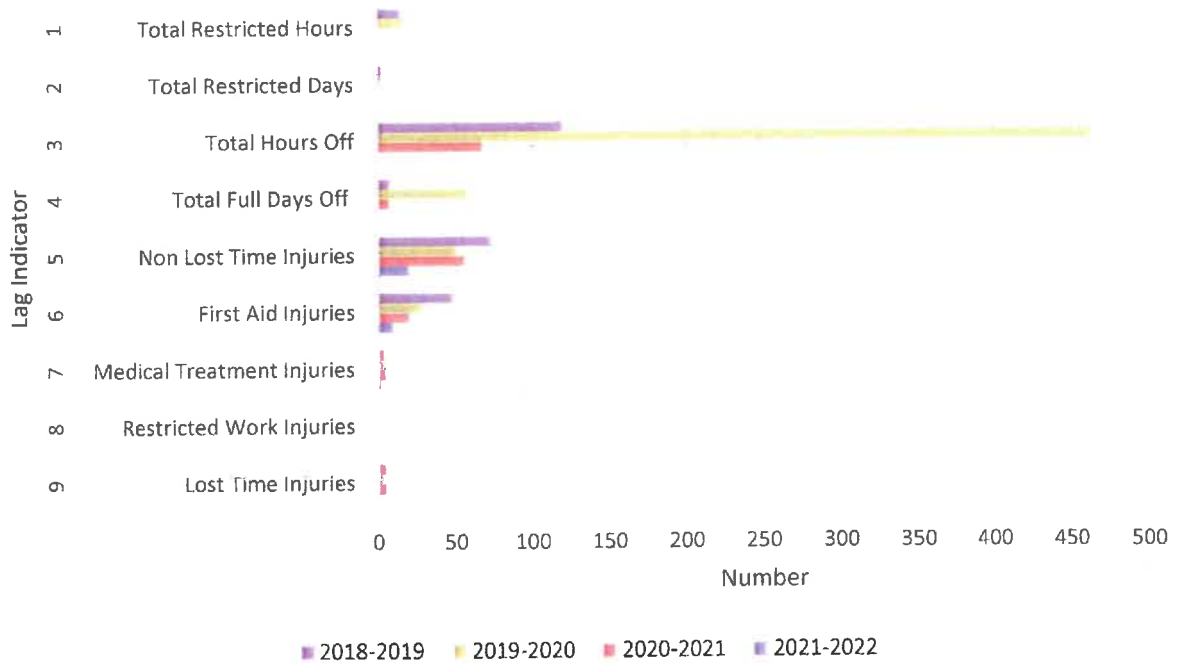
Lead Indicators by Financial Year



Key for Lead Indicators	
1	Audit/Check Template Mobile Application e.g. Tablet Device used for – Contractor Audit, Site Audits or Workstation Assessment (Completed) Specific Contractor Audit data is identified in a bar graph near the end of this report.
2	Positive Observation Records e.g. Comments by staff - <i>Workers observed wearing appropriate PPE or Traffic Management site well managed...</i>
3	Positive comments to H & S team e.g. New mower much quieter than older model or new agrichemical much safer to use than the previous one...
4	Number of Emergency Drills – includes false alarms and evacuations.
5	Event Investigations – Designated Investigators have completed and closed the investigation into an event e.g. accident, near miss, incident, illness and pain or discomfort etc.
6	Contractors that have undergone training arranged by KDC.
7	Number of workers completing Health and Safety Related Training
8	Polices, Processes newly implemented or that have been reviewed
9	A record of PIN's (Provisional Improvement Notices) – where a specific health and safety improvement is legally required within a reasonable timeframe.
10	Health and Safety Meetings e.g. Committee meetings, toolbox, hazard reviews
11	Monitoring e.g. Panic Duress alarm test, Smartrak testing, Individuals or teams monitoring an issue – also records of Officer Due Diligence duties
12	Site Inspections – formal or informal e.g. Management by Walking About

13	Staff Health and Safety Surveys e.g. Safe Plus+ or Ask your Team
14	Audit e.g. Audit by internal or external auditors
15	Contractors inducted e.g. General and/or Site Specific Safety Inductions
16	Workers inducted e.g. General - and Site Specific Safety Inductions
17	Total number of Hazards/Risks completed all types e.g. site, task, plant, biological, environmental, psycho - social, ergonomic, substance, asbestos and physical
18	Total number of new Hazards/Risks identified all types (not previously listed)
19	Near Misses Recorded - To Identify potential weaknesses in the safety management system enabling learning opportunities to implement improvements to eliminate or further minimise harm, damage or loss in the future regarding the same or similar events.

Lag Indicators by Financial Year



Key for Lag Indicators	
1	Restricted hours worked as part of a return to work rehabilitation plan
2	Restricted days worked as part of a return to work rehabilitation plan
3	Number of hours lost resulting from a workplace injury event
4	Number of full days lost resulting from a workplace injury event
5	Injury events resulting in no work time lost
6	Injury events resulting in a First Aid Response
7	Injury events resulting in medical treatment by a registered medical practitioner e.g. doctor or immediate treatment meaning urgent treatment including treatment by a medical practitioner, registered nurse or paramedic
8	Injury events resulting in a worker doing restricted or alternative work (Rehabilitation)
9	Number of injuries resulting lost working time

The 2019 - 2020 total hours and days off results identify as higher than other years because of one notifiable worker accident.

Recovery/rehabilitation time was needed to ensure a healthy, safe and sustainable return to work identified in the data.

4 Employer Commitment to Safety Management Practices

Commitment to health and safety management in the workplace is recorded in VAULT/Damstra.

Policies are reviewed by the Health and Safety Committee (HSC), Health and Safety Representatives (HSR's) and their workgroups.

The leadership team complete a final review and approval.

Policies are reviewed at least triennially, unless an opportunity for improvement is identified earlier.

The Health and Safety Policy remains on an annual review cycle.

Organisational Policies/Documents

The table below identifies status of Policy/Document reviews.

Organisational Policy/Document	Status
Health and Safety Policy	Review 01/12/2022
Rehabilitation Policy	Review 01/03/2022 HSC (Underway)
Drug and Alcohol Policy	Review 01/08/2021 HSC (Underway) – Awaiting Union feedback
Cash Handling Policy	Review 01/04/2024
CCTV Policy	Developed and Approved 23/09/2021 - Subject to a map of camera locations being identified in the appendix. (Underway)
Worker Engagement, Participation and Representation Agreement	Review 30/11/2022 HSC
HSR Induction Manual	Slideshow being Developed for HSC Review 29/08/2021 HSO (Underway)
HSR Position Description	Review 01/04/2022 HSC (Underway)
Safe Driving Policy	Review 06/04/2024
Staff Induction Safety Policies and Manual	Review 09/09/2022 HSC
Trespass Policy & Processes	Review 29/10/2022 HSC
Visitor Management Policy	Review 01/02/2022 HSC (Underway)
Working Alone Policy	Review 05/06/2022 HSC
Bomb threat, Lock down & Suspicious mail policy	Review 18/06/2022 HSC
VDU Management Policy	Review 03/09/2024
Bullying and Harassment Policy	Review 01/10/2024
Workplace Stress & Fatigue Policy	Review 30/08/2022
Retirement Planning Policy	Review 01/09/2024
COVID – 19 Vaccination Policy	Review 17/02/2025

5 Planning, Review and Evaluation

VAULT/Damstra provides source data for review and evaluation of the Occupational Health and Safety Management System (OHSMS).

VAULT/Damstra status reports are scheduled electronically to managers.

6 Hazard Identification, Assessment and Management

Work associated with managing the top 5 hazards is outlined below:

1. Public/People
2. Stress
3. Slips, Trips and Falls
4. Lone Working
5. Manual Handling

1 Public/People

Customer Conflict Awareness training is on hold and will be rescheduled when this type of interactive face-to-face training can safely recommence.

A guideline for staff dealing with telephone abuse is under development.

Security contractors are in place to support staff at locations where the public are required to produce their MVP.

2 Stress

KDC maintains a policy for the management of Workplace Stress and Fatigue and the hazard is recorded in the register.

Bullying and Harassment and Mental Health Awareness training will be rescheduled for new and existing staff refreshers in 2022.

With many staff working from home under the Government's COVID – 19 response - Traffic Light setting Red – Phase 3 – increased communications between staff and managers via Phone/Zoom/Microsoft Teams has been helpful in minimising the effects of staff feeling isolated.

The organisation is aware of the potential negative mental health effects of the COVID – 19 pandemic and continues to encourage staff to utilise the organisation's free and confidential support services.

The continually improving availability of Rapid Antigen Testing (RAT) kits have also been helpful in minimising staff anxiety levels.

Generally believed to be around 80% accurate the RAT has provided a quick result for staff to respond to as required.

3 Slips, Trips and Falls

The risk of death, injury, damage or loss from slipping tripping or falling is recorded with safety controls on the hazard register.

4 Lone Working

KDC maintains a policy and process for Lone Working Management and this is recorded in the KDC Hazard register.

Lone working management has led to some operational changes to manage staff health and safety and ensure breaks and lunch time is provided.

Staff have been working split shifts resulting in some operational changes to opening/closing times of sites.

5 Manual Handling

The risks associated with manual handling and safety controls are recorded on the hazard register.

Training is ongoing.

Early pain, discomfort and injury reporting is encouraged.

Top 5 Hazards as per risk assessment and staff perception

The staff evaluation method is based on personal perception, knowledge and experience, which is valued by the organisation.

The organisation engages with the workforce to understand staff perceptions of danger.

Learning from this has resulted in commitment to invest in resources like site improvements, technology, equipment, training, policies and processes.

Learning and opportunities to improve are ongoing.

Health Monitoring

The table below identifies health assessments, monitoring and vaccinations for workers.

Annual Occupational Health Monitoring is likely to take place in June or July 2022.

Monitoring/Vaccination	Status
Audiometry (Hearing monitoring)	To be scheduled mid- 2022
Self Contained Breathing Apparatus (SCBA) annual health assessment	Annually for specified staff - Ongoing/Underway
Immunisations/vaccinations (Tetanus, Hep A, B & Diphtheria)	Ongoing/Underway
Work station assessments	Ongoing/Underway
COVID – 19 My Vaccination Pass (MVP)	Ongoing/Underway as per Policy requirements
Spirometry (Lung Function Monitoring)	Completed 2020 but still on hold 2022 due to COVID - 19
Full Asbestos Medical (Workers doing Asbestos Related/Removal Work)	Completed 2020 but still on hold 2022 due to COVID – 19.
Pre-Employment-Medicals (PEM's)	Ongoing/Underway
Face Fit Assessment & Monitoring (RPE)	Ongoing/Underway
Drug & Alcohol Pre-Employment, Random, Reasonable Cause and Post Event testing	Ongoing/Underway
Eye Health and Vision Check	Ongoing/Underway for staff spending over 50% of their working day on a Visual Display Unit (VDU)

Health & Wellbeing

The table below identifies opportunities for workers to find support and consider offers that could help maintain - or improve their health and wellbeing – including mental wellbeing.

It is anticipated that staff will be offered the annual flu vaccination at the end of March or early April – subject to the delivery of the vaccines to the provider.

All staff are frequently reminded by the Leadership team and people leaders to not hesitate in accessing the organisation’s free and confidential counselling services when needed.

Opportunity on Offer to Workers	Status
Employee Assistance Programme (EAP Services)	Available 24/7 free & confidential
Employee Counselling Provider (VITAE)	Available 24/7 free & confidential
COVID – 19 Immunisation	KDC supports staff to maintain their vaccination status
Annual Flu vaccine	To be scheduled for March – April 2022
Skin Checks (Melanoma/Skin Cancer)	To be scheduled for 2022
Yoga Class	Available weekly
Zumba Dance Class	Available weekly
Domestic Violence Victims Protection Standard Operating Procedure	Available on the KDC SharePoint

Drug & Alcohol Policy

Tests identified in the policy are:

- Pre-Employment
- Random (5% of staff per month)
- Reasonable Grounds
- Post Incident testing

The organisation awaits the findings of the Unions review of this Policy.

Staff changes at the Union has delayed their response.

Workplace Monitoring

Methane and Hydrogen Sulphide gas levels are continually monitored at designated premises.

Information, Training and Supervision

Investment in Health and Safety training remains relevant to the organisation’s needs.

Some training has continued but most training has been put on hold due to COVID – 19 and is starting to be rescheduled for mid-2022.

First Aid training has continued - but not without some rescheduling due to staff sick leave.

Some courses are being completed on line.

Training providers are making this way of learning more readily available, user friendly and easy to access.

Online training still maintains accreditation to NZQA unit standards.

While at COVID Protection framework traffic light Red setting – training providers are requiring participants to produce their MVP as part of their organisation’s duties to protect their own staff and other participants.

7 Incident and Injury Reporting, Recording and Investigation

Notifiable Events to WorkSafe NZ

(The death of a person, a notifiable injury, illness - or a notifiable incident that must be reported to WorkSafe NZ).

There have been no events requiring notification to WorkSafe during this report period.

Event Statistics

Events recorded include Accidents, Incidents, Near Misses and Illness.

- Total 230 averaging 19 events per month for financial year 2018 - 2019
- Total 155 averaging 13 events per month for financial year 2019 - 2020
- Total 206 averaging 17 events per month for financial year 2020 - 2021
- Total 62 averaging 8 events per month for financial year 2021 - 2022
(As at 28 Feb 2022)

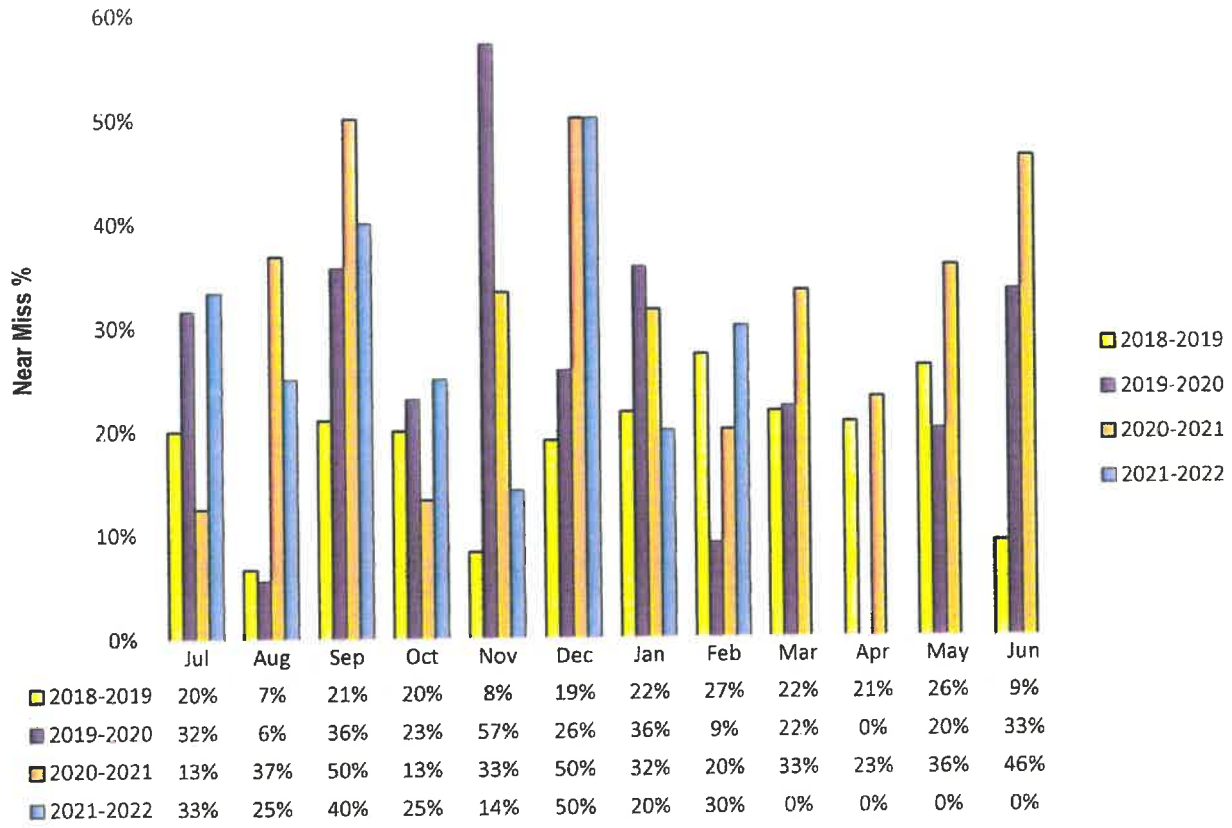
Event Statistics are lower than usual for 2021 - 2022 due to COVID – 19 and the swimming pools being temporarily closed for essential maintenance.

Near Miss events

The organisation values near miss events being reported understanding the learning potential and opportunity to improve health and safety preventative control measures.

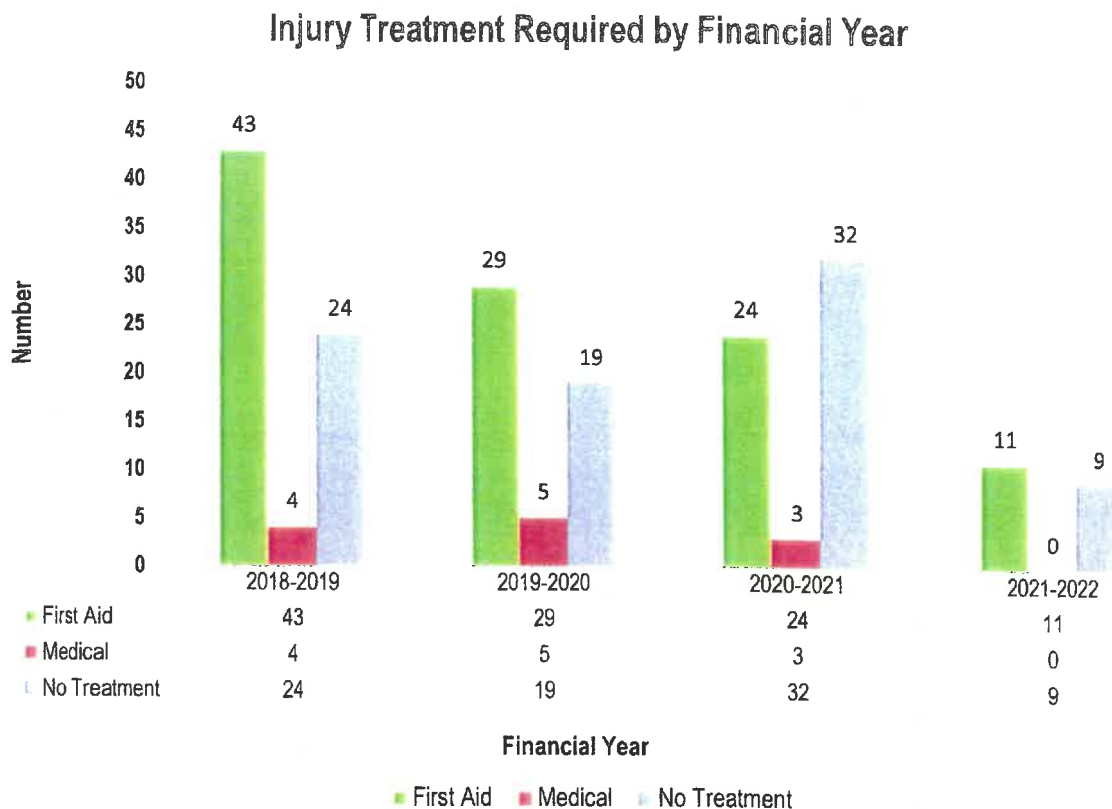
- Near miss events contributed to 18% of total events for financial year 2018-2019
- Near miss events contributed to 25% of total events for financial year 2019- 2020
- Near miss events contributed to 32% of total events for financial year 2020-2021
- Near miss events contributing to 29% of total events for financial year 2021-2022

Near Miss % of Events by Financial Year



The column combination graph above identifies the financial year focusing on the percentage of near misses recorded for each month.

Accidents



The column combination graph above identifies injury/illness treatment outcomes by financial year.

All sites and all person types are included in the data.

- First Aid means attention given to reduce the effects of the injury or illness by a first aider or staff at a medical centre or hospital but the person is not admitted.
- Medical means professional medical attention has been required to manage the effects of an injury/illness e.g. General Practitioner, Registered Nurse or Paramedic and Immediate treatment is required other than First Aid and/or admission to hospital is required.
- No treatment means the injury did not require first aid attention - or First Aid assistance was refused.

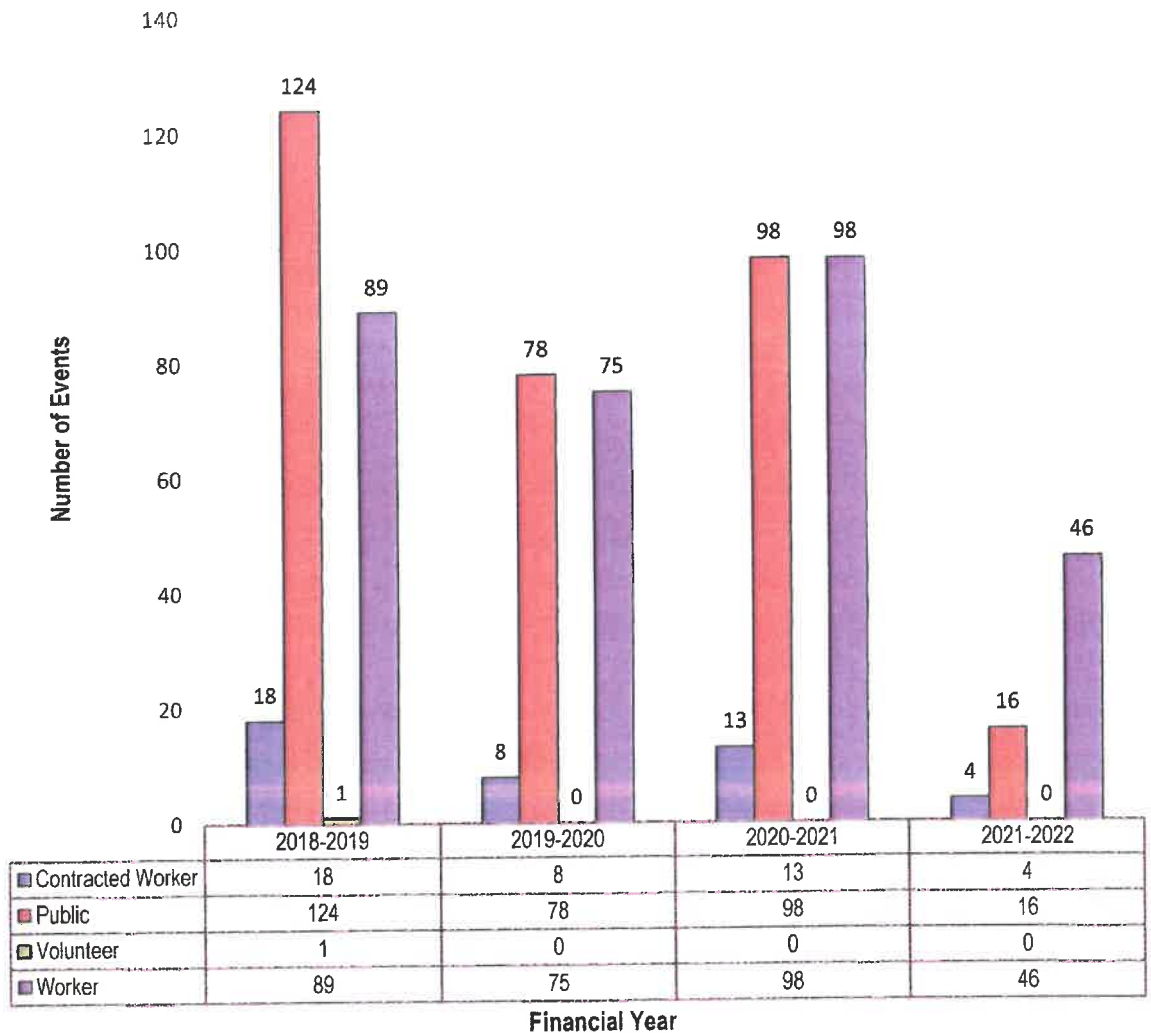
Types of Person involved in Events

The organisation records the type of person involved in events.

The public and workers usually identify similar results.

Most of the public events occur at the Swimming pool site but this has been closed for several weeks impacting event data results for this financial year.

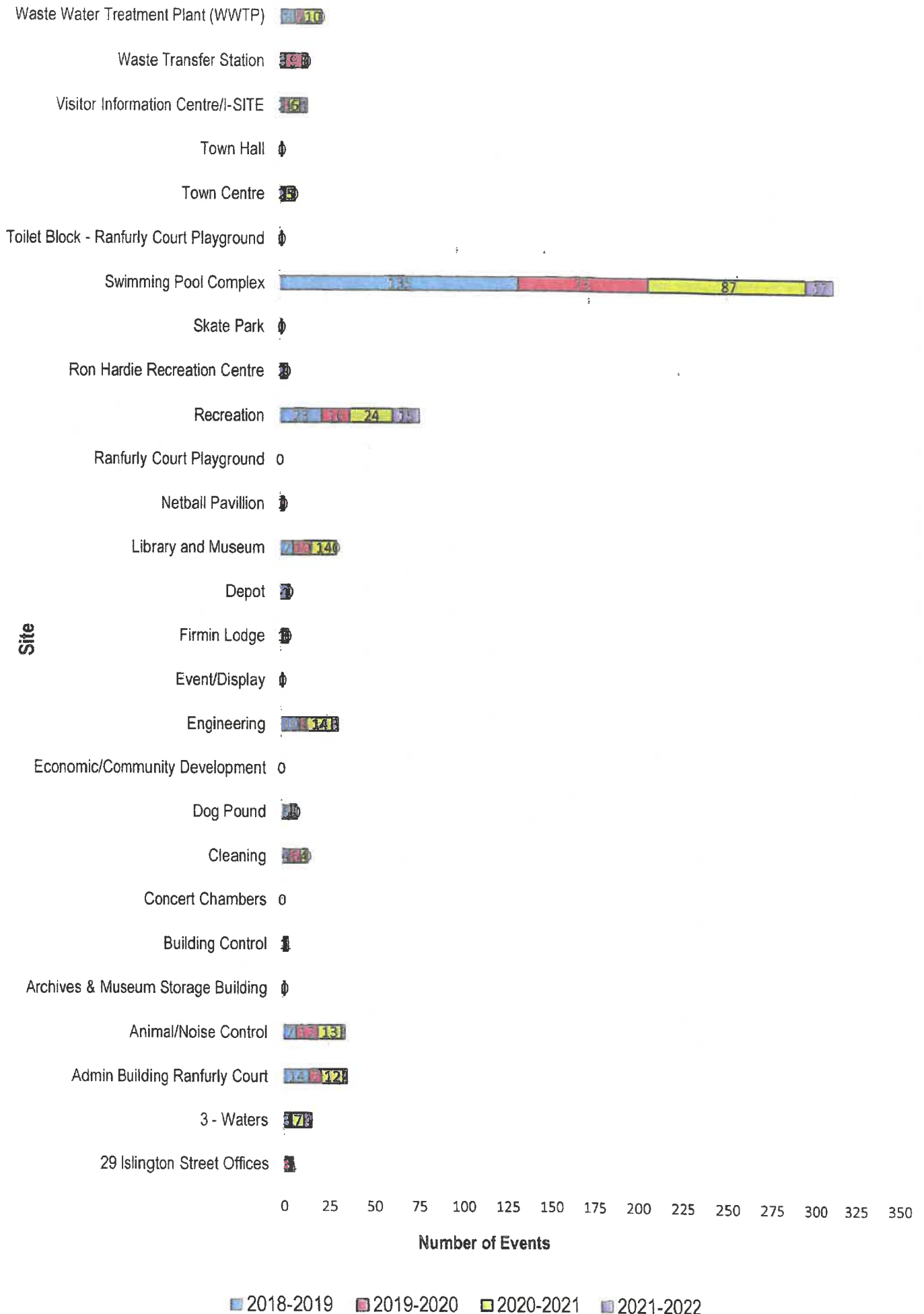
Types of Persons Involved in Events by Financial Year



The column combination graph above identifies the type of person involved in all events for the financial year.

- Contracted worker means a contractor or sub-contractor engaged by Council
- Public means the general public including customers or visitors
- Volunteer means a Volunteer worker engaged to work for Council unpaid
- Worker means any person employed by Council

Site Event Records by Financial Year



The stacked bar chart above identifies the sites where an event has been reported and recorded for financial years 2018-2019, 2019-2020, 2020-2021 and 2021-2022.

Event reports from the swimming pool site are lower than previous years due to a temporary closure for essential maintenance.

8 Employee Participation in Health and Safety Management

The Health and Safety Committee (HSC) continues to meet monthly.

Health and Safety is an agenda point for departmental business improvement meetings, management meetings and Leadership team meetings.

The February HSC meeting was held remotely (via Zoom).

9 Emergency Planning and Readiness

Certain Council premises are required to have Building Warrant of Fitness Certificates (BWoF) e.g. District Office/Library and Firmin Lodge because they are identified as having specified systems.

Specified Systems require scheduled inspection and maintenance for health and safety reasons annually.

Specified systems can include fire warning (alarm), sprinkler systems, emergency lighting, riser mains, automatic doors, mechanical ventilation and lifts etc.

Compliance checks for specified systems are done by an Independent Qualified Person (IQP) namely Bay Building Company.

A Building not requiring a BWoF has emergency plans, emergency exits and assembly points maintained by Operations and Services.

First Aid equipment, training and provision is maintained.

Duress Alarms and Emergency Lock Down

All Council counter services have duress alarms and emergency lockdown buttons which are tested regularly and records of testing maintained in VAULT.

10 Protection of Employees from On-site Work undertaken by Contractors and Sub-contractors

Contractor Monitoring Key Performance Indicator (KPI)

Contractors can be subject to site audits by the HSO and the relevant Kawerau District Council (KDC) contract manager.

Contractor auditing measurement uses a Key Performance Indicator (KPI) with a target set at one Audit per month – except during holiday periods when contractor activity is low.

Individual or combined factors influence the KPI target being met - like; unplanned or reactive work taking priority, leave, availability of a variety of contractors, suitable projects to audit, pandemic alert level restrictions and weather.

The KPI target was 10 for the financial year 2020 – 2021.

9 audits were completed for that year.

No audits were completed during this report period.

KPI is 1 below target for this report period.

Key Performance Indicator (KPI) Contractor Health and Safety Monthly Monitoring Financial Year 1 July 2020 – 30 June 2021				
Month	Monthly Site Inspections Required	Monthly Site Inspections Completed	Monthly KPI Achieved	Comment
July 2021	1	0	No	-
Aug 2021	1	1	Yes	<i>Poplar Tree removal – Tarawera High School</i>
Sept 2021	1	0	No	-
Oct 2021	1	2	Yes	<ul style="list-style-type: none"> • <i>Building Contractors – works stopped - awaiting Building Inspection 21/10/21 audit cancelled</i> • <i>Water Pipe Contractors 21/10/21 audit completed</i> • <i>Carpark surface Repairs 26/10/21 audit completed</i>
Nov 2021	1	0	No	<i>COVID-19 work prioritised</i>
Dec 2021	0	-	-	<i>Contractor Activity Low</i>
Jan 2022	0	-	-	<i>Contractor Activity Low</i>
Feb 2022	1	0	No	<i>HSO working from home at COVID - 19 Traffic Light Red Phase 3</i>
March 2022	1	-	-	
April 2022	1	-	-	
May 2022	1	-	-	
June 2022	1	-	-	
Totals	10	3		-
KPI: 1 Monthly Site Inspection			Assigned to: Health & Safety Officer (HSO)	
Review: as a minimum - Annually Next Review Date 31/09/22			Review team: Chief Executive Officer (CEO), Manager Economic & Community Development (MECD) & HSO.	
Review Objectives: Identify opportunities for improvement ensuring KPI remains Specific, Measurable, Achievable, Realistic and Time bound.			Method of Review: Team Meeting to review objectives identify and implement opportunities for improvement.	

The combination chart below identifies the number of contractor site audits for the financial years 2018-2019, 2019-2020, 2020-2021 and 2021-2022.



11 Conclusion

The Occupational Health and Safety Management system is in place and continues to be monitored, developed and improved.

12 RECOMMENDATION

That the report 'Occupational Health and Safety Management System Status' be received.

Paul Snook, ProfNZISM. MIIRSM. HASANZ

Health & Safety Officer

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Meeting: Audit and Risk Committee

Meeting Date: 5 April 2022

Subject: Treasury Report to 28 February 2022

File No: 110551

1 Purpose

The purpose of this report is to inform members of the funds held by Council as at 28 February 2022 and provide explanations for any significant variances from the previous year.

2 Background

This report also went to the Regulatory and Services Committee, and shows the funds currently held and the banks where those funds are invested.

All investments were made in accordance with Council's Investment Policy.

The investment policy was amended in 2020/21 to increase the limit to 50% of total funds that can be invested with a single institution and also introduce a limit of \$1.5 million being invested with any one bank.

The exception is Council's principal bank where funds can exceed 50% and/or \$1.5 million.

The reason for the change is that with less funds it is more difficult to spread investments but Council still needs to act prudently.

3 Funds Held

The following funds were held at 28 February 2022:

	February - 2022	February - 2021
Special Funds		
Depreciation Funds	\$7,086,842	\$6,889,502
Development Feasibility	\$11,000	\$11,000
Total Special Funds	\$7,097,842	\$6,900,502
General Funds	\$1,081,221	\$251,807
Total – comprising cash & internal loans	\$8,179,064	\$7,152,309

The figures show that overall Council has close to \$1.02 million more funds than this time last year.

Additional funds have been received for sale of sections \$900k since Feb 2021, which Council will use \$500k to reduce rates this year, and insurance proceeds for netball pavilion \$537k. There has also been additional (unbudgeted) expenditure for the removal of contaminated material from Central Cove, approximately \$250k to date. The depreciation reserves are close to what they were a year ago although a number of renewal projects are currently underway (roading, water, wastewater & pool).

The projected cash-flow graph shows that Council is likely to continue to have a surplus at least until the end of the financial year. Staff will arrange loan funding prior to Council going into deficit.

Funds held @ 28 Feb 2022 were as follows:

Invested in	\$	Interest (Average) %	% External
ANZ – on call	831	0.15%	0.01%
BNZ – current & on-call	5,084,496	0.25%	78.91%
Rabobank (on-call)	1,358,222	0.85%	21.08%
Total Funds (Cash)*	6,443,359		100.00%
Internal Loans	1,735,515		
Total Investments	\$8,179,064		
Interest Rates	Average interest rate		0.42%
	Weighted Average interest rate		0.38%

*These figures include the accrued interest to 28 February 2022

4 **RECOMMENDATION**

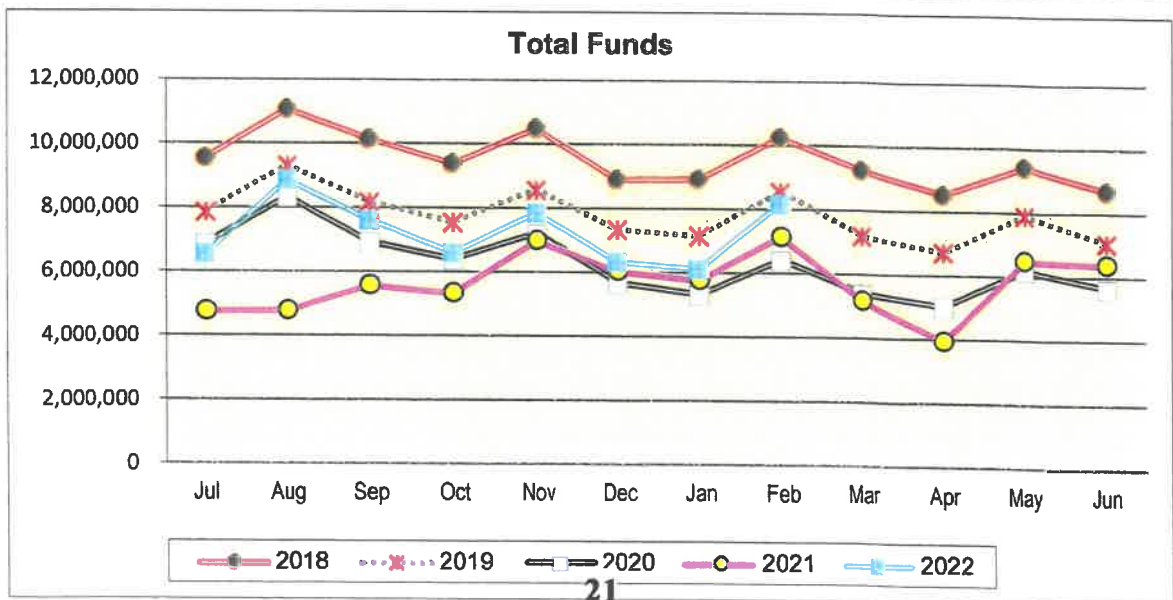
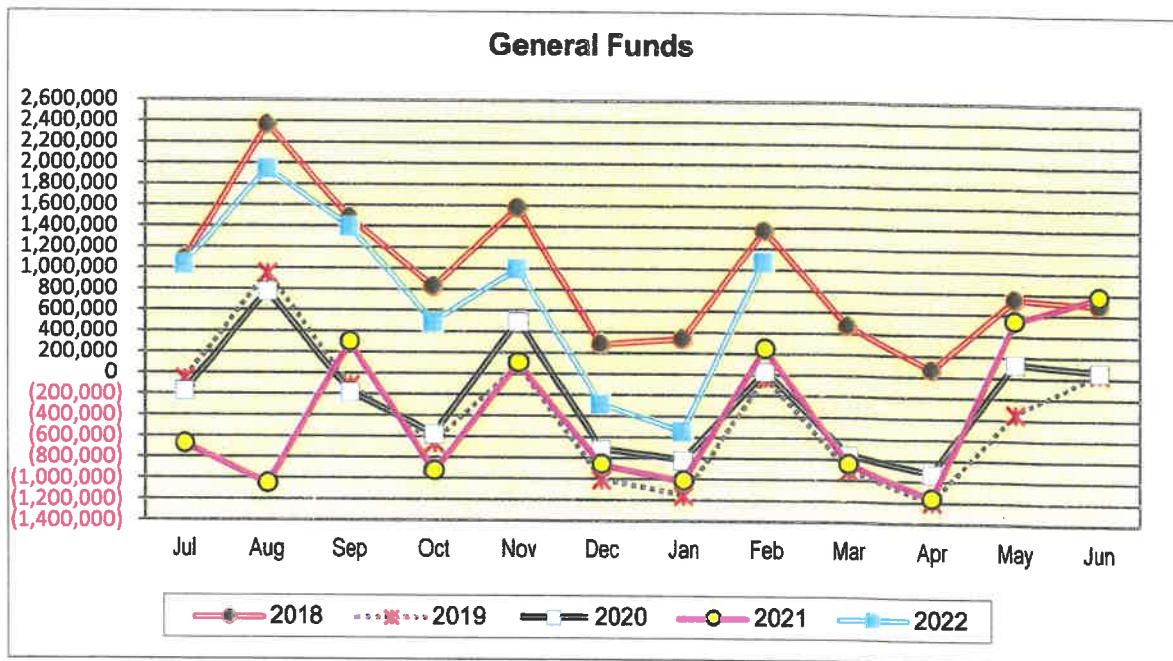
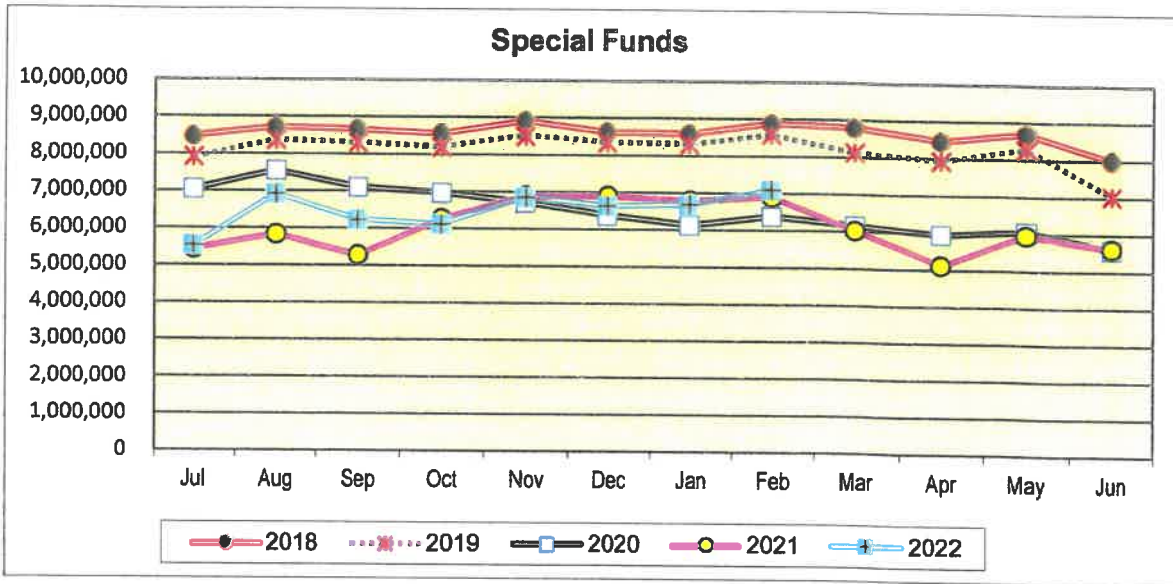
That the report “Treasury report to 28 February 2022” be received.

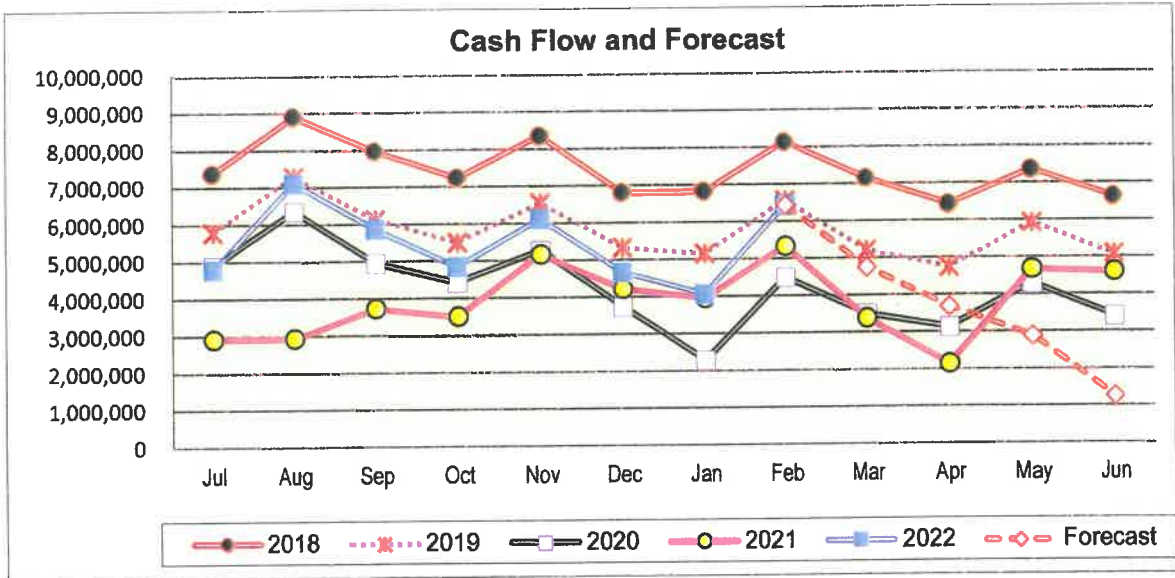
Peter Christophers, BBS, ACA

Group Manager, Finance & Corporate Services

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Funds Monitoring Graphs
February
2022





Meeting: Audit and Risk Committee
Meeting Date: 5 April 2022
Subject: Risk Register – Monitoring Report
File No: 201000

1 **Purpose**

The purpose of this report is to list and monitor those risks that have been identified as being high (or extreme) following Council mitigations, to see what further mitigations are possible and if their status has changed since they were last reviewed.

2 **Background**

Council's risk register identifies the high level risks, the mitigations, and the associated risk scoring both prior to mitigation, and then following the mitigation measures that are in place. The register has previously been reviewed by KPMG, who made a number of recommendations that were included in the register.

The risk register was last updated and reviewed by the committee 7 December 2021 and there were a number of changes to the risk analysis since the previous review.

These changes to the risk profiles mostly resulted from: the 3 waters reforms, the planned local government reforms, the impact of COVID-19 on Council operations, and a significant ratepayer (Norske Skog) ceasing operations. Therefore, the risk associated with these had increased.

The attached schedule lists those risks which are still considered high or extreme following the mitigations that Council has in place.

3 **RECOMMENDATIONS**

1. That the report "Risk Register – Monitoring Report" be received.
2. That the Audit and Risk Committee consider and recommend any amendments to the identified risks.


Peter Christophers, BBS, ACA
Group Manager, Finance & Corporate Services

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Risk Register

(Material – High Level Risks)

Kawerau District Council

Risks which remain “High” or
“Extreme” following mitigations

RISK REGISTER

Definitions:

The common definitions for terms used in risk management documents, include:

- **Risk:** Effect of uncertainty on objectives.
- **Risk Management Strategy:** A structured approach for the assessment, management and mitigation of risk
- **Risk Management Process:** Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing and evaluating, treating, monitoring and reviewing risk.
- **Risk Mitigation:** Those measures that manage the risk.
- **Risk Owner:** Person or entity with the accountability and authority to manage/monitor a particular risk.
- **Risk Register:** A record of identified risks.
- **Risk Appetite:** The amount and type of risk that the Council is prepared to pursue, retain or tolerate.

Risk Management Strategy

Council's risk management strategy is: *to identify, assess and mitigate known risks to the point that Council determines is acceptable after taking into account the possible outcomes should the event occur and the cost of further mitigation.*

Risk Appetite

Risk appetite is the level of risk Council is prepared to tolerate before it takes action to reduce (or further reduce) the risk. It is not always practical or feasible to totally eliminate risk and to attempt to do so would not be value for money.

Council has adopted the **ALARP** principle (**As Low As Reasonably Practical**) after taking into account the likelihood and consequence of the particular risk as well as the cost of further mitigation, for the management of its risks. Very few risks can be reduced to zero – there will always be some level of potential risk.

Description	Risk	impact	Raw Risk			Residual Risk (total)	Future Mitigation/Monitoring	Costs of future mitigation	Is Residual risk Acceptable? (ALARP)	Time-frame for further mitigation	Staff Responsible (monitoring & mitigation)
			Likelihood	Consequence	Total						
Local Government Restructure/Reforms											
Central Government influences (3 waters, RMA & Future of Local Government)	Potential changes to role/ structure of Council.	Changes to structure could have destabilising effect on district. Representation and local decision making powers may be reduced. Services may change. Conversely role/ structural changes could also be a positive benefit for the district.	5	5	25	4,5 20	<p>No direct controls in place as Council unable to control central government decisions.</p> <p>However keeping abreast of the emerging issues and having strategies to deal with proposed changes in place via workshops and regular Council briefings.</p> <p>Refinement and development of corporate processes ensures organisation is high functioning and resilient to any change.</p> <p>Also undertaking shared services where appropriate to ensure efficiencies and savings where possible</p> <p>Provide feedback to central government on any possible negative outcomes of proposed reforms</p>	No additional costs identified.	No	N/A	CEO

Description	Risk	Impact	Raw Risk			Current Mitigation	Residual Risk (total)	Future Mitigation/Monitoring	Costs of any future mitigation	Is Residual Risk Acceptable? (ALARP)	Time-frame for further mitigation	Staff Responsible (monitoring & mitigation)
			Likelihood	Consequence	Total							
Environmental Impact												
Storm Events (Flooding and wind damage) 27	Climate change, extreme weather events increase including tornados. Widespread storm flooding over a sustained period of time.	Damage to assets, property, utility systems unable to cope, bridges washed out, streams and drains become torrents. Death and injury.	4	5	20	Civil defence, Reserves Act powers, RMA powers, District Plan (hazard zones), maintenance contract. Insurance for Council assets including infrastructure. Council financial reserves available to fund infrastructure replacement Stormwater network, and improvements to capacity of stormwater system Removal of high risk trees	3,5 15	On-going insurance. Mitigation improvements are identified in the AMP's and LTP. Capital expenditure to improve stormwater capacity (2019 - 2023). On-going identification of at risk trees Stormwater infrastructure will not mitigate possible damage for all heavy rain events and floods. Development of Climate Change action-plan	Programmed to spend \$865k in 2019 - 2023 on stormwater upgrades	No	2019 - 23	MOS
Global Pandemic (COVID-19)	Pandemic will result in Council being unable to provide services to community	Restrictions to residents. Limited Council services provided. Reduced quality of life. Inability of community to pay for services	5	5	20	Civil defence provisions, protective equipment for staff, restrictions to Council services to reduce spread. Communication with community concerning vaccinations and maintaining preventative practices	5,4 20	Continued communication with the community. Continuing to follow MoH guidelines	No additional costs identified although potential loss of revenue (fees and rates – if job losses)	No	N/A	CEO

Description	Risk	Impact	Raw Risk			Current Mitigation	Residual Risk (total)	Future Mitigation/Monitoring	Costs of any future mitigation	Is Residual Risk Acceptable? (ALARP)	Time-frame for further mitigation	Staff Responsible (monitoring & mitigation)
			Likelihood	Consequence	Total							
Finance:												
Significant nature of major ratepayers	That one or more of these ratepayers ceases to exist	Ratepayer burden increases jeopardising sustainability of Council long term	5	4	20	Involvement in economic development to increase the rating base and reduce reliance on a few individual ratepayers	5,3 15	On-going involvement in economic development to encourage development and increase the rating base. Reviewing revenue and costs to reduce impact.	On-going cost of providing economic development activity. Also additional rating costs may impede future industrial/commercial development	No	Ongoing	EDM

Risk Summary

		Likelihood					Consequence				
			1 Minor	2 Moderate	3 Significant	4 High	5 Extreme				
5 Likely (>60%)											
4 Moderate (25% - 60%)											
3 Rare (5% - 25%)											
2 Very Rare (1% - 5%)											
1 Unanticipated (<1%)											

Key: Risk Total = Likelihood x Consequence



Meeting: Audit and Risk Committee

Meeting Date: 5 April 2022

Subject: Annual Plan performance for the 6 months ended 31 December 2021

File No.: 110400

1 **Purpose**

The purpose of this report is to review and compare Council's financial and non-financial performance to 31 December 2021 with what is in the Long Term Plan for 2021/22.

The report provides a summary of the financial performance, capital renewals and performance targets for the year. The annual report will include further amendments to these figures with the inclusion of additional accrued costs and revenues.

Comments are provided where expenditure/revenue is likely to vary from the budget and the performance targets may not be achieved for the year.

This is a summary of the report that went to the Council meeting – 29 March 2022.

2 **Financial Performance**

2.1 **Statement of Comprehensive Revenue and Expense**

The following table shows Council's financial performance, the annual budget and the amended annual budget. The amended budgets include the carried forward figures as well as any additional expenditure approved by Council.

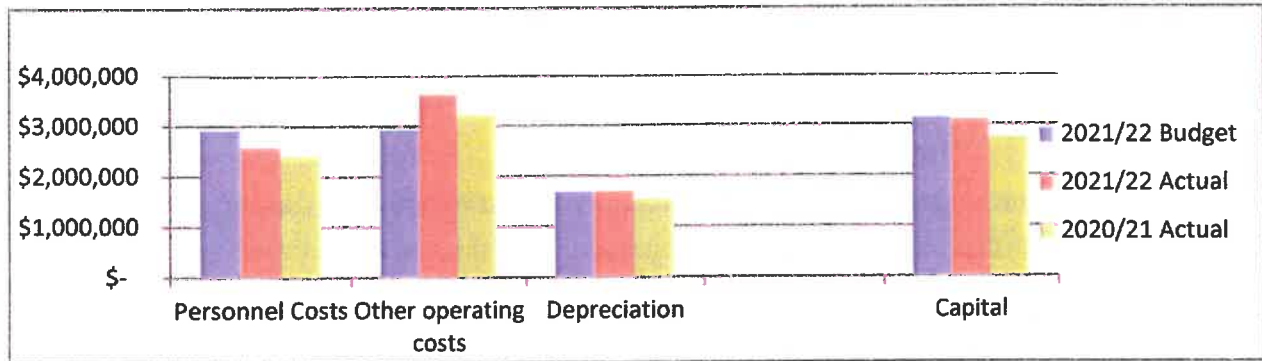
There is an operating surplus for the year to date, and explanations are provided where there are significant variances from the budget.

	Adopted Budget	Actual	Comments
Revenue:			
Rates	11,206,244	5,647,803	
Subsidies and Grants	1,241,850	221,359	Roadwork done in 2 nd half of year
Interest Revenue	18,734	5,587	
Fees and Other	2,403,080	2,417,352	Includes section sales
Petrol Tax	70,000	5,536	Petrol Tax
Total Revenue	14,939,908	8,297,637	
Expenditure:			
Personnel Costs	5,835,070	2,586,941	Some staff vacancies
Depreciation	3,243,184	1,707,160	
Finance Costs	3,999	808	

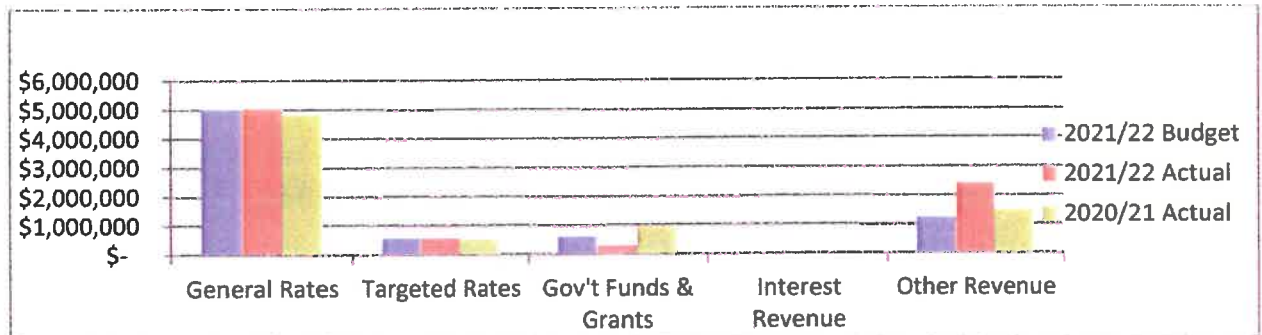
	Adopted Budget	Actual	Comments
Other Expenses	5,714,780	3,633,347	Additional expenditure for refuse disposal, KPTW & events
Total Expenditure	14,797,033	7,928,256	
Surplus/ (Deficit)	142,875	369,381	

Council's expenditure and revenue for the year to 31 December 2021 are shown in the graphs below, compared to the budget and expenditure/revenue for 2020/21.

Expenditure to 31 December 2021



Revenue to 31 December 2021



Personnel costs are below, mostly as a result of staff vacancies. Other operating costs are ahead of budget due expenditure for employment project initiatives for which additional funding has been received. There is also some additional costs for removing contaminated material (\$250k to date) from the Central Cove subdivision.

The capital projects are on track and it is expected that most of these projects will be completed by 30 June 2022.

Council has received \$1.245 million from the sale of 4 retirement units in July 2021 and there is revenue from a further 6 units to come.

There has been additional revenue for employment initiatives and proceeds from sale of sections, which has resulted in revenue being ahead of the year to date budget.

Government funds (subsidy) is below budget as most of the roading projects will be undertaken later in the year.

2.2 Statement of Financial Position

The following table shows Council's financial position at 31 December 2021 compared to the budget. The financial position figures do not include all the accruals for receivables and payables, which will be done at year end for the Annual Report.

	Budget @ 30/6/2022	Actual to 31 Dec 2021	Comments
Assets:			
Current assets:			
Cash & cash equivalents	\$4,839,694	\$4,606,642	
Receivables	\$1,736,730	\$1,183,510	
Inventories	\$778,550	\$1,167,908	Includes residential developments
Non-current assets:			
Property, plant and equipment	\$71,417,175	\$69,063,309	
Intangible assets	\$58,070	\$40,389	
Other financial assets	\$36,250	\$36,252	
Total Assets	\$78,866,469	\$76,098,010	
Liabilities:			
Current liabilities:			
Payables, provisions & employee benefits	\$3,560,676	\$1,835,328	
Borrowing	\$16,500	\$4,004	
Non-current liabilities:			
Provisions & employee benefits	\$214,189	\$220,820	
Borrowing	\$2,040,420	\$5,046	Budget includes \$2.0 mil for water renewal loan
Total Liabilities	\$5,831,785	\$2,065,198	
Ratepayers Equity	\$73,034,684	\$74,032,812	
Total liabilities & ratepayers equity	\$78,866,469	\$76,098,010	

2.3 Statement of Cashflow

The cashflow statement shows that Council is still in a reasonably healthy position financially and overall there was a decrease of \$10k in Council cash position to 31 December.

	Budget @ 30/6/2022	Actual to 31 December 2021
Cashflow from operating activities:		
Rates	\$11,250,300	\$5,781,348
Subsidies	\$1,241,850	\$821,359
Fees & Charges	\$2,464,357	\$1,468,647
Interest Received	\$16,990	\$5,856
Payments to suppliers and employees	\$(11,593,013)	\$(6,295,597)
Interest paid on debt	\$(28,980)	\$(808)
Net cashflow from Operations	\$3,351,504	\$1,780,805
Net cashflow from investing:		

	Budget @ 30/6/2022	Actual to 31 December 2021
Disposal of Assets	\$3,500,000	\$1,985,000
Property, Plant & Equipment purchase (less asset disposals)	\$(6,991,450)	\$(3,794,926)
Net cashflow from investing:	\$(3,491,450)	\$(1,779,926)
Net cashflow from financing:		
Loan raised/(repaid)	\$2,037,000	\$10,868
Net cash inflow/(outflow)	\$1,897,054	\$9,989
Opening balance (1/7)	\$2,942,640	\$4,616,631
Closing cash balance	\$4,839,694	\$4,606,642

3 **Non-Financial Performance**

The following is a summary of the non-financial targets performance to December 2021:

Activity	2021/22 No. of Targets	On track to achieve	2020/21 Achievement Rate
Democracy	3	2	80%
Economic & Community Development	5	4	86%
Environmental Services (excludes N/As)	13	12	56%
Roading (including Footpaths)	7	5	50%
Stormwater	3	3	100%
Water Supply	12	12	75%
Wastewater	7	6	57%
Solid Waste Management	2	2	100%
Leisure and Recreation	14	10	63%
TOTAL	66	56	68%

Council has reduced the number of targets in line with the recommendations of the auditors and is tracking close to the previous year. However, the COVID-19 restrictions have impacted on some targets and will possibly result in more targets being not achieved.

4 **Capital Expenditure**

The following is Council's capital budget (excluding carry forwards) and expenditure for the year to date:

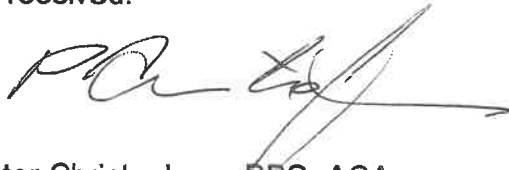
Activity	2021/22 Budget	Actual	Comments
Economic & Community Development	\$1,831,400	\$1,262,227	Residential developments – Porritt Glade
Environmental Services	\$720,000	\$13,332	Dog Pound building
Roading	\$1,175,960	\$178,245	
Stormwater	\$221,400	\$0	Pipe renewal

Activity	2021/22 Budget	Actual	Comments
Water Supply	\$2,293,000	\$736,356	Pipe replacement
Wastewater	\$1,075,000	\$263,340	WW pipe renewals
Solid Waste	\$23,000	\$9,627	Includes Recycle Shed
Leisure & Recreation	\$1,860,340	\$453,171	Pool & Library renewals
Plant, Depot and Office	\$410,350	\$192,182	New plant/vehicles, PCs & office building
Total	\$9,620,450	\$3,108,480	

The capital projects are on track and it is assumed that most projects will be completed by the year end.

5 **RECOMMENDATION**

That the report "Annual Plan Performance for the six months to 31 December 2021" be received.



Peter Christophers, BBS, ACA
Group Manager, Finance & Corporate Services

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Meeting: Audit and Risk Committee

Meeting Date: 5 April 2022

Subject: Insurance Policies for 2021/22

File No: 201000

1 Purpose

The purpose of this report is to inform members of Council's current insurance policies and consider whether further cover/policies should be added for the 2022/23 year.

2 Background

Council insures both, its assets in order to mitigate the risk associated with the loss or destruction of those assets, and possible liabilities arising from staff undertaking their duties, which could result in significant costs for the community.

Council uses Aon as its insurance broker in conjunction with other Bay of Plenty Councils as part of the BOPLASS initiative.

Council's broker sources the insurance cover that provides the best value for Council.

The period for insurance is from 1 November to 31 October.

Staff have reported previously on the insurances held by Council and the cost. There have been significant increases in the cost of some insurances in the past and indications are that costs will continue to increase as it becomes more difficult to obtain insurance cover.

Aon have requested that updated valuations be prepared for the upcoming policy renewals for material damage and infrastructure insurance cover. Aon does provide a separate insurance valuation service which is being considered as well as the possibility of using the valuers that provide valuations for the purpose of the annual report. These updated valuations will need to be completed by the end of June 2022.

3 Insurances for 2021/22

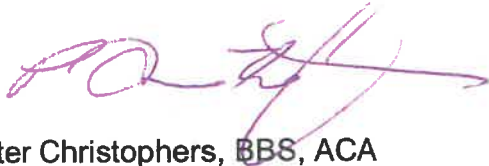
The appendix to this report lists all the insurances that Council has taken out for 2021/22 which are the same as the previous year. These include:

- Material Damage
- Business Interruption
- Motor Vehicles
- Public/Liability/Professional Indemnity
- Statutory Liability
- Employers Liability

- Personal Accident
- Crime Policy
- Infrastructure Insurance

4 RECOMMENDATIONS

1. That the report “Insurance Policies for 2021/22” be received.
2. That the Audit and Risk Committee consider whether additional insurance(s) is needed for 2022/23



Peter Christophers, BBS, ACA
Group Manager, Finance & Corporate Services

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APPENDIX

KAWERAU DISTRICT COUNCIL – INSURANCE POLICIES FOR 2021/22

Policy	Detail	Sum Insured	Excess	Insurance Company (Current)	Premium 2021/22
Brokerage	Professional fee for sourcing and arranging insurance as well as claims/advice.			Aon Group Ltd	\$9,615
Infrastructure	Above and below ground infrastructure assets (40% Placement)	\$30,000,000 (40% of Policy extensions and cover sub-limits apply)	\$100,000	Various Insurers & Lloyds of London Underwriters led by Lloyds syndicate 4472 (Liberty Underwriters)	\$30,863
		Business Interruption	Up to 15% of the Council loss limit		
Public Liability	Liability to Third Parties for property damage and/or personal injury arising from or in connection with the Insured's operations	Public Liability	\$15,000,000 (Any one claim)	\$10,000 (Each claim)	\$14,222
		Product Liability	\$15,000,000 (Any one claim)		
		Employees Property	\$1,000,000		
		Indemnity to Ratepayers	\$1,000,000		
		Hall Hirers Liability	\$1,000,000		
Professional Indemnity	Claims first made against the insured alleging civil liability, by an act, error, omission or conduct that occurred in connection with the Insureds Professional Business Practice	\$15,000,000 (Any one claim)	\$25,000 (Each claim)	Berkshire Hathaway 57% QBE Insurance (AUS) 38% Chubb Insurance NZ 5%	\$49,314
Excess Layer Liability	Excess Public/General Liability Excess Professional Indemnity	Between \$15,000,000 and \$145,000,000 shared	\$15,000 each claim	Various Lloyds of London syndicates Axa XL Chubb Insurance NZ Ltd	\$8,696

Policy	Detail	Sum Insured	Excess	Insurance Company (Current)	Premium 2021/22
Employers Liability	Liability arising out of claims made by employees for injuries outside the scope of Accident Compensation legislation	\$1,000,000 (Excl Defence Costs) \$1,000,000 for Defence Cost	\$1,000	Berkshire Hathaway 60% QBE Insurance (AUS) 40%	\$964
Statutory Liability	Defence costs, Fines & Penalties arising from unintentional breaches of the Insured Acts	\$1,000,000 for Fines and Reparation Orders \$1,000,000 for Defence costs	\$10,000	Berkshire Hathaway 60% QBE Insurance (AUS) 40%	\$1,929
Crime Policy	Direct financial loss sustained by the Insured arising from any single act or repeated acts	\$2,000,000	\$50,000	Berkshire Hathaway 60% QBE Insurance (AUS) 40%	\$2,973
Commercial Motor Vehicles	Vehicles, Mobile Plant and Auxiliary equipment	Market Value or value in schedule	1% of the sum insured with a minimum of \$500 (Drivers under 21 add \$1,000)	NZI (a division of IAG NZ Ltd)	\$16,197
		Third Party = \$20,000,000			
		Additional Vehicles = \$400,000	Fire or Theft = \$Nil		
		Goods in Transit = \$5,000	\$Nil		
Minor Material Damage and Business Interruption – Porritt Glade Lifestyle Village	202 River Road – physical loss or damage to Insured property	\$6,000,000	Non Natural disaster - \$2,000	Vero Insurance 100%	\$13,564 (18 units)
	Loss of gross rentals	\$230,400	\$Nil		

Policy	Detail	Sum Insured	Excess	Insurance company (current)	Premium 2021/22
Business Interruption	Loss resulting from interruption or interference with the business carried on by the insured at the premises in consequence of insured damage	Loss of Revenues /Rent \$152,250 Additional expenses \$8,000,000	\$10,000 (as per Material damage)	Vero Insurance NZ Ltd 45% Chubb Insurance 20% NZI a division of IAG Ltd 10% Berkshire Hathaway 10% AIG Insurance 15%	\$121,918
Material Damage – Fire	Damage unforeseen and unintended by the insured to insured property at the locations shown in the schedule of declared values Fire, including fire occasioned by natural disaster	\$13,000,000	\$10,000 (\$25,000 landslip & subsidence)		
Material Damage – Excluding Fire	All Risks including Earthquake, but excluding Fire	\$67,014,070	Non Earthquake Perils – MD & BI combined - \$10,000 each and every claim		
	Sub Limits	Money during Business Hours		\$100,000	
		Money outside Business Hours		\$10,000	
		Capital Additions		\$2,000,000	
		Collapse or overheating of non-domestic boilers		\$25,000	
		Landslip, combined any one loss for MD & BI		\$2,000,000	
		Property in or on water		\$100,000 Loss – Limit \$25,000 per item	
		Refrigerated Goods (Spoilage)		\$25,000 (Any one loss)	
		Keys & Locks		\$25,000 (Any one loss)	
		Subsidence		\$2,000,000	
		Transit of Property	\$500,000		
		Sustainable Rebuilding costs	\$100,000	Earthquake, volcanic eruption, hydrothermal activity – 5% of Material Damage site value (other deductibles apply)	
		Portable Business Equipment	\$20,000		
		Contract Works	\$1,000,000		
		Curios or Works of Art	\$150,000		
		Maori Artefacts	\$10,000		
		Directors & Employees effects (Insured Property)	No cover 21/22		
		Unspecified Locations	\$100,000		
		Restoration and Reproduction costs – proof materials	\$100,000		
		Contractual Value	\$50,000		
Gradual Damage	\$50,000				
Electrical Damage	\$10,000				

KAWERAU DISTRICT COUNCIL

**The Meeting of the Audit and Risk Committee will be held on
Tuesday 5 April 2022 commencing at 1.00pm**

AGENDA

Apologies

Declarations of Conflict of Interest

Any member having a “conflict of interest” with an item on the Agenda should declare it, and when that item is being considered, abstain from any discussion or voting. The member may wish to remove themselves from the meeting while the item is being considered.

1 Occupational Health and Safety Management System Status (Health and Safety Officer) (509500)

Pgs. 1 - 18

Attached is the report for the Health and Safety Manager covering The OSH Management System.

Recommendation

That the report “Occupational Health and Safety Management System Status” be received.

2 Treasury Report to 28 February 2022 (Group Manager, Finance and Corporate Services) (110551)

Pgs. 19 - 22

Attached is a report informing members of Councils investments and financial position at 28 February 2022.

Recommendation

That the report “Treasury report to 28 February 2022” be received.

3 Risk Register – Monitoring Report (Group Manager, Finance and Corporate Services) (201000)

Pgs. 23 - 29

Attached is a report identifying significant risks for Council.

Recommendations.

- 1. That the report “Risk Register – Monitoring Report” be received.*
- 2. That the Audit and Risk Committee consider and recommend any amendments to the identified risks.*

4 Annual Plan Performance for the 6 Months Ended 31 December 2021 (Group Manager, Finance and Corporate Services) (110400)

Pgs. 31 - 35

Attached is a report summarising the financial and non-financial performance to 31 December 2021.

Recommendation

That the report "Annual Plan Performance for the 6 Months ended 31 December 2021" be received.

5 Insurance Policies – 2021 / 22 (Group Manager, Finance and Corporate Services) (201000)

Pgs. 37 -41

Attached is a report informing members of the insurance policies for 2021 / 22.

Recommendations

- 1. That the report "Insurance Policies – 2021 / 22" be received.*
- 2. That the Audit and Risk Committee consider whether additional insurance(s) is needed for 2022 / 23*

R B George
Chief Executive Officer

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