



**The Meeting of the
Audit and Risk Committee will be
held on Monday 13 February 2023
commencing at 1.00pm**

AGENDA

AUDIT AND RISK COMMITTEE

Her Worship the Mayor – F K N Tunui

Councillor C J Ion

Councillor A Rangihika

Councillor B J Julian

Philip Jones – Consultant - P J Associates (Chair)

KAWERAU DISTRICT COUNCIL

**The Meeting of the Audit and Risk Committee will be held on
Monday 13 February 2023
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 Appointment of Chair and Deputy Chair for the Audit and Risk Committee (Group Manager, Finance and Corporate Services) (101300)

Pgs. 1 - 2

Attached is a report on the Appointment of Chair and Deputy Chair for the Audit and Risk Committee.

Recommendation

- 1. That the report “Appointment of Chair and Deputy Chair for the Audit and Risk” be received.*
- 2. That the Audit and Risk Committee select System B for the election of a Chair and Deputy Chair.*
- 3. That the Audit and Risk Committee elect a Chair and Deputy Chair (using System B).*

2 Audit and Risk Committee Responsibilities and Delegations (Group Manager, Finance and Corporate Services) (101300)

Pgs. 3 - 6

Attached is a report on the Audit and Risk Committee Responsibilities and Delegations.

Recommendation

- 1. That the report “Audit and Risk Committee Responsibilities and Delegations” be received.*
- 2. That the Audit and Risk Committee receive the Responsibilities and Delegations as listed.*
- 3. That the Audit and Risk Committee note the dates for meetings.*

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

Pgs. 7 - 21

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.

4 Treasury Report to 31 December 2022 (Group Manager, Finance and Corporate Services) (110551)

Pgs. 23 - 26

Attached is a Treasury report from the Group Manager, Finance and Corporate Services covering the period to 31 December 2022

Recommendation

That the report "Treasury report to 31 December 2022" be received.

5 2023 / 2024 Annual Plan Timetable (Group Manager, Finance and Corporate Services) (110400)

Pgs. 27 - 29

Attached is a report on the 2023 / 2024 Annual Plan Timetable.

Recommendation

1. That the report "2023 / 2024 Annual Plan Timetable" be received.

6 Review of Council's Fraud Policy (Group Manager, Finance and Corporate Services) (201000)

Pgs. 31 - 38

Attached is a report on the review of Councils Fraud Policy.

Recommendation

- 1. That the report "Review of Councils Fraud Policy" be received.*
- 2. That the Audit and Risk Committee approves the Fraud Policy (with any amendments) for adoption.*

R B George

Chief Executive Officer

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Meeting: Audit and Risk Committee

Meeting Date: 13 February 2023

Subject: Appointment of Chair and Deputy Chair for the Audit and Risk Committee

File No: 101300

1 Purpose

The purpose of this report is to allow members to appoint a chair and a deputy chair for the Audit and Risk Committee.

2 Background

The appointment of a chair and deputy chair for the Audit and Risk Committee were not made at the initial meeting of Council (the Mayor is permitted to make these appointments), therefore the selection of these positions will need to be undertaken at the first meeting of the Committee.

The Committee must now appoint the chair and deputy chair in accordance with the process that is set down in clause 5.6 of Council's Standing Orders (adopted 25 October 2022).

3 Policy and Legislation Considerations

The process for the appointment of the chair and deputy is very formalised and the Committee must initially select one of two systems and then use that system to select the chair and deputy.

For the election or appointment of a chairperson of a committee a person must be elected or appointed using the one of the following systems of voting:

(a) [System A]; or

(b) [System B]

System A

(a) a person is elected or appointed if he or she receives the votes of the majority of the members of the local authority or committee present and voting; and

(b) has the following characteristics:

I. there is a first round of voting for all candidates; and

II. if no candidate is successful in that round there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and

- III. if no candidate is successful in the second round there is a third, and if necessary subsequent round of voting from which, each time, the candidate with the fewest votes in the previous round is excluded; and
- IV. in any round of voting, if 2 or more candidates tie for the lowest number of votes, the person excluded from the next round is resolved by lot.

System B

(a) a person is elected or appointed if he or she receives more votes than any other candidate; and

(b) has the following characteristics:

- I. there is only 1 round of voting; and
- II. if 2 or more candidates tie for the most votes, the tie is resolved by lot.”

4 Options

Essentially the Committee has two options for the election of a chair and deputy chair:

- System A or
- System B

Alternatively, the Mayor may still make these appointments, if she so chooses.

5 RECOMMENDATIONS

1. That the report “Appointment of a Chair and Deputy Chair to the Audit and Risk Committee” be received.
2. That the Audit and Risk Committee select System B for the election of a Chair and Deputy Chair.
3. That the Audit and Risk Committee elect a Chair and Deputy Chair (using System B).

Peter Christophers, BBS, ACA

Group Manager Finance and Corporate Services

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Meeting: Audit and Risk Committee
Meeting Date: 13 February 2023
Subject: Audit and Risk Committee Responsibilities and Delegations
File No: 101300

1 Purpose

The purpose of this report is to inform members of the responsibilities and delegations for the Audit and Risk Committee.

2 Background

The Office of the Auditor General has recommended that councils should have an Audit and Risk committee to overview the finances and ensure that the appropriate controls are in place to safeguard the community's assets.

Most councils have an Audit and Risk committee to undertake these functions. This Council first established its Audit and Risk Committee on 8 April 2015.

3 Policy & Plan Considerations

The Local Government Act 2002 permits Council to delegate powers and duties to a committee for the purposes of effectiveness and efficiency, except for:

- (a) The power to make a rate; or
- (b) The power to make a bylaw; or
- (c) The power to borrow money, purchase or dispose of assets (other than in accordance with the Long term Plan); or
- (d) The power to adopt a Long Term Plan, an Annual Plan or an Annual Report; or
- (e) The power to appoint a Chief Executive; or
- (f) The power to adopt policies required to be adopted in association with the Long term Plan or developed for the purposes of the Local Governance Statement; or
- (g) The power to adopt a remuneration and employment policy.

Council has appointed an Audit and Risk Committee Risk to overview Council's finances and that adequate controls are in place to ensure that the community's assets are safe.

Listed in the appendix to this report are the proposed responsibilities and delegations for the Audit and Risk Committee.

4 Dates for Meetings

The following dates have been set for meetings.

	REGULATORY & SERVICES COMMITTEE	ORDINARY COUNCIL	AUDIT & RISK COMMITTEE
	MEETING TIME: 9.00AM	MEETING TIME: 9.00AM	MEETING TIME: 1.00PM
	MEETING DATE	MEETING DATE	MEETING DATE
FEBRUARY 2023	8	22	13
MARCH 2023	15	29	
APRIL 2023	12	26	3
MAY 2023	17	31	
JUNE 2023	14	28	12
JULY 2023	12	19	
AUGUST 2023	16	30	7
SEPTEMBER 2023	13	27	
OCTOBER 2023	11	25	2
NOVEMBER 2023	15	29	
DECEMBER 2023	13	13	4

5 **Appendix**

List of responsibilities and delegations for the Audit and Risk Committee

6 **RECOMMENDATIONS**

1. That the report "Audit and Risk Committee Responsibilities and Delegations" be received.
2. That the Audit and Risk Committee receive the Responsibilities and Delegations as listed.
3. That the Audit and Risk Committee note the dates for meetings.



Peter Christophers, BBS, ACA

Group Manager Finance And Corporate Service

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APPENDIX

AUDIT AND RISK COMMITTEE RESPONSIBILITIES AND DELEGATIONS

Type of Committee	Standing Committee
Legislative Basis	Schedule 7 S30 (1) (A), Local Government Act 2002 Committee delegated powers by the Council as per Schedule 7, S32, Local Government Act 2002
Purpose	<p>The purpose of the Audit and Risk Committee is to:</p> <ul style="list-style-type: none">• Monitor the Council's external and internal audit process• Ensure Council fulfils its legal responsibilities• Ensure the independence and effectiveness of Council's internal control processes• Review/monitor existing corporate policies and recommend new corporate policies to prohibit unethical, questionable or illegal activities;• Provide a communication link between management, external auditors and Council• Support measures to improve management performance and internal controls• Review Council's Risk Management Framework and risk policy• Review Council's risk mitigations to ensure that they are appropriate and follow best practice• Review Council's performance (financial and non-financial) throughout the year to ensure that services are delivered efficiently and close to budget
Membership	<p>Memberships comprises:</p> <ul style="list-style-type: none">• Mayor Faylene Tunui• Councillor Carolyn Ion• Councillor Aaron Rangihika• Councillor Berice Julian• Mr Philip Jones (External appointee)
Quorum	3
Meeting frequency	Six times a year

Delegations and Responsibilities	<p>The Audit and Risk Committee will have responsibility and authority to:</p> <p><u>External Audit</u></p> <ul style="list-style-type: none"> • Engage with Council's external auditors regarding the external audit work programme and • Review engagement letters and management reports • Recommend to Council the terms and arrangements for the external audit programme • Monitor management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented <p><u>Internal Audit</u></p> <ul style="list-style-type: none"> • In conjunction with the CEO, agree the scope of an internal audit work programme • Approve Council's internal audit charter • Monitor the delivery of the internal audit work programme • Assess whether all significant recommendations of the internal audit have been properly implemented by management. Any reservations the internal auditor may have about risk control, accounting and disclosure practices should be discussed by the committee • Review the annual internal audit plans and assess whether resources available for internal audit are adequate to implement the plans. <p><u>Risk Management</u></p> <ul style="list-style-type: none"> • Review the effectiveness of the control environment established by management including computerised information systems controls and security. This also includes a reviewing/monitoring role of the documentation of all policies and procedures. • Review the effectiveness of the risk assessment/management policies and processes • Engage with internal and external auditors on any specific one-off audit assignments • Consider matters referred to the committee by the CEO, Council or other council committees • Review the appropriateness of accounting policies adopted by Council
Relevant Statutes	<p>All the duties and responsibilities listed above must be carried out in accordance with the relevant legislation including:</p> <ul style="list-style-type: none"> • Local Government Act 2002 • Local Government (Rating) Act 2002 • Local Authorities (Members Interests) Act 1968 • Crime Act 1961 • Secret Commission Act 1910 • Securities Act 1978
Limits to Delegations	<p>Powers that cannot be delegated to committees - as per the Local Government Act 2002 Schedule 7 Clause 32</p>

Meeting: Audit and Risk Committee

Meeting Date: 13 February 2023

Subject: Occupational Health and Safety Management System Status

File No: 509500

1 **Executive Summary**

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

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.

Data in this report aligns with Council's Financial Year period to 31 December 2022. Source data is identified and accessed from VAULT/Damstra Health and Safety software.

The software has been further enhanced by Damstra and opportunities are being explored regarding how this can be of benefit.

COVID – 19 traffic light system ended at midnight 12 September 2022.

The organisation remains vigilant and ready to respond in the light of new Government advice.

Health and safety related policies continue to go through a review cycle by the Health and Safety Committee (HSC) and Leadership team.

Health and Safety Reports are scheduled to managers for review, evaluation and planning. Hazard management is a responsibility of all staff and reviews continue with workgroups and managers.

Annual occupational health monitoring and face fit testing for 2022 is complete.

The Drug and Alcohol testing continues as per policy.

An internet based staff wellbeing platform is being reviewed as a possible option for improving the overall wellbeing and culture of staff. This covers all areas of wellbeing including healthy eating, exercising and mental wellness.

There has been one notifiable event reported to WorkSafe during this period that WorkSafe confirmed they were not going to investigate.

Following this event improvements have been identified by the workgroup, implemented and tested successfully.

Near Miss Events continue to be reported by staff.

Sites recording events are consistent with previous years – Pools and Recreation identified as the top two.

Persons mostly involved in events are the public and workers.

Health and Safety Committee (HSC) meetings continue as scheduled. The members have recently completed further training.

Face-to-face training for staff has resumed with previously postponed courses being completed.

Contractors' safety performance monitoring continues.

Priorities

The table below identifies current areas of work that are priorities.

	Priority Task	Status
1	Hazard, Identification, Assessment and management	June 2016 Ongoing
2	Information, Training and Supervision	June 2016 Ongoing
3	Worker Participation in Health and Safety Management	June 2016 Ongoing
4	Near Miss, Incident & Injury Reporting, Recording & Investigation	June 2016 Ongoing
5	Contractor Health and Safety Management	June 2016 Ongoing
6	Emergency Planning and Readiness	June 2016 Ongoing
7	Covid - 19 Pandemic Response	Jan 2020 Ongoing
8	Employer Commitment to Safety Management Practices	June 2016 Ongoing
9	Planning, Review and evaluation	June 2016 Ongoing

2 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.

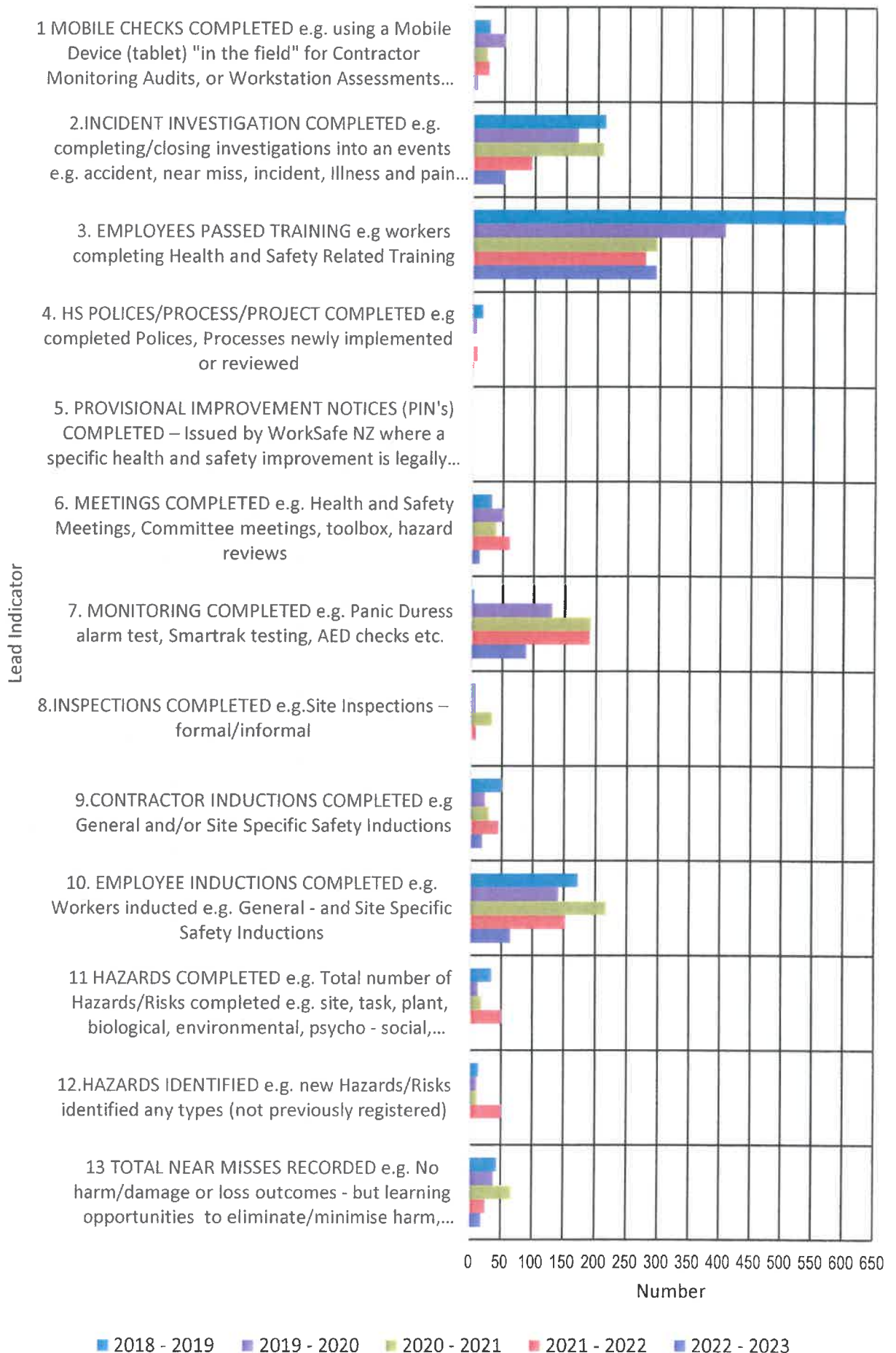
Near Miss events when reviewed will identify learning and continuous improvement opportunities, potentially adding to the preventative approach in Health and Safety management.

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

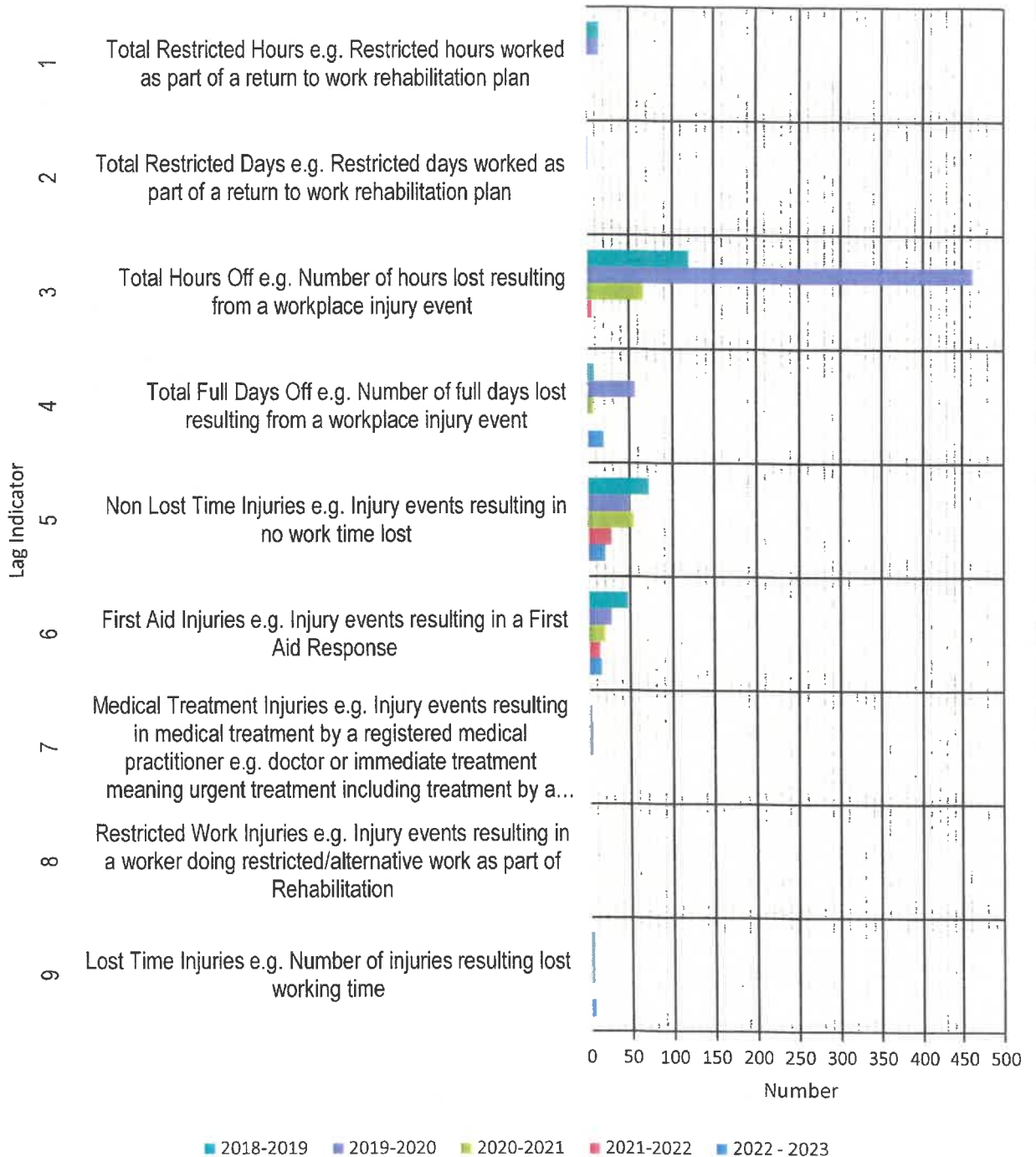
First aid events, medical events and lost working time are identified.

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

Lead Indicators by Financial Year



Lag Indicators by Financial Year



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

3 Employer Commitment to Safety Management Practices

Policies are developed and 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 and is signed by the CEO and the Leadership team.

Organisational Policies/Documents

The table below identifies Policy Documents under review and recently completed.

Organisational Policy/Document	Status
Rehabilitation Policy	Review 01/03/2022 LT Completed – next review 02/09/25
HSR Induction Manual	Slideshow Presentation Review 29/08/2021 (Underway)
HSR Position Description	Review 01/04/2022 LT Completed – next review 29/07/25
Visitor Management Policy	Review 01/02/2022 LT Completed – next review 20/09/25
Workplace Stress & Fatigue Policy	Review 30/08/2022 (Underway)
Working Alone Policy	Review 05/06/2022 HSC – (Underway)
Bomb threat, Lock down & Suspicious mail Policy	Review 18/06/2022 LT Completed - next review 16/09/25
Drug and Alcohol Policy	Review 01/08/2022 (Underway)

4 Planning, Review and Evaluation

VAULT/Damstra status reports are scheduled electronically to managers, supervisors and Health and Safety Representatives for review.

5 Hazard Identification, Assessment and Management

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

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

1 Public/People

Face to face Customer Conflict Awareness training and refresher training was completed 27 June 2022 for new and existing staff.

2 Stress

The Workplace Stress and Fatigue policy is under review as of August 2022. Mental Health Awareness training and refresher training was completed for new and existing staff in early August.

Employee assistance support programmes are in place for staff to freely and confidentially access 24/7.

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. Staff ownership of slip and trip hazards is strongly encouraged to help maintain a safe workplace.

4 Lone Working

The Working Alone policy and process is under review by the HSC.

GPS tracking devices are in use for lone workers in higher risk work situations. The systems are monitored by staff and tested weekly. All vehicles and mobile plant are GPS tracked.

5 Manual Handling

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

Early pain, discomfort and injury reporting is encouraged along with seeking professional medical advice.

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 continue.

COVID - 19

The organisation continues to review and implement Government health advice.

Health Monitoring

Annual Occupational Health Monitoring is completed for 2022 and planning for 2023 will commence in due course.

Health & Wellbeing

Staff are reminded by the Leadership team to access the organisation's free and confidential counselling services as needed.

The Bay of Plenty Local Authority Shared Services Health and Safety Advisory Group (BoPLASS – HaSAG) have entered into an agreement for a group price discount for My Every Day Wellbeing. This is an internet based platform that covers anything and everything that contributes to building and maintaining a healthy lifestyle. This is currently being evaluated for suitability and accessibility for staff.

Face-Fit testing and training for staff using respirators was completed 22 July. The fit test ensures staff have a mask to skin seal preventing the ingress of airborne contaminants aligned to standard AS/NZS 1715 the selection and use of Respirators. The HSO maintains a Respiratory Register in accordance with the above standard.

Drug & Alcohol Policy

Tests identified in the policy are:

- Pre-Employment

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

Workplace Monitoring

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

Information, Training and Supervision

Investment in Health and Safety training continues relevant to the organisation's needs. Face to Face training was disrupted due to COVID – 19. Normal scheduling has resumed. Some courses have been completed online.

6 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).

One event was reported by the workgroup HSR requiring notification to WorkSafe of gas escaping during a routine cylinder change at the pump house. The gas leak lasted 2 seconds. The risk assessment and work process was reviewed and improved by the 3 Waters team. WorkSafe NZ confirmed they did not intend to investigate.

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 91 averaging 8 events per month for financial year 2021 - 2022
Total 60 averaging 10 events per month for financial year 2022 - 2023

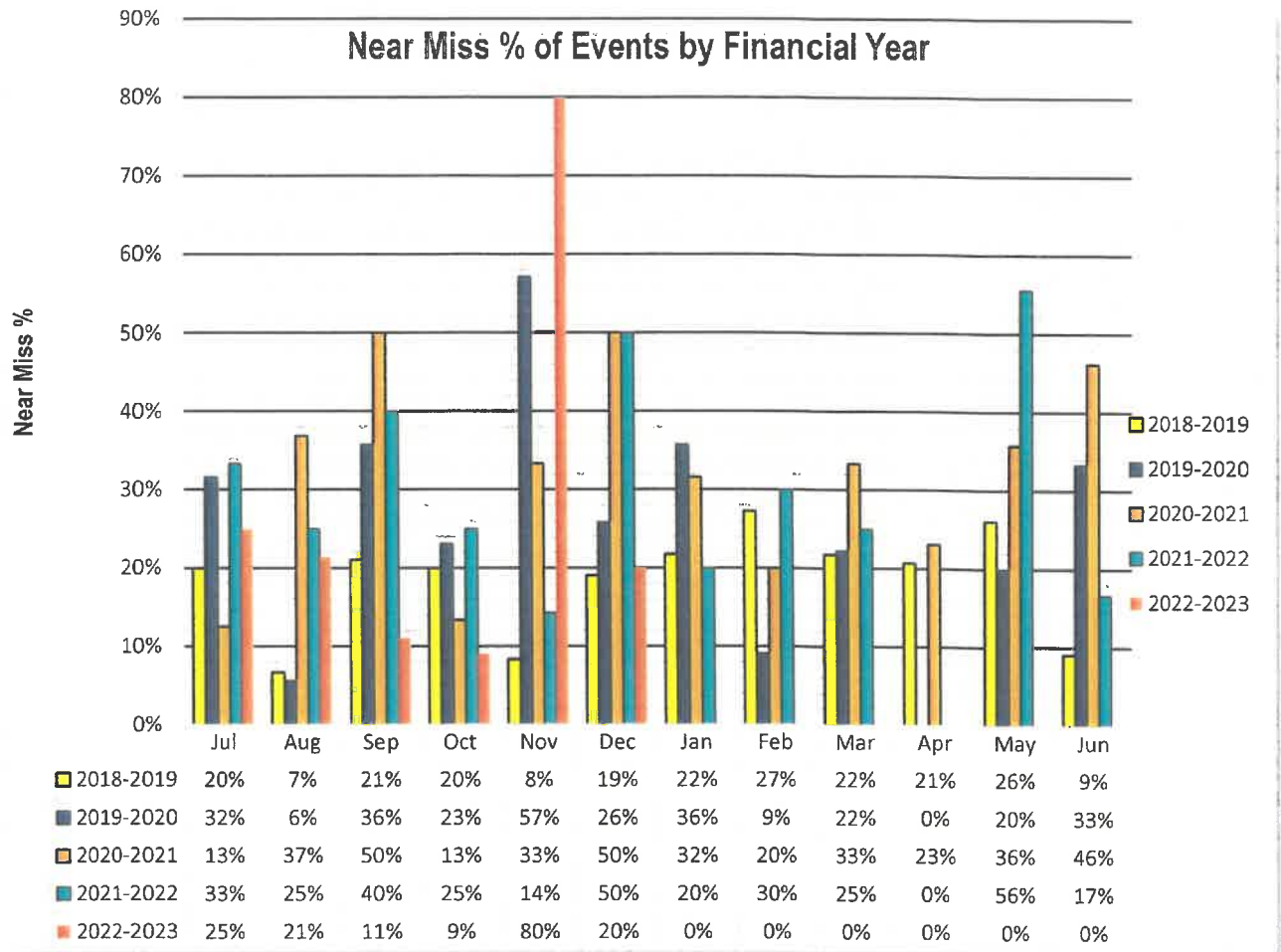
Event Statistics are lower than usual for 2021 - 2022 due to COVID – 19 and the swimming pools being temporarily closed for essential maintenance.

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 contributed to 29% of total events for financial year 2021-2022

- Near miss events contributing to 28% of total events for the financial year 2022-2023

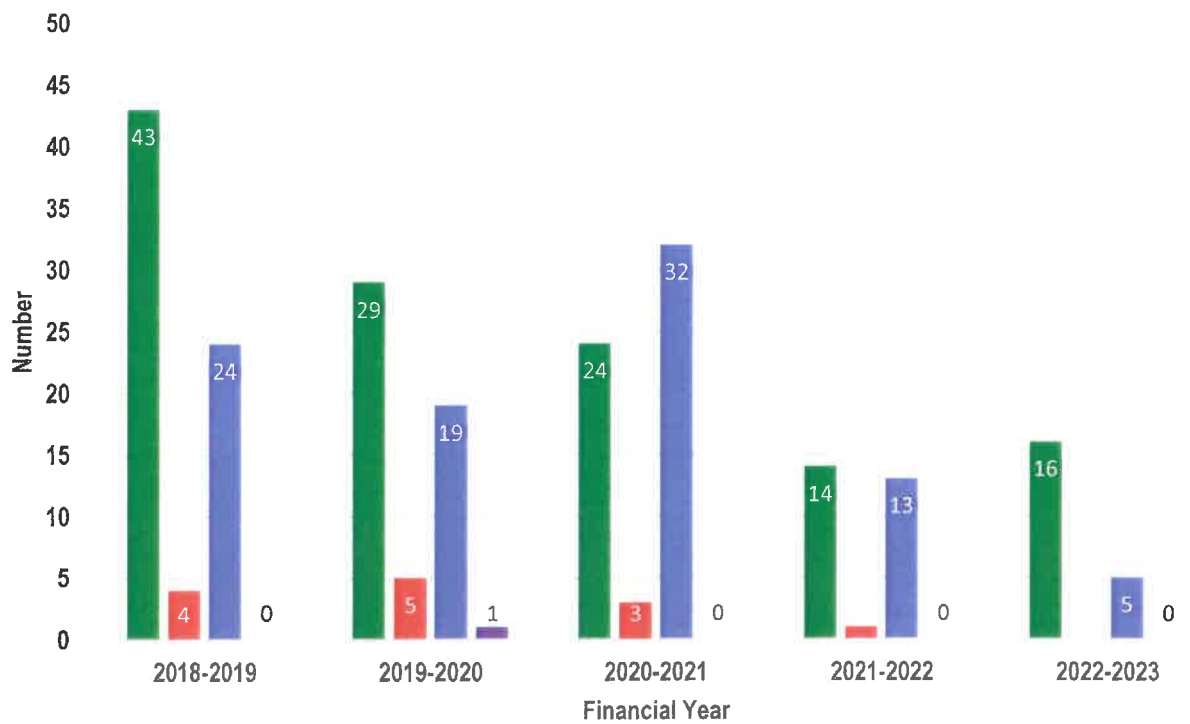


The column combination graph above identifies the financial year focusing on the percentage of near misses recorded for each month.

Note: The high number of near misses for November are a mix of site management issues, failure to follow safe work processes, pool lifeguard interventions, failure to wear appropriate PPE and slip, trip and fall situations involving workers, public and contractors that could have resulted in harm, damage or loss.

Accidents

Injury Treatment Required by Financial Year



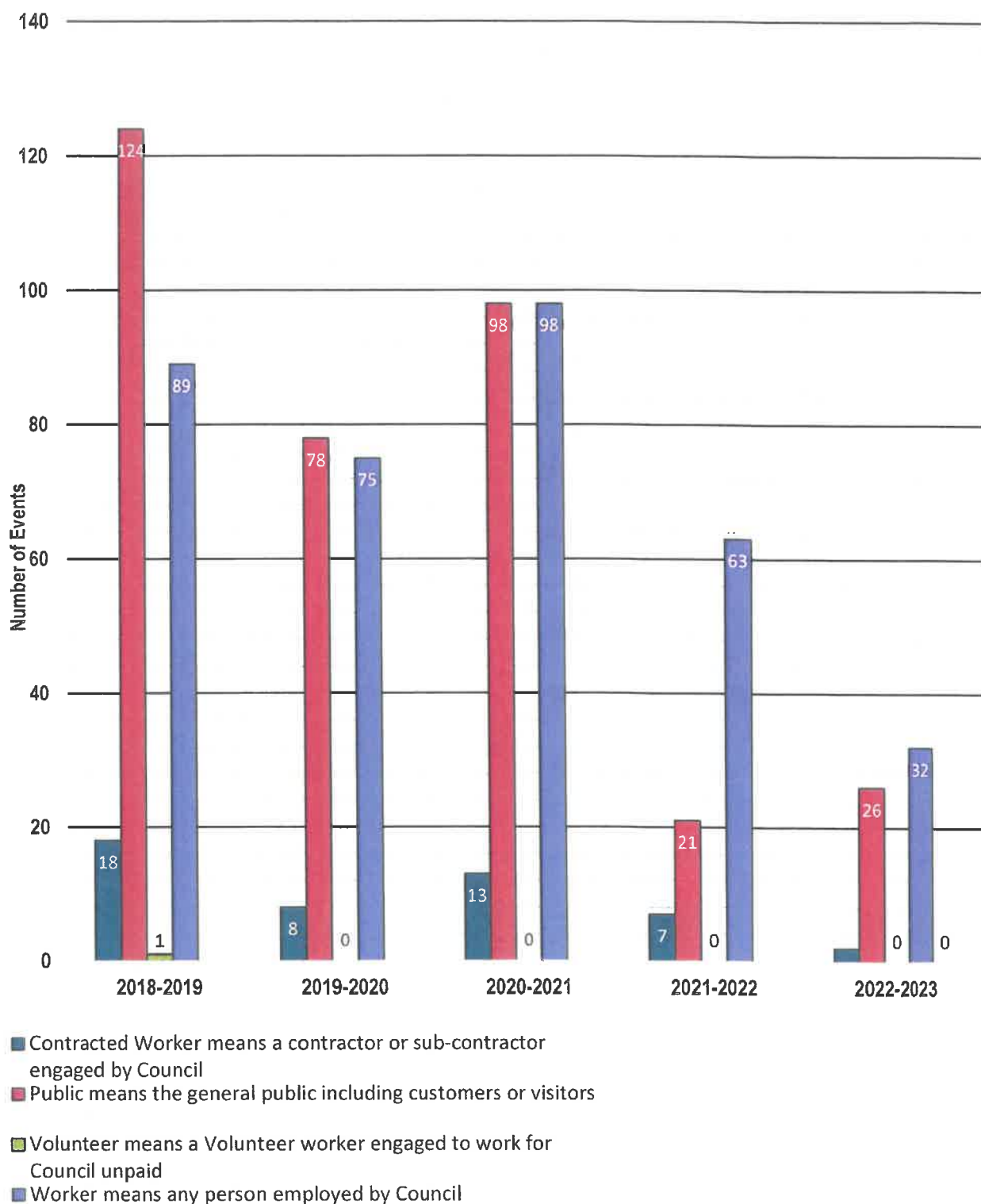
- First Aid given to reduce the effects of the injury or illness by a first aider
- Medical attention has been required to manage the effects of an injury/illness e.g. General Practitioner, Registered Nurse or Paramedic and Immediate treatment is required other than First Aid.
- No Treatment injury did not require first aid attention - or First Aid assistance was refused.
- Admission to Hospital - Worker admitted (not outpatient)

The column combination graph above identifies injury/illness treatment outcomes by financial year for all sites. All sites and all person types are included in the data.

Types of Person involved in Events

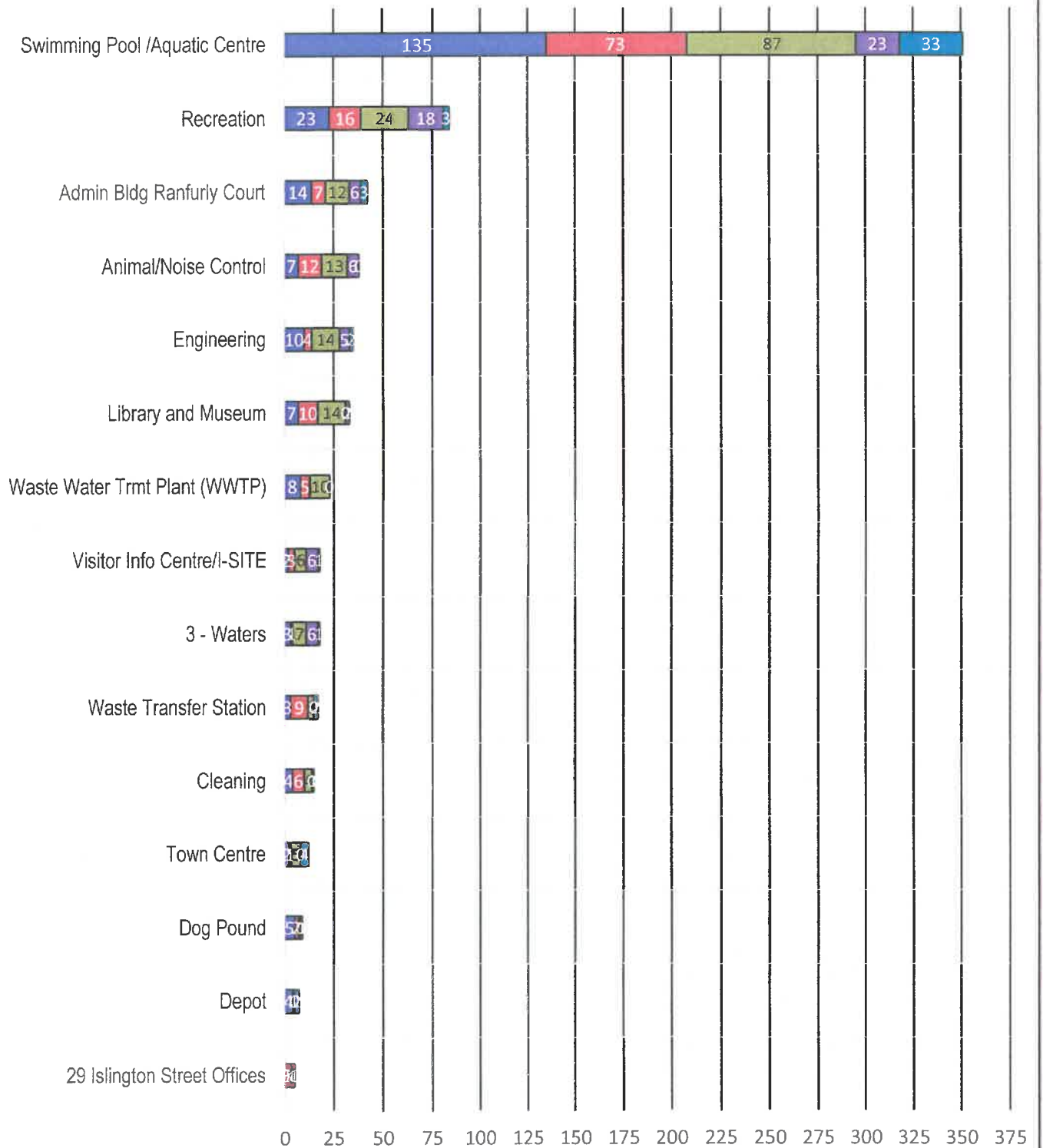
The organisation records the type of person involved in events. Most of the public events occur at the Swimming pool site but this has been closed for several weeks impacting event data results for this financial year.

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.

Site Event Records by Financial Year Top 15



	29 Islington Street Offices	Depot	Dog Pound	Town Centre	Cleaning	Waste Transfer Station	3 - Waters	Visitor Info Centre/I-SITE	Waste Water Trmt Plant (WWTP)	Library and Museum	Engineering	Animal/Noise Control	Admin Bldg Ranfurly Court	Recreation	Swimming Pool /Aquatic Centre
2018-2019	0	4	5	2	4	3	3	2	8	7	10	7	14	23	135
2019-2020	3	1	2	1	6	9	1	3	5	10	4	12	7	16	73
2020-2021	1	0	1	5	4	3	7	6	10	14	14	13	12	24	87
2021-2022	1	0	0	0	0	0	6	6	0	0	5	6	6	18	23
2022-2023	0	2	1	4	1	2	1	1	0	2	2	0	3	3	33

■ 2018-2019 ■ 2019-2020 ■ 2020-2021 ■ 2021-2022 ■ 2022-2023

The stacked bar chart above identifies the top 15 sites out of 29 where an event has been reported and recorded for financial years 2018-2019, 2019-2020, 2020-2021, 2021-2022 and 2022-2023.

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

7 Employee Participation in Health and Safety Management

The Health and Safety Committee (HSC) continues to meet monthly. Currently all workgroups are represented by an HSR who can serve for a term of 3 years.

Health and Safety Representative (HSR) training was completed for one new HSR with 2 more HSRs scheduled for training in February 2023.

7 HSR's completed Accident Investigation Training in September.

A guest speaker attended the December meeting remotely from Vitae to raise awareness about some of the Mental Health challenges some people might face at Christmas.

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

8 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. These 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.

Fire Warden training and refresher has been completed and a new guideline document is being reviewed by the HSC.

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.

9 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.

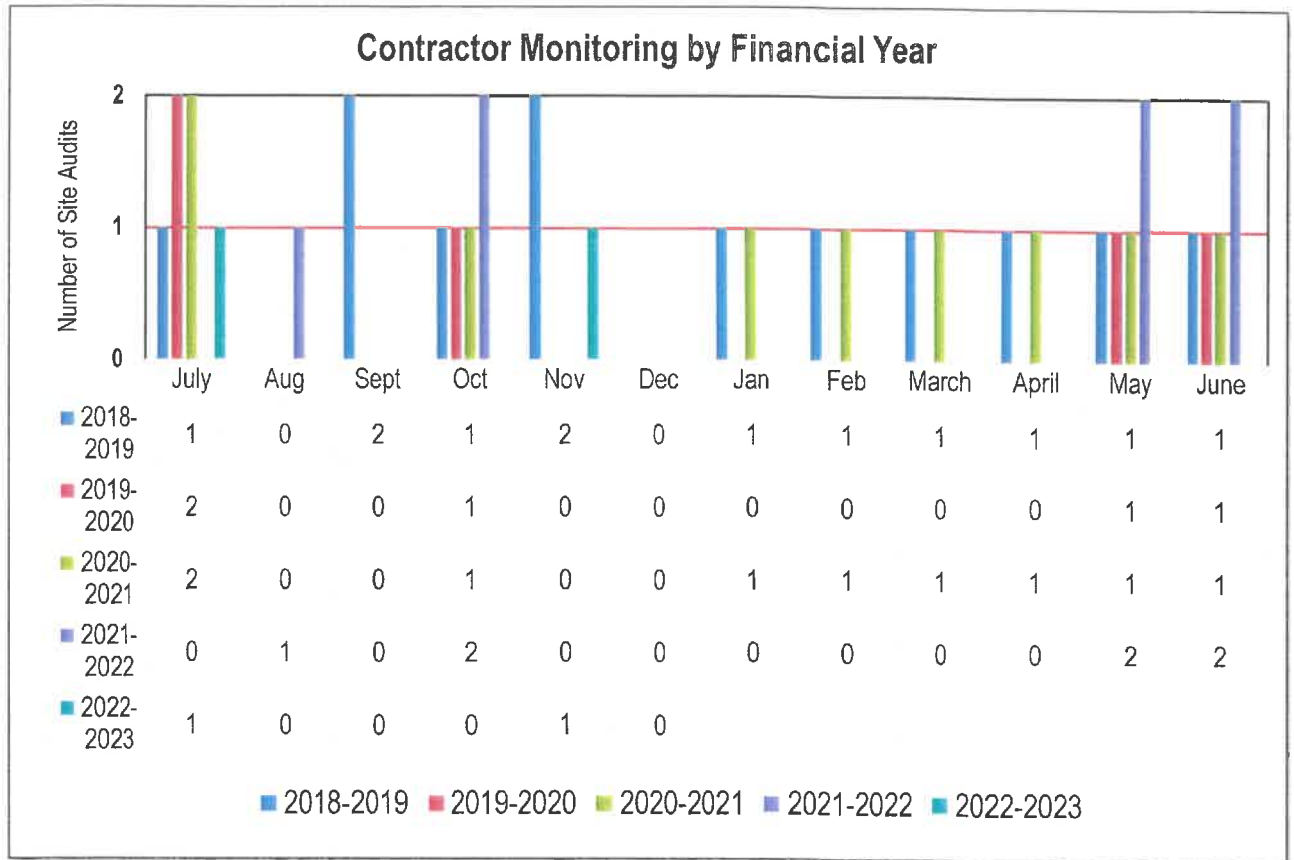
The KPI target is 10 for the financial year.

- 2020/2021 - 9 completed
- 2021/2022 - 7 completed
- 2022/2023 - 2 completed to reporting date

Key Performance Indicator (KPI) Contractor Health and Safety Monthly Monitoring Financial Year 1 July 2022 – 30 June 2023				
Month	Monthly Site Inspections Required	Monthly Site Inspections Completed	Monthly KPI Achieved	Comment
July 2022	1	1	Yes	Asbestos Removalists – Aquatic Centre club rooms. No issues identified. Tree Removal/Logging monitoring Monika Lanham basin scheduled. Contractors not on site – heavy rain.
Aug 2022	1	0	No	No Contractors identified for Monitoring
Sept 2022	1	0	No	No Contractors identified for Monitoring
Oct 2022	1	0	No	Swimming Pool office builders – monitoring scheduled. Company not on site for monitoring.
Nov 2022	1	1	Yes	Painters – Swimming Pool Maintenance. Recommended empty pools are fully fenced to manage the risk falling below ground level. No other issues identified.
Dec 2022	0	0	N/A	
Jan 2022	0			
Feb 2022				
March 2022				
April 2022				
May 2022				
June 2022				
Totals	10	2		-
KPI: 1 Monthly Site Inspection			Assigned to: Health & Safety Officer (HSO)	
Review: as a minimum - Annually Next Review Date 31/09/23			Review team: Chief Executive Officer (CEO), Group Manager Regulatory & Planning (GMRP) & 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 KPI settings were reviewed during this report period and will remain the same.

The combination chart below identifies the number of contractor site audits for the financial years 2018-2019, 2019-2020, 2020-2021, 2021-2022 and 2022-2023.



10 Conclusion

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

11 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: 13 January 2023

Subject: Treasury Report to 31 December 2022

File No: 110551

1 **Purpose**

The purpose of this report is to inform members of the funds held by Council as at 31 December 2022 and provide explanations for any significant variances from the previous year.

2 **Background**

This report will also go before 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.

Council's investment policy allows up to 50% of total funds to be invested with any one bank but up to a limit of \$1.5 million.

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

Council now has less surplus funds making it more difficult to spread investments, but it still is required to act prudently.

Council raised a loan of \$2.0 million in December, which will be used to fund renewal projects. The interest rate for this loan is 5.75% (fixed) and the maturity date is April 2025. Staff recommended a relatively short term loan due to the increasing interest rates and the uncertainty around the 3 waters and other reforms that are currently being undertaken

3 **Funds Held**

The following funds were held at 31 December 2022:

	Dec - 2022	Dec - 2021
Special Funds		
Depreciation Funds	\$2,101,092	\$6,638,365
Loan	\$2,000,000	\$0
Total Special Funds	\$4,101,092	\$6,638,365
General Funds	\$339,190	(\$277,894)
Total – comprising cash & internal loans	\$4,440,283	\$6,360,471

The figures show that overall Council has \$1.9 million less funds at the end of December, than this time last year which is as a result of:

- Less revenue in the last year (than budgeted) from Central Cove section sales, due to asbestos contamination and slowing of market
- Increased costs for refuse transport and disposal
- Construction of remaining 11 retirement units - \$2.8 m to date (although there will be sales in Feb 2023 to offset this cost)

Funds held @ 31 December 2022 were as follows:

Invested in	\$	Interest (Average) %	% External
ANZ – on call	773	0.15%	0.03%
BNZ – current & on-call	2,264,784	0.15%	81.68%
Rabobank (on-call)	507,986	2.00%	18.32%
Total Funds (Cash)*	2,773,544		100.0%
Internal Loans	1,666,740		
Total Investments	4,440,283		
Interest Rates	Average interest rate		0.77%
	Weighted Average interest rate		0.49%

*These figures include the accrued interest to 31 December 2022

4 **RECOMMENDATION**

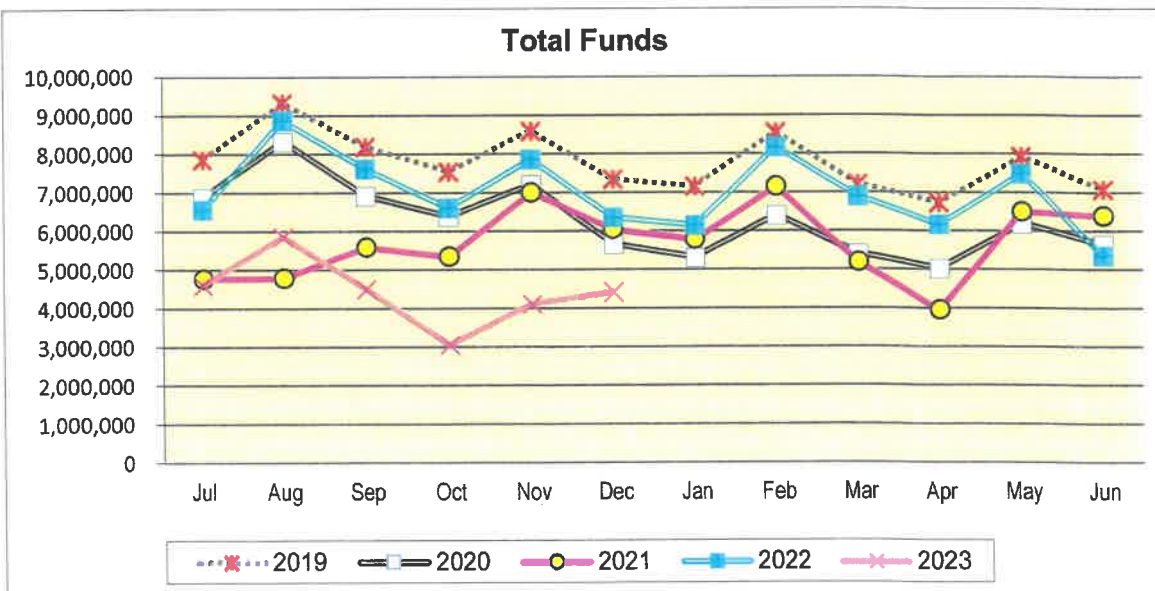
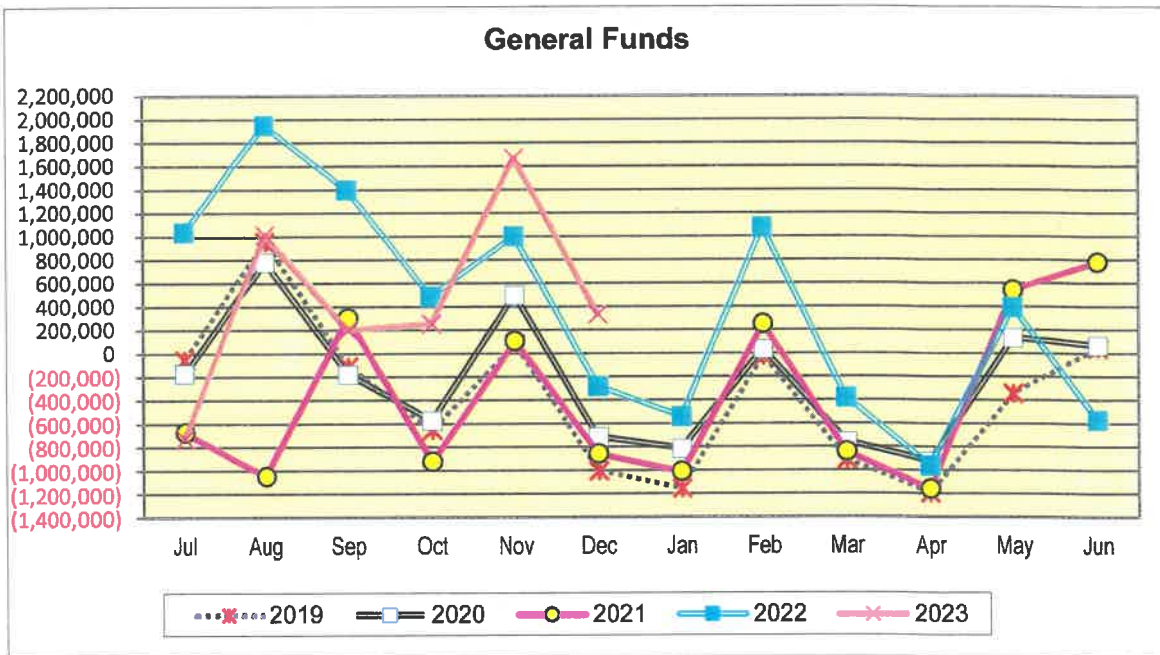
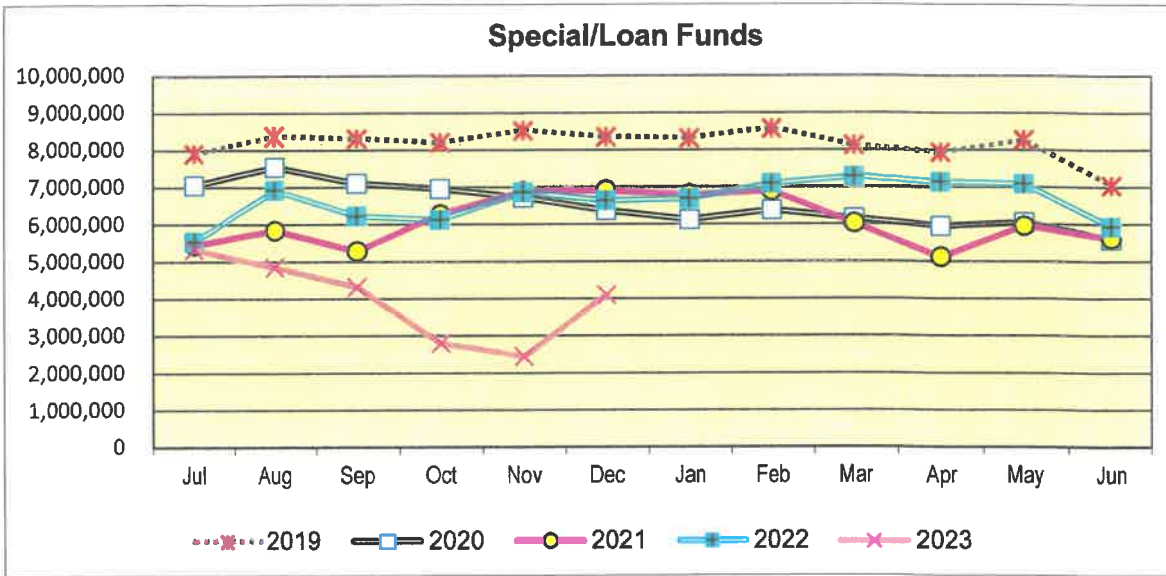
That the report “Treasury report to 31 December 2022” be received.

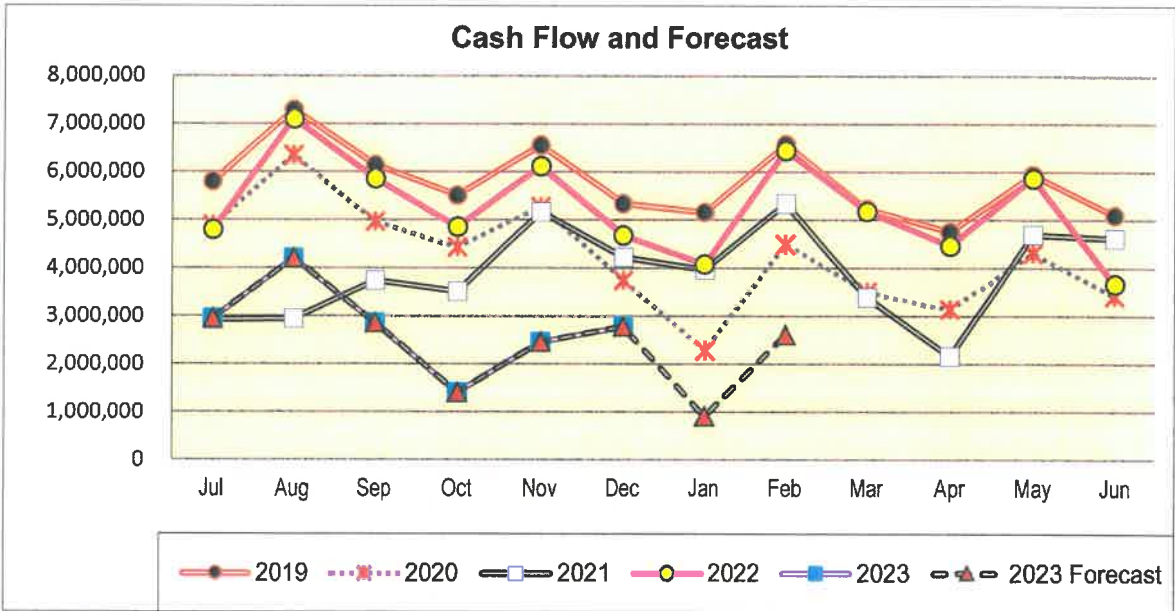
Peter Christophers, BBS, ACA

Group Manager, Finance & Corporate Services

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**Appendix
Funds Monitoring Graphs**





Meeting: Audit and Risk Committee
Meeting Date: 13 February 2023
Subject: 2023/24 Annual Plan Timetable
File No: 110400

1 Purpose

The purpose of this report is to inform the committee of the proposed timetable for the 2023/24 Annual Plan.

2 Background

The Local Government Act 2002 requires Council to prepare an annual plan in the years that it does not produce a Long Term Plan.

Council must also consult on its Annual Plan using the special consultative procedure which includes preparing a consultation document, unless the plan does not include any material differences from the content of the Long Term Plan (for the year).

While there are no significant or material differences proposed for the 2023/24 Annual Plan when compared to the Long Term Plan, Council has generally wanted and encouraged community feedback on the proposals for the upcoming year. Therefore, it has consulted with the community on each annual plan to date.

Due to Norske Skog ceasing operations in June 2021 there was a significant rate increase for ratepayers in 2022/23. Council used residential property sales to lessen the rate increase as well as amending the differential between residential and commercial/industrial properties.

However, with recent cost increases (particularly for waste disposal and salary & wages) and Council no longer having surpluses arising from property sales, it is likely that there will be another significant rate increase for 2023/24.

Council will need to consider whether levels of service for its activities remain as stated in the Long Term Plan. If there are changes to the levels of service, Council will need to undertake an amendment to the 2021 – 31 Long Term Plan, and the amendment will need to be audited. Also Council may want to further consider the differential between residential and commercial/industrial properties.

The Annual Plan must be adopted prior to the commencement of the financial year to which it relates (that is before 1 July 2023). Therefore, staff have prepared a timetable for the preparation of this plan to ensure that all the necessary tasks are undertaken prior to the adoption.

3 Proposed timetable for preparation and adoption of Annual Report

The appendix to this report contains the proposed timetable for the preparation and adoption of the 2023/24 Annual Plan.

4 RECOMMENDATION

That the report “2023/24 Annual Plan Timetable” be received.

Peter Christophers, BBS, ACA

Group Manager, Finance & Corporate Services

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APPENDIX

Project Plan for 2023/24 Annual Plan

	Tasks	Person	Completion
1	Circulate LTP Budgets for 2023/24 to Managers	GMFCS	9 Dec 2022
2	Budgets to GMFCS for inputting	Managers	13 Jan 2023
3	Draft Budget available for Leadership team	GMFCS	18 Jan 2023
4	Identify possible LTP amendments	CEO	1 Feb 2023
5	Review of 2023/24 budget	LT	19 Jan 2023
6	Fees and Charges 2023/24 review	LT	31 Jan 2023
7	Draft budget finalised - Management	GMFCS/CEO	31 Jan 2023
8	Council retreats – 2023/24 Budget & Level of Service review	Council	15 Feb 2023 & 22 Feb 2023
9	Draft Annual Plan, LTP Amendment(?) and Consultation Document prepared	GMFCS/CEO/ CEM	10 Mar 2023
10	Audit of 2021-31 LTP Amendment CD	Auditors	13 – 17 Mar 23
11	Adoption of Annual Plan/LTP Amendment CD for consultation	Council	29 Mar 2023
12	Letters to special interest groups	CEM	30 Mar 2023
13	Advertising CD (Annual Plan/LTP)	GMFCS	30 Mar 2023
14	Consultation Period: Newsletter/Website/Media/Consult a councillor	CEM/GMFCS	30 Mar – 2 May 2023
15	Close of submissions		2 May 2023
16	Advise submitters wanting to speak	Admin Officer	4 May 2023
17	Hearing submissions (Extra-ordinary Meeting)	Council	17 May 2023
18	Consideration of all submissions	Council	31 May 2023
19	Implement any changes – amend AP & prepare rates	GMFCS	9 June 2023
20	Obtain legal opinion concerning FIS & rate resolution	GMFCS	9 June 2023
21	Audit amendments to 2021-31 LTP – if required	Auditors	12 – 16 June 23
22	Adopt Annual Plan for 2023/23 & rates resolution	Council	28 June 2023
23	Annual Plan on website	GMFCS	30 June 2023
24	Copies of Annual Plan and rates resolution sent to required organisations	GMFCS	30 June 2023
25	Responses to all submitters – Council's decisions	CEM	15 July 2023

GMFCS = Group Manager Finance and Corporate Services

CM = Communication & Engagement Manager

LT = Leadership Team

Meeting: Audit and Risk Committee
Meeting Date: 13 February 2023
Subject: Review of Council's Fraud Policy
File No: 201000

1 Purpose

The purpose of this report is to review the current fraud policy as the policy was last reviewed in 2020 and it is now due for further review to ensure that it is up to date and in line with best practice.

2 Background

The Office of the Auditor-General requires every public entity to formally address the matter of fraud and formulate an appropriate policy on how to minimise it and if it occurs, how to deal with it.

Kawerau District Council needs to protect its revenue, property and information. The fraud policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.

A comprehensive fraud policy should contain the following key elements:

- An explicit definition of actions that are considered to be fraudulent
- The allocation of responsibility for the overall management of fraud
- A statement that all appropriate measures will be taken to deter fraud
- A formal procedure to be followed if fraud is suspected
- A statement saying that all instances of suspected fraud will be investigated and reported to the appropriate authorities (if fraud has occurred)
- A statement that all fraud offenders will be prosecuted and police will be notified to assist with any investigation required
- A statement that all efforts will be made to recover Council assets
- Encouraging staff to report any suspected fraud
- The steps to be taken when fraud is suspected and who is responsible for the investigation
- Responsible for reporting fraud to elected members and Council's auditors

Amendments were made to the policy in 2020 following recommendations by Council's auditors to ensure that it followed best practice. The policy (below) is unchanged from that adopted in 2020 apart from a couple of changes to staff positions, however, the committee may feel additional information needs to be added.

The appendix to this report contains Council's Fraud Policy.

3 **RECOMMENDATION**

1. That the report “Review of Council’s Fraud Policy” be received.
2. That the Audit and Risk Committee approves the Fraud Policy (with any amendments) for adoption.

Peter Christophers, BBS, ACA

Group Manager, Finance & Corporate Services

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COUNCIL POLICY

<u>TITLE</u>	FRAUD
<u>EFFECTIVE DATE:</u>	February 2023
<u>FILE REFERENCE:</u>	201300
<u>REVIEW:</u>	2023

1. PURPOSE

- 1.1 Kawerau District Council (“Council”) is committed to protecting its revenue, property, information and other assets from any attempt to gain financial or other benefits from it by deceit and to preventing the occurrence of fraud and corruption. This fraud policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.
- 1.2 Fraud is defined as the use of deception with the intention of obtaining personal gain, an unlawful advantage, avoiding an obligation, or causing loss to another party.
- 1.3 It is the intent of Council to promote an anti-fraud culture by providing these guidelines and by assigning responsibility for the development of controls and conduct of investigations.
- 1.4 The Office of the Auditor-General requires every public entity to formally address the matter of fraud and formulate an appropriate policy on how to minimize it and if it occurs, how to deal with it.

2. SCOPE

- 2.1 This policy applies to any fraud, impropriety or dishonesty, suspected or actual and relates to all property, funds and services, as well as statutory responsibilities.
- 2.2 This policy applies to all employees of Council or Council appointees to other organisations as well as Elected Members, consultants, vendors, contractors or any other parties having a business relationship with Council.
- 2.3 This policy also covers allegations made by Council employees, appointees or Elected Members against other employees, appointees or Elected Members.
- 2.4 There may be particular risks that increase the likelihood of fraud occurring, which include:

- *Incentives/pressures:* Management, other staff or external parties are under pressure or there are incentives for them to commit fraud
- *Opportunities:* Circumstances or lack of controls allow employees to commit fraud or corruption. Also employees are able to get around or override ineffective controls (for example officers are able to approve their own sensitive expenditure)
- *Attitudes:* Employees are able to rationalise committing fraud (for example believing that everyone else is doing it, or that it was so easy for me)

The policy will identify processes for management to put in place to minimise these particular risks as much as practicable.

2.5 The Fraud Policy is a separate policy to other council policies, but will overlap with some policies. These include:

- *Sensitive Expenditure Policy:* This policy deals with staff/councillor sensitive expenditure which includes travel, accommodation, hospitality and gifts. The policy specifies the processes and procedures which are required when incurring sensitive expenditure. Fraud occurs when the sensitive expenditure is not followed and Council is deliberately charged an individual's private costs.
- *Code of Conduct:* This governs the behaviour of elected members and requires them to act with integrity, honesty and in the public interest. The behaviour and actions of elected members (as well as) should always be in the interests of the community and open to public scrutiny. If an elected member uses their position to obtain a financial benefit that may be to the cost/detriment of Council, then this will amount to fraud.

3. POLICY OBJECTIVE

- 3.1 Council personnel (defined as Council employees or appointees and elected members) must have, and be seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties.
- 3.2 Council will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety or dishonesty by Council personnel or external parties.
- 3.3 Council personnel must not defraud the Council, or other personnel, clients or contractors of Council.
- 3.4 Council will take action – including dismissal and/or criminal prosecution against any personnel defrauding or attempting to defraud the Council, other personnel, clients or contractors of Council. In each case, the Council will make every effort to gather sufficient reliable evidence to support a prosecution.
- 3.5 Council will always seek to recover funds or goods (or the estimated value of the goods where they have been disposed of) lost through fraud

4. ACTIONS CONSTITUTING FRAUD

4.1 The terms fraud, impropriety and dishonesty refer to, but are not limited to:

- Any dishonest or fraudulent act.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of Council activities or the activities of organisations with a Council appointee.
- Disclosing confidential and proprietary information to outside parties.
- Disclosing to other persons, securities, activities engaged in, or contemplated by the Council or any organisation with a Council appointee.
- Seeking or accepting anything of material value from contractors, vendors, or persons providing services/materials to the Council or any organisation with a Council appointee. Gifts valued at less than \$100 per annum, or otherwise approved by the Chief Executive Officer, are exempt.
- Unauthorised use of council property including property leased by Council.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.
- Any similar or related irregularity.

If there is any question as to whether an action constitutes fraud, contact the Chief Executive Officer or Group Manager, Finance and Corporate Services for guidance.

5. MANAGEMENT RESPONSIBILITIES

5.1 Management is responsible for the detection and prevention of fraud, impropriety and dishonesty. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

5.2 Management should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud and that fraud may be highlighted as a result of management checks, or be brought to management's attention by a third party. Management is responsible for:

- Being aware of fraud
- Ensuring that an adequate system of internal controls exists within its area of responsibility and that those controls are operating effectively. These controls should include a system for undertaking regular reviews of transactions and activities that may be susceptible to fraud.

- 5.3 Any irregularity that is detected or suspected must be reported immediately to the Chief Executive Officer, who co-ordinates all investigations.
- 5.4 Management will promote ethical behaviour through Council's induction, training and performance development programmes.
- 5.5 Management will seek to minimise as much as possible the risks associated with:
- Incentives/pressures
 - Opportunities
 - Attitudes

This will be done by: making sure that the fraud policy is circulated regularly to all staff, undertaking regular reviews of the internal control systems, requiring all sensitive expenditure to be approved on a one-up basis, any reported incidences of potential fraud are investigated thoroughly and the policy is applied consistently to all council staff.

- 5.5 Employees may disclose fraud under the provisions of the Protected Disclosures Act 2000, and the disclosure will then be treated in accordance with the provisions of the Act.
- 5.6 Council is committed to its legal obligations to act fairly, honestly and in good faith when conducting fraud investigations

6. INVESTIGATION RESPONSIBILITIES

- 6.1 The Chief Executive Officer has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. This may require the formation of an Investigation Team comprised of suitably qualified persons, who may be staff or external parties as deemed appropriate. This responsibility will include full documentation of the facts and circumstances of the matter.
- 6.2 If the suspected fraud involves the Chief Executive Officer, the External Appointee to the Audit and Risk Committee will have the primary responsibility for conducting the investigation in consultation with the Mayor.
- 6.3 If the suspected fraud involves the Mayor or other elected member, the External Appointee to the Audit and Risk Committee will have the primary responsibility for conducting the investigation in consultation with the Chief Executive Officer.
- 6.4 Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management.

7. CONFIDENTIALITY

The Chief Executive Officer will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Chief Executive

Officer immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act

8. AUTHORISATION FOR INVESTIGATING SUSPECTED FRAUD

Members of the Investigation Team as appointed by the Chief Executive Officer will have:

- Free and unrestricted access to all Council records and premises, whether owned or rented.
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of the Team's investigation.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to Council.

9. REPORTING PROCEDURES

- 9.1 Great care must be taken in the investigation of suspected improprieties or irregularities, to avoid mistaken accusations, or alerting suspected individuals and staff not involved in the investigation that an investigation is under way.
- 9.2 An employee who discovers or suspects fraudulent activity will notify the appropriate person immediately, as per the procedures laid down in the Council's Protected Disclosures Policy. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Chief Executive Officer. No information concerning the status of an investigation will be divulged.
- 9.3 The reporting individual should be informed of the following:
- Do not contact the suspected individual in an effort to determine facts or demand restitution.
 - Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Chief Executive Officer or members of the Investigation Team.
- 9.4 If the investigation by the Chief Executive Officer, or members of his appointed Investigation Team, substantiates that fraudulent activities have occurred, the Chief Executive Officer will decide the action to be taken, which may include termination of employment.

10. TERMINATION

Investigations could result in the termination of employment. If an investigation results in a recommendation to terminate an individual's employment, the recommendation will be reviewed by the Human Resources Manager, and by legal counsel if necessary, before any such action is taken.

Decisions to prosecute or turn matters over to the Police are at the discretion of the Chief Executive Officer.

Council will not provide any formal reference to any individual that has been found to have committed fraud, nor should any council officer be a referee for that individual.

11. MANAGING THE PUBLIC RELATIONS REGARDING FRAUD

The Chief Executive Officer will report to Council and the Audit and Risk Committee on any fraud investigation when it has reached a stage that he/she considers appropriate.

The Chief Executive Officer will also advise Council's auditors at the same time.

Any questions from the media in relation to fraud will be dealt with by the Chief Executive Officer or the Mayor.