

Audit & Risk Subcommittee Agenda

13 May 2021



Meeting is held in the Council Chamber, Level 2, Philip Laing House
144 Rattray Street, Dunedin

Members:

Cr Hilary Calvert, Chair
Mr Andrew Douglas (Independent Member)
Cr Kevin Malcolm
Cr Andrew Noone
Cr Kate Wilson

Senior Officer: Sarah Gardner, Chief Executive

Meeting Support: Liz Spector, Committee Secretary

13 May 2021 01:00 PM

Agenda Topic	Page
1. APOLOGIES An apology has been received from Cr Kate Wilson.	
2. PUBLIC FORUM No requests from members of the public to address the Audit and Risk Subcommittee were received prior to publication of the agenda.	
3. CONFIRMATION OF AGENDA Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.	
4. CONFLICT OF INTEREST Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
5. CONFIRMATION OF MINUTES The Subcommittee will consider minutes of the previous meeting as a true and accurate record, with or without changes.	3
5.1 Minutes of the 17 February 2021 Audit and Risk Subcommittee Meeting	3
6. ACTIONS (Status of Subcommittee Resolutions) There are no outstanding actions of the Audit & Risk Subcommittee (public).	
7. MATTERS FOR CONSIDERATION	10
7.1 ANNUAL REPORT TIMETABLE AND MATTERS UNDER CONSIDERATION This report is provided to outline the adoption timetable and changes in accounting standards for Council's Annual Report and Financial Statements for the year ending 30 June 2021.	10

7.2	SAFETY AND WELLBEING REPORT	13
	This report summarises progress towards the Safety and Wellbeing Team's key strategic priorities and safety performance indicators for the period 1 Jan - 31 Mar 2021. The report also summarises key areas of focus for the Safety and Wellbeing Team for the 2020/21 financial year and beyond.	
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7.3	RISK REVIEW UPDATE	21
	This report provides an update on the review of the ORC risk register per Subcommittee direction in June 2020.	
7.4	LOCAL GOVERNMENT FUNDING AGENCY PROPOSAL	23
	This report updates the Subcommittee on the progress made on the direction to join the LGFA.	
8.	RESOLUTION TO EXCLUDE THE PUBLIC	27
	That the public be excluded from the following items under LGOIMA 48(1)(a):	
	- Minutes of the 17 February 2021 public-excluded Audit & Risk Subcommittee meeting	
	- 3.1 Insurance Renewal - 7(2)(h); 7(2)(i)	
	- 3.2 Council Insurance Disclosures- 7(2)(c)(ii); 7(2)(e); 7(2)(h)	
	- 3.3 Managed Fund Report – March 2021 - 7(2)(b)(ii); 7(2)(c)(i); 7(2)(h)	
	- 3.4 Risk Report - 7(2)(c)(i); 7(2)(c)(ii)	
	- 3.5 Deloitte ORC Audit Plan - 7(2)(c)(i); 7(2)(c)(ii)	
8.1	Public Excluded Reason and Grounds	27
9.	CLOSURE	



Minutes of a meeting of the Audit and Risk Subcommittee held in
the Council Chamber on Wednesday 17 February 2021,
commencing at 2PM

Membership

Cr Hilary Calvert	<i>(Chairperson)</i>
Mr Andrew Douglas	<i>(Independent Member)</i>
Cr Kevin Malcolm	
Cr Andrew Noone	
Cr Kate Wilson	

Welcome

Chairperson Hilary Calvert welcomed Councillors, members of the public and staff to the meeting at 2 p.m. Staff present included Sarah Gardner (Chief Executive), Nick Donnelly (GM Corporate Services), Amanda Vercoe (Executive Advisor), Liz Spector (Governance Support), Peter Kelliher (Legal Counsel), Nicole Ross (Manager People and Safety), and Rebecca Webster (Safety and Wellbeing Partner).

For our future

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1. APOLOGIES

There were no apologies.

2. PUBLIC FORUM

No public forum was held.

3. CONFIRMATION OF AGENDA

Cr Wilson moved that the agenda be confirmed as published.

Moved: Cr Wilson

Seconded: Cr Malcolm

CARRIED

4. CONFLICT OF INTEREST

No conflicts of interest were advised.

5. CONFIRMATION OF MINUTES

Resolution

That the minutes of the public portion of the meeting held on 26 November 2020 be received and confirmed as a true and accurate record.

Moved: Cr Noone

Seconded: Cr Wilson

CARRIED

6. ACTIONS (STATUS OF COMMITTEE RESOLUTIONS)

There are no outstanding resolutions of the Audit and Risk Subcommittee (public).

7. MATTERS FOR CONSIDERATION

7.1. A&R2102 Safety and Wellbeing

The report was provided to summarise progress towards the Safety and Wellbeing Team's key strategic priorities and safety performance indicators for the period October 2020 – December 2020 (Quarter 2, FY 20/21) and highlighted key areas of focus for the Safety and Wellbeing team for the 2020/21 financial year and beyond. Rebecca Webster (Safety and Wellbeing Partner) and Nicole Ross (Manager People and Safety) were present to respond to questions about the report.

After a discussion of the report, Cr Wilson moved:

Resolution

That the Subcommittee:

1) **Receives** this report.

Moved: Cr Wilson

Seconded: Cr Malcolm

CARRIED

7.2. CS2105 Legislative Compliance

The 2020 legislative Warrant of Fitness and Mandatory Documents Register were provided to the subcommittee for review. Peter Kelliher, ORC Legal Counsel, was present to speak to the report and respond to questions. Mr Kelliher noted the reports are tools to review and monitor performance against the legislative framework and identify areas where improvement or action is required. Cr Calvert requested any document or area marked as non-compliant be tracked to show how the non-compliance is being addressed and when compliance is expected to be achieved. Cr Wilson suggested that this tracking be done through an additional column on the Mandatory Documents register. Cr Calvert then suggested anything marked as non-compliant be added to a separate list for the subcommittee to receive updates on non-compliances. Chief Executive Sarah Gardner said this can be done and reported back to the subcommittee at its next meeting.

Cr Calvert suggested that when external reviews of Council business have been performed and reported back with areas for improvement, that these also be tracked by the subcommittee to ensure any deficiencies noted are being followed up on. Mr Kelliher said this could be fitted into the Warrant of Fitness. Mr Douglas asked that any recommendations coming from recent legislative reviews be tracked.

Cr Wilson asked how information held by the ORC related to land held by individual property owners is disseminated. She asked if deficiencies uncovered by the Natural Hazards team are added to LIMS or public databases. Chief Executive Gardner said a future report on how this works can be brought to the subcommittee for discussion as the staff who work with these issues are not present.

Mr Douglas again suggested a one-page report tracking any internal or external reviews be provided and suggested that staff review and include any areas of concern they would like to focus on as well. Cr Malcolm said it would be a good tool and would show how the Council is tracking towards general compliance. Mr Douglas asked Mr Kelliher if he could suggest any specific areas he would like to see included. Mr Kelliher said the primary list for the Mandatory Documents Register came from the Society of Local Government Managers but would consider what could be beneficial to include.

Cr Calvert then discussed whether a Transport-specific report should be provided to the subcommittee. Nick Donnelly, GM Corporate Services, said financial and activity reports including Transport-related functions were provided quarterly to the Finance Committee. CE Gardner said other transport-related reports were provided to the Implementation Committee, the Data and Information Committee and to Strategy and Planning. Mr Douglas said it would be a useful conversation to determine whether the subcommittee is comfortable all risks were being managed properly through the three-committee reporting or whether that reporting should be pulled together into one report for review at Audit and Risk. Cr Noone said he would have this conversation with the Chief Executive.

There was no further discussion and Cr Wilson moved that the report be received.

Resolution

That the Audit and Risk Subcommittee:

- 1) **Receives** this report.

Moved: Cr Wilson

Seconded: Cr Malcolm
CARRIED

7.3. CS2106 Audit Management Letter Response - Follow Up

This report was provided to update the subcommittee on the ORC response to the Audit Management Letter from the audit of the 2020 Annual Report and Financial Statements, focusing on the three items added to the Actions Register (Public-excluded). The initial report was provided to the Audit and Risk Subcommittee in public-excluded session on 26 November 2020. Sarah Munro (Manager Finance - Reporting) and Nick Donnelly (GM Corporate Services) were present to speak to the report and respond to questions.

After questions and discussion of the report, Cr Wilson moved:

Resolution

That the Audit and Risk Subcommittee:

- 1) **Receives** this report.
- 2) **Acknowledges** and understands the progress that has been made in reducing the annual leave liability and appreciates the difficulty in progressing.

Moved: Cr Wilson
Seconded: Cr Malcolm
CARRIED

7.4. CS2104 Audit and Risk Work Programme

This paper was provided to outline a proposed work programme to be covered at each Audit and Risk Subcommittee meeting to ensure responsibilities as outlined in the Terms of Reference are fulfilled. Nick Donnelly (GM Corporate Services) was present to speak to the report and respond to questions. Following questions and discussion, Cr Wilson moved:

Resolution

That the Audit and Risk Subcommittee:

- 1) **Receives** this report.
- 2) **Endorses** the proposed work programme for the 2021 calendar year.

Moved: Cr Wilson
Seconded: Cr Malcolm
CARRIED

7.5. CS2102 Local Government Funding Agency Membership Proposal

The report was provided to request the Subcommittee's recommendation to Council that the ORC should join the Local Government Funding Agency (LGFA) and to approve commencement of the process for that to occur. Nick Donnelly (GM Corporate Services) was present to speak to the report and respond to questions. After a discussion of the report, Cr Wilson moved:

Resolution

That the Audit and Risk Subcommittee:

- 1) **Receives** this report and the attached LGFA Presentation to the Audit and Risk Committee from Bancorp Treasury Services.
- 2) **Recommends to Council that** staff commence the process of joining the LGFA including preparing a statement of proposal, amending the Treasury Management Policy, and preparing a consultation plan and documentation to undertake a special consultative process (SCP).
- 3) **Notes** that Bancorp Treasury Services will assist Council with this process.

Moved: Cr Wilson
 Seconded: Cr Noone
 CARRIED

8. RESOLUTION TO EXCLUDE THE PUBLIC

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

- Minutes of the 26 November 2020 A & R Subcommittee Public-Excluded Meeting
- 3.1 Managed Fund Report – December 2020
- 3.2 Risk Report

Moved: Cr Calvert
 Seconded: Cr Wilson
 CARRIED

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<p><i>Minutes of the 26 November 2020 A & R Subcommittee Public-Excluded Meeting</i></p>	<p>To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)</p> <p>To protect information where the making available of the information— would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the</p>	

	<p>making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)</p>	
<p><i>3.1 Managed Fund Report – December 2020</i></p>	<p>To protect information where the making available of the information— would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	<p>Sec 48(1)(a) - Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<p><i>3.2 Risk Report</i></p>	<p>To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial</p>	<p>Sec 48(1)(1) - Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or the relevant part of the proceedings of</p>

	negotiations) – Section 7(2)(i)	the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
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This resolution was made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

9. CLOSURE

There was no further public business and Chairperson Calvert declared the public meeting closed at 03:45 pm.

Chairperson

Date

7.1. Annual Report timetable and matters under consideration

Prepared for:	Audit and Risk Subcommittee
Activity:	Governance Report
Author:	Sarah Munro, Finance Manager - Reporting
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	30 April 2021

PURPOSE

- [1] The purpose of this report is to outline the adoption timetable and changes in accounting standards for Council's Annual Report and Financial Statements for the year ending 30 June 2021.

EXECUTIVE SUMMARY

- [2] This report details the Annual Report timetable. A draft Annual Report will be presented to the Audit and Risk Subcommittee at its 22 September 2021 meeting. The draft Annual Report will include Council audited Financial Statements and unaudited Group Financial Statements. Group Financial Statements will not be available at that time due to a delay by the Port Otago auditors.
- [3] The final Annual Report including audited Council and Group Financial Statements will be presented to Council on 27 October 2021 for adoption.
- [4] This report also outlines key changes to financial statement accounting standards that are applicable to Council. It is anticipated that there will be no significant impact to the Council financial statements as a result of these accounting standard changes.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- 1) **Receives this report.**

BACKGROUND

- [5] The Local Government Act 2002 requires local authorities to prepare and adopt, by resolution, an Annual Report, comparing the actual activities and the actual performance of the local authority with the intended activities and level of performance as set out in the Long-Term Plan and the Annual Plan. The statutory requirement is that the Annual Report must be adopted within 4 months of the end of the financial year, this year being 31 October 2021.
- [6] The Annual Report includes financial statements for the year ended 30 June 2021. Council financial statements consist of the Council and Council Group. Council is the

sole shareholder of Port Otago Limited and accordingly the Council and Port Otago Limited are regarded as a group for financial reporting purposes.

- [7] Council financial statements are audited by Deloitte on behalf of the Office of the Auditor General.

TIMETABLE

- [8] A draft Annual Report will be presented to the Audit and Risk subcommittee on 22 September 2021 for review which will include audited Council Financial Statements and unaudited Group Financial Statements.
- [9] The audit of Port Otago has been delayed due to auditor availability and will not be able to be completed prior to the Audit and Risk Subcommittee on the 22 September 2021. The Port Otago auditor is Audit New Zealand.
- [10] The final Annual Report will be presented to the Council at the 27 October 2021 Council meeting with audited Council and Group Financial Statement.

CHANGES TO FINANCIAL STATEMENT ACCOUNTING STANDARDS

Council

- [11] Council financial statements are prepared using Public Benefit Entity International Accounting Standards (PBE IPSAS). The table below shows the PBE IPSAS changes that have occurred since the adoption of the prior year financial statements. It is expected that none of the PBE IPSAS changes will have a material impact on the financial statements.

Standard	Change	Impact on Council
PBE IPSAS 41 Financial Instruments	<p>IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and 	No impact to Council due to our early adoption of PBE IFRS 9.

	<ul style="list-style-type: none"> Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. 	
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Group

[12] Port Otago Limited (POL) are a for profit entity and are required to prepare financial statements using New Zealand Equivalent to International Accounting Standard (NZ IFRS), a different accounting basis to the Council finance statements which are prepared using PBE IPSAS.

[13] During the Council consolidation, POL financial information is recalculated from NZ IFRS to PBE IPSAS accounting standards. During the current year there has not been any changes in NZ IFRS standards which would require additional adjustments not performed in prior years.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[14] There are no strategic framework and policy considerations.

Financial Considerations

[15] There are no financial considerations.

Significance and Engagement Considerations

[16] There are no significance and engagement considerations.

Legislative and Risk Considerations

[17] There are no legislative and risk considerations.

Climate Change Considerations

[18] There are no climate change considerations.

Communications Considerations

[19] There are no communications considerations.

ATTACHMENTS

Nil

7.2. Safety and Wellbeing

Prepared for:	Audit and Risk Subcommittee
Report No.	A&R2104
Activity:	Governance Report
Author:	Rebecca Webster, Safety and Wellbeing Partner
Endorsed by:	Amanda Vercoe, General Manager Governance, Culture and Customer
Date:	13 May 2021

PURPOSE

- [1] This report summarises progress towards the Safety and Wellbeing Team’s key strategic priorities and safety performance indicators for the period January 2021 – March 2021 (Quarter 3, FY 20/21). The report also summarises key areas of focus for the Safety and Wellbeing team for the 2020/21 financial year and beyond.

RECOMMENDATION

That the Subcommittee:

- 1) **Receives** this report.

LEGISLATIVE COMPLIANCE AND RISK MANAGEMENT

- [2] Continuous improvement of ORC’s safety system is a key priority for the Safety and Wellbeing Team to ensure legislative compliance and best practice in managing risk. A summary of key activities for Quarter 3 are as follows:

Health and Safety Committee (HSC)

- [3] The HSC continues to meet quarterly to discuss any health and safety risks that have been raised in their work areas, and to share ideas about areas for improvement. For example, emergency management has been a hot topic in recent meetings which has led to the introduction of quarterly emergency management group meetings with fire wardens to focus on this area specifically. The first meeting took place on 15 March 2021 which covered ideas for effective staff communication on emergency procedures (fire, earthquake, lockdown), and planned updates to fire evacuation and emergency procedures for all sites. All Health and Safety Representatives (HSR’s) have now had formal training.

Policy and Procedure Development

- [4] The internal audit of current safety policies and procedures is underway with topics being prioritised according to risk (further detail is provided in the “risk management” section of this report). The internal review will be completed by June 2021 with ongoing development of existing policies and new policies through to June 2022. A consultation process for safety policy and procedure reviews is in place to ensure that employees can contribute and provide feedback via the HSC. The internal Policy Review Group meets quarterly to finalise policies/procedures across the organisation to ensure a consistent

approach. Refer to “Attachment 1 - Summary Table of Key Strategic Initiatives” for further information.

- [5] Progress towards policy development is displayed in “Attachment 2 - Safety and Wellbeing Dashboard” in the figure “Progress on Risk Management Activities”. The contractor safety policy was finalised in November 2020 with staff education sessions and a training video to be completed in May 2021 (in conjunction with the legal team). Recently finalised policies include first aid; hazardous manual handling; hazardous substances and fatigue management. These policies have been released on the staff intranet (Jostle) with additional training and information sessions planned for hazardous substances and fatigue management in May and June 2021.
- [6] This policy development and review process is subject to continuous improvement with annual policy reviews planned to ensure policies remain relevant. Policies addressing critical risks are reinforced with staff and people-leader communication and training to ensure they are understood and adopted by relevant work areas.

Risk Management

- [7] A key goal for the Safety and Wellbeing Team is to partner with ORC leaders to ensure a focus on risk identification, elimination and control, ensuring safety management forms part of each leadership role. Refer also to “Attachment 1 - Summary Table of Key Strategic Initiatives”.
- [8] Rebecca Webster (Safety and Wellbeing Partner) and Gina Watts (Safety and Wellbeing Coordinator) are continuing to work with teams particularly those who are field based, to assist in identifying and addressing key hazards and risks. This includes meeting with staff in the field to understand the work being done, updating risk assessments, providing guidance to staff in developing Safe Operating Procedures (SOPs) and undertaking Site Safety Inspections. Site inspections are being completed routinely for all ORC sites and include specific areas of risk such as effective hazardous substance management at depots.
- [9] Independent audits have been completed for specific areas of risk including a hazardous substances review in August 2020. Corrective actions are close to completion following this audit which have included policy development, an internal audit regime and staff training. Corrective actions are also in progress following a pump station safety review focussed on falls prevention in September 2020. This includes implementation of a fit for purpose fall arrest system to be used during work around weed screens, staff training and SOP development.
- [10] The assessment and management of ORC’s risks is an ongoing process, subject to continuous improvement. As recommended by Worksafe, ORC is prioritising management of critical risks, which are those which can cause serious harm, injury or a fatality. These risks have been determined based on ORC incident data, feedback from staff and HSR’s, feedback from other councils, in addition to Worksafe and other government data. Critical risks are presented in the Safety & Wellbeing Dashboard (attachment 2) under “Progress on Risk Management Activities” and “Priority Initiatives”. Risk management areas currently in development include safe driving, occupational violence and aggression (OVA) and lone/remote worker safety. Management strategies include undertaking audits/surveys to understand the risks and

identify gaps, updating policies, Safe Operating Procedures (SOP's), implementing specific risk controls such as PPE or equipment, and staff training.

- [11] Secondary risks are also displayed on the Safety & Wellbeing dashboard. These risks require management however have less severe consequences and therefore are not defined as critical (e.g. hazardous manual handling, slips and trips).

SYSTEMS AND PROCESS IMPROVEMENT

- [12] A fit for purpose online safety management system is currently being sought to support the ongoing improvements to ORC's safety system. A tender process for a solution has recently closed, and vendor responses have been received. A review panel is in place to assist with selection of a provider, consisting of safety team members, people-leaders and worker representatives. Refer also to "Attachment 1 - Summary Table of Key Strategic Initiatives"
- [13] Action plans developed by the indoor/security working group and outdoor working group are currently progressing well with most items addressed. Outstanding actions from these groups are now being tracked via the relevant Health and Safety Representatives (HSRs) and the HSC.

TRAINING AND DEVELOPMENT

- [14] Core training modules such as first aid, advanced driver and 4WD training and river safety will continue in 2021. A new programme covering de-escalation and tactical communication skills commenced in April 2021 following a successful pilot programme in September 2020 to address the risks associated with customer aggression. Hazardous substance awareness and risk management is also a new training initiative to be completed in May 2021.
- [15] Training for team leaders and managers regarding their safety and human resources responsibilities is a key priority. A "People and Safety 101" training programme is being developed to increase leadership capability and confidence in leading safety. Implementation has been delayed to combine this training with the new online safety system.
- [16] In March 2021, a training workshop for ELT was provided by Dr Philip Voss from 'Leading Safety'. Positive feedback was received by ELT members on the session which covered exercising due diligence to ensure that ORC meets its legal obligations under the Health and Safety at Work Act 2015 (HSWA 2015), and how ELT can lead safety at ORC. A follow up session is planned for later in the year.
- [17] Upskilling and development of the Health and Safety Representatives (HSR) group is occurring and will continue, to ensure HSRs are performing their roles effectively. An internal HSR induction program has been implemented, with formal HSR training completed in October 2020 and is ongoing as required for new members.
- [18] Focus areas for the future are to implement a training needs analysis for high risk and field-based positions, and training for staff on incident and near miss reporting will also occur as the new online safety system is implemented. Refer also to "Attachment 1 -

Summary Table of Key Strategic Initiatives” which includes progress towards training and development.

STAFF WELLBEING

- [19] The Fit for Future wellbeing programme launched in January, and the People and Safety Team in partnership Health and Safety Representatives have facilitated several initiatives in line with the programme objective for 2021: *‘Create a healthy and resilient workforce by enabling and supporting our people to build healthy habits’*. Wellbeing at ORC is viewed holistically and uses the following dimensions as a lens: physical (tinana), community (whanaungatanga), financial (hinengaro), and mental (pūtea). The wellbeing dashboard has been updated to include the completed and projected campaigns. Refer also to “Attachment 1 - Summary Table of Key Strategic Initiatives”.
- [20] The physical wellbeing (taha tinana) quarter included campaigns aimed at looking after and enhancing physical wellbeing. Employees took part in the Aotearoa bike challenge in February and logged 3700km of bike travel during this period. In March, ergonomic toolbox talks took place across the ORC offices. A number of employees participated in this initiative, with 5 being referred for additional support. The community wellbeing (taha whanaugatanga) quarter was launched with the influenza vaccination campaign. 42.8% of staff have registered for influenza vaccinations to-date, an increase on the 26% recorded last year.

SAFETY AND WELLBEING PERFORMANCE REPORTING

- [21] In Quarter 3 there were 26 events reported in total. This consisted of 13 incidents, eight near misses and five hazards. Of the 13 incidents, five involved customer aggression or adverse behaviour; two were contractor incidents on public transport; three were equipment related; two slips/trips or strains, and one wasp sting. Of the eight near misses, four were related contractors working on the wilding conifer project. For ORC staff, they were due to vehicles or equipment. Five hazards were reported: one slip/trip; three vehicle-related and one equipment related.
- [22] All incidents and near misses that have resulted in an injury or potential for injury have been investigated with corrective actions implemented as needed. For example, five incidents relate to customer aggression which has been identified as a critical risk. The Safety and Wellbeing team have rolled out a training programme to upskill staff in de-escalation techniques, as well as releasing a policy/procedure on managing customer aggression and violence with supporting Safe Operating procedures (SOP’s).
- [23] Proactive lead indicators form part of ORC’s reporting, such as participation in safety training and completion of activities such as risk assessments, site safety inspections, contractor safety audits and SOP’s. Further reporting on lead indicators will occur as the safety system continues to improve. Refer to “Attachment 2 - Safety and Wellbeing Dashboard” which displays performance indicators and progress towards managing priority “critical” risks.
- [24] Table 2) Key Definitions for Incident/Near Miss Reporting

Equipment	All reported near miss or incidents relating to any equipment used in the workplace.
Vehicles	All reported near miss or incidents relating to vehicles or their use.
Field Activities	All reported near miss or incidents relating to activities undertaken

	in the field.
Chairs/Desks	All reported near miss or incidents relating to chairs, desks or workstation ergonomics.
Slips, Trips and Strains	All reported near miss or incidents relating to slipping, tripping or strain injuries in the workplace (field or office).
Environmental	All reported near miss or incidents relating to the work environment, for example appropriate temperatures, or the psychological environment.

COVID-19 INTERNAL RESPONSE

- [25] In addition to business as usual Health and Safety activity, the Safety and Wellbeing team have worked with Council’s Continuity Management Team (CMT) on the internal response to COVID-19. ORC has operated in line with Central Government advice and requirements for management of risks relating to COVID-19, having taken a cautious and humanistic approach through all COVID19 Alert Levels.

- [26] The CMT continues to review the Safety Plan for the organisation in line with advice from Central Government.

ATTACHMENTS

- 1. Attachment 1. Summary Table of Key Strategic Initiatives for Safety and Wellbeing [7.2.1 - 2 pages]
- 2. Attachment 2. SAFETY AND WELLBEING DASHBOARD Q 3 FY 2021-21 [7.2.2 - 1 page]

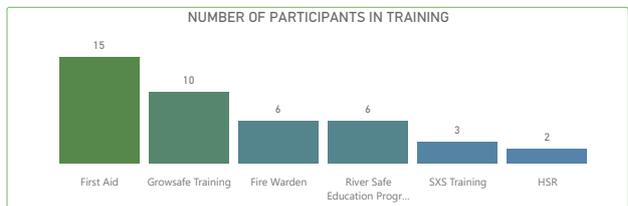
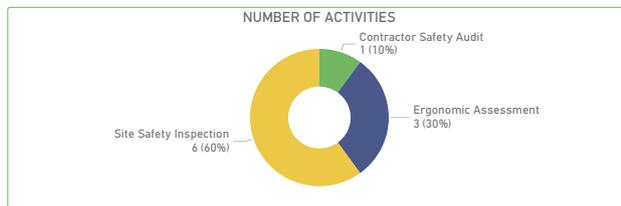
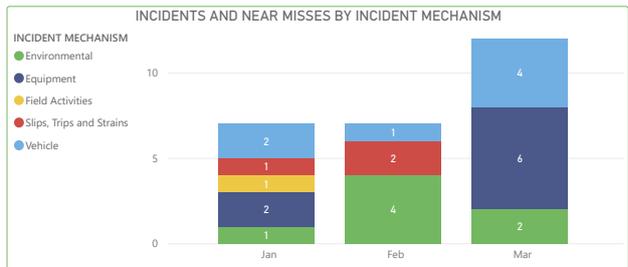
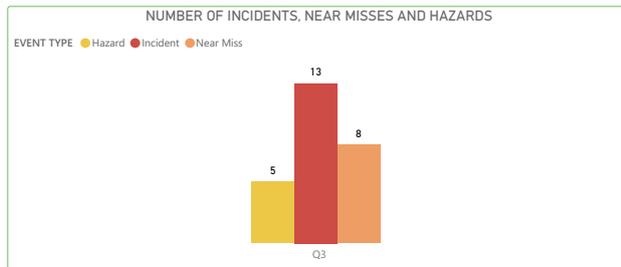
Table 1) Summary of Key Strategic Initiatives for Safety and Wellbeing (13.5.2021)

Initiative	Activities	Status	Expected Completion Date
Policy & Procedure Development	Internal audit of all policies/procedures and Safe Operating Procedures (SOPs)	In Progress	June 2021
	Revision/update of all required health and safety policies/procedures	In Progress	July 2022
Contractor Safety	Contractor health and safety policy/procedure finalised	Completed	Nov 2020
	Staff training/communication regarding contractor safety process	In Progress	May 2021
	Internal audit of adherence to policy/procedure, contractor spot audits	In Progress	Ongoing activity
Hazardous Substances Project	Site audits completed	Completed	Aug 2020
	Hazardous Substances policy/procedure finalised	Completed	April 2021
	Staff training programme	In Progress	May 2021
	Site internal audit programme	In Progress	Ongoing activity
Pump Station Safety	Initial site audits on selected pump stations (falls prevention)	Completed	Sept 2020
	Implement revised systems for fall protection (harness system, training, safe work procedures)	In Progress	April – July 2021
Emergency Management	Emergency procedures for all sites to be updated in line with current Regulations	In Progress	June 2021
Occupational Violence and Aggression (OVA)	OVA policy, procedure and supporting guidance to be finalised	In Progress	May 2021
	Training programme in de-escalation and tactical communication to be rolled out to relevant staff (Pilot completed successfully in Sept 2020)	In Progress	April 2021 and ongoing

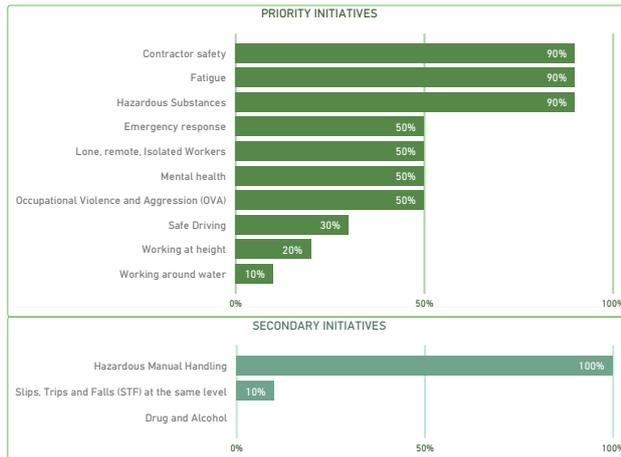
Fatigue Management	Policy for fatigue management and supporting guidance to be finalised	Completed	May 2021
	Staff communication regarding policy including manager info sessions	In Progress	May - June 2021
	Staff education sessions on personal fatigue management	In Progress	May - June 2021
Staff Wellbeing	Finalisation of wellbeing policy	Completed	Sept 2020
	"Fit for Future" wellbeing programme for 2021 created	Completed	Dec 2020
	Wellbeing programme to be implemented with review/evaluation upon completion	In progress	Dec 2021
Online Safety Management System	Approval granted by ELT to move to a Request for Proposal (RFP)	Completed	Nov 2020
	Request for Proposal (RFP) to be put out to the market to source a provider	Completed	April 2021
	Provider selected for online system	In Progress	June 2021
	Overall system implementation of all modules (components) which will be staged over time, including staff training and communication	Not started	May 2023
Training and Development	All Health and Safety Representatives (HSR's) formally trained	Completed	Oct 2020 and ongoing
	ELT workshop provided by Dr Philip Voss from 'Leading Safety' covering due diligence	Completed	March 2021, follow up in Sept/Oct 2021
	"People and Safety 101" sessions for managers/team leaders to be developed and implemented, roll out delayed to include new online safety system training	In progress	April 2021 and ongoing
	Quarterly health and safety training requirements calendar for staff to be finalised	Completed	April 2021
	Training needs analysis to be completed for field-based roles	In progress	June 2022

ORC SAFETY AND WELLBEING DASHBOARD

2018-19		2019-20		2020-21	
Q1	Q2	Q3	Q4		
Contractor			ORC Staff Member		



Progress on Risk Management Activities



Wellbeing Initiatives

Initiative	Completion Date
CAMPAIGN: Looking after yourself after returning back to work	January 2021
CAMPAIGN: Sit less stand more	February 2021
Launch of "Fit for Future" Programme	February 2021
CAMPAIGN: Stay Sunsafe in March	March 2021
Ergonomic Workstation Presentations (Dunedin, Cromwell, Alexandra & Queenstown)	March 2021
Influenza vaccination programme	April 2021
Lunch'n'learn - NZ Blood	April 2021

Key	Explanation
0-20%	Early stages of planning (e.g. audits of requirements, staff surveys, data collection)
20-40%	Development has started (creation of policies, procedures, supporting tools such as risk assessments; reviewing control measures)
40-60%	Development in progress and on track (consultation has commenced on policies, procedures supporting tools/resources, recommended control measures; establishing staff training needs)
60-80%	Development in final stages of consultation and refinement
80-100%	Completed (Risk management process finalised, communication to staff complete, training plans & mechanisms for review in place)

7.3. Risk Review Update

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2127
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Corporate Services
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	4 May 2021

PURPOSE

- [1] To update the Audit and Risk Subcommittee on the risk register review.

EXECUTIVE SUMMARY

- [2] At the June 2020 A&R meeting the Subcommittee discussed the structure of Council's risk register and resolved to "Review and report back on the structure of the structure of the Risk Register".
- [3] This was discussed further at the September 2020 meeting and following this meeting Mr Douglas assisted in drafting the scope of the review. A Request for Quote (RFQ) was issued in late 2020 and Navigatus Consulting was subsequently selected to undertake the review.
- [4] The review commenced in April with an introductory risk overview and one on one meetings with the Executive Leadership Team (ELT) and the Chair and Independent members of the Audit and Risk Subcommittee.
- [5] Further workshops are planning with ELT to under the risk identification and detail risk assessment processes.
- [6] This will result in a revised list of risks which will then be collated in presented to the September Audit and Risk Subcommittee as the refreshed risk register.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- 1) **Receives** this report.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [7] There are no strategic framework and policy considerations.

Financial Considerations

- [8] There are no financial considerations.
-

Significance and Engagement

[9] There are no significance and engagement considerations.

Legislative and Risk Considerations

[10] There are no legislative considerations.

[11] There are no risk considerations.

Climate Change Considerations

[12] There are no climate change considerations.

Communications Considerations

[13] There are no communications considerations.

NEXT STEPS

[14] The next steps are:

- The review will be completed over May and June.
- The revised risk register will be reported to the September 2020 Audit and Risk Subcommittee meeting.

ATTACHMENTS

Nil

7.4. LGFA Funding Proposal

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2103
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Corporate Services
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	3 May 2020

PURPOSE

- [1] To provide an update on the process for Council to join the Local Government Funding Agency.

EXECUTIVE SUMMARY

- [2] At its meeting on 17 February 2021 the Audit and Risk Subcommittee received a report on the process and merits of joining the Local Government Funding Agency (LGFA). The Subcommittee endorsed staff commencing that process and that was also approved by Council at the 24 February 2021 Council meeting.
- [3] The process to join the LGFA includes the preparation of a statement of proposal, amending the Treasury Management Policy and preparation of a consultation document under a special consultative process (SCP).
- [4] It was noted Bancorp Treasury Services were engaged to assist Council staff with this process and following the February meeting Buddle Findlay have been engaged as legal advisors for the process.
- [5] Bancorp and Buddle Findlay are preparing the documentation which, when complete, will require Council approval to proceed with the formal consultation process.
- [6] This documentation is expected to be completed by the end of May 2021 and it is recommended that once complete it is presented directly to Council. This will allow the process to proceed without incurring delays in the approvals process as Committee and Subcommittee recommendations will still require Council approval to proceed. This may necessitate calling an extraordinary Council meeting depending on the timing of when the documentation is completed.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- 1) **Receives** this report.
- 2) **Notes** the progress made in the LGFA process and endorses the Statement of Proposal and consultation material being presented directly to an upcoming or extraordinary Council meeting for approval.

BACKGROUND

- [7] The Local Government Funding Agency (LGFA) is a Council Controlled Trading Organisation (CCTO). It has around 70 member Councils and has provided around \$13B of loans.
- [8] The process to join the LGFA includes:
- Undertaking community consultation via an SCP to get approval to apply to join.
 - Development of a statement of proposal in relation to membership as part of the consultation.
 - Amendments to key supporting policies (Council's Treasury Management Policy) to allow Council to hold a CCTO's borrower notes; and
 - Establishing a debenture trust deed and appointments of a Trustees and a Registry (or paying agent).
 - Completion of accession documents and certificates.
- [9] The process is expected take approximately four months to complete and will cost around \$30,000. There will also be ongoing annual costs of maintaining membership of the LGFA.
- [10] Council currently retains Bancorp Treasury Services as an independent financial advisor, and they will assist Council with the process of joining the LGFA. Bancorp has advised a number of Councils who have joined the LGFA in recent years.
- [11] Specific services Bancorp will provide include:
- Statement of proposal.
 - Amended Treasury Management Policy.
 - Debt structuring advice.
- [12] Buddle Findlay has been engaged as an external legal advisor and will provide:
- Establishment of the Debenture Trust Deed.
 - LGFA accession.

DISCUSSION

- [13] At this stage the Audit and Risk Subcommittee is only being asked to note the process is progressing as approved at the February 2021 meeting and approve the next step of approval of the consultation material going direct to Council as this will be completed in May and the next Audit and Risk Subcommittee meeting isn't scheduled until September.
- [14] Assuming consultation is completed by the end of May 2021, consultation will occur in June 2021 and depending on the outcome and subsequent approval by Council, joining the LGFA would be completed in July 2021.
- [15] Approvals Council will be asked to consider include:
- To join the LGFA (or not).
 - Whether to join as a guaranteeing or non-guaranteeing member.
 - Note, if borrowing is greater than \$20M the borrower must be a guaranteeing member.

- The amount to borrow and debt structure.
 - Note internal debt is currently in excess of \$25M.
- Approval of documents to allow consultation with the community including:
 - The statement of proposal.
 - The Treasury Management Policy.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [16] The Treasury Management Policy (TMP) will need to be amended to enable Council to join the LGFA. This includes allowing the LGFA to be a permitted investment (CCTO borrower notes are required to be held and these may convert to equity).
- [17] Alignment of borrowing limits in the TMP to those required by the LGFA is also required.

Financial Considerations

- [18] Use of external debt is being included in the draft LTP 2021-31 that is currently being prepared. Proposed debt levels will be finalised as that process progresses.
- [19] Funding via the LGFA provides a lower cost of debt to schemes that are in deficit and allows for Council's cash reserves to be reinstated and cashflow managed more effectively.
- [20] Loans from the LGFA will be secured via a charge of Council's rates.

Significance and Engagement Considerations

- [21] Under the Local Government Act 2002 (LGA), community consultation is required via a special consultative process to allow Council to join the LGFA. This is because the borrower notes may convert to equity and the LGA requires consultation before a Council establishes or becomes a shareholder in a CCTO.

Legislative and Risk Considerations

- [22] There are a number of legal considerations in joining the LGFA. Some of these are outlined in this paper and the attachment. Other legal considerations will be outlined further as the process progresses and the documentation is presented to Council for approval.
- [23] There is risk associated with obtaining and utilising external debt.
- [24] There is also risk associated with the ongoing use of internal debt and the impact that has on cashflow management.
- [25] The primary risk considerations are credit risk (note, the LGFA has an S&P AA+ rating), interest rate risk and risk around joining as a guaranteeing member.

Climate Change Considerations

- [26] There are no climate change considerations.

Communications Considerations

[27] The proposal to join the LGFA will be consulted on as a special consultative process as outlined in this paper.

NEXT STEPS

[28] The next steps are to complete the documentation and present to Council for approval. This includes:

- The statement of proposal.
- Amendment of the Treasury Management Policy.
- Establishment of a debenture trust deed.
- Appointment of a Trustee and Registry (or paying agent)
- Preparation of accession documents and certificates.
- Determine desired debt levels and structure and whether guaranteeing or non-guaranteeing membership is preferred.

ATTACHMENTS

Nil

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<i>Minutes of 17 Feb 2021 Audit & Risk Subcommittee public excluded meeting</i>	To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a); To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i); To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h), To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	
<i>3.1 Insurance Renewal</i>	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
<i>3.2 Council Insurance</i>	To protect information which is subject to an obligation of confidence or which	Section 48(1)(a); Subject to subsection (3), a

<p><i>Disclosures</i></p>	<p>any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely otherwise to damage the public interest – Section 7(2)(c)(ii); To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e); To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	<p>local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<p><i>3.3 Managed Fund Report – March 2021</i></p>	<p>To protect information where the making available of the information— would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii); To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i); To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	<p>Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<p><i>3.4 Risk Report</i></p>	<p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i); To protect information which is subject</p>	<p>Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of</p>

	to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely otherwise to damage the public interest – Section 7(2)(c)(ii)	information for which good reason for withholding would exist.
<i>3.5 Deloitte ORC Audit Plan</i>	<p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i);</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely otherwise to damage the public interest – Section 7(2)(c)(ii)</p>	<p>Section 48(1)(a);</p> <p>Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>

This resolution is made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.