

# AUDIT AND RISK COMMITTEE

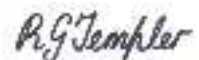
## AGENDA

Meeting to be held

**FRIDAY 15 FEBRUARY 2019**

**8.30AM**

In the Manawatū District Council Chambers,  
135 Manchester Street, Feilding

A handwritten signature in black ink that reads "R.G. Templer".

Dr Richard Templer  
**Chief Executive**

## **MEMBERSHIP**

### **Chairperson**

Councillor Stuart Campbell

### **Deputy Chairperson**

Councillor Barbara Cameron

### **Members**

Her Worship the Mayor, Helen Worboys

Councillor Barbara Cameron

Councillor Stuart Campbell

Councillor Hilary Humphrey

Councillor Phil Marsh

Councillor Howard Voss

External Member – John Fowke

# ORDER OF BUSINESS

PAGE

**1. MEETING OPENING**

**2. APOLOGIES**

**3. CONFIRMATION OF MINUTES**

**5**

*Draft resolution*

*That the minutes of the Audit and Risk Committee meeting held 9 November 2018 be adopted as a true and correct record.*

**4. DECLARATIONS OF INTEREST**

Notification from elected members of:

4.1 Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and

4.2 Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

**5. NOTIFICATION OF LATE ITEMS**

Where an item is not on the agenda for a meeting, that item may be dealt with at that meeting if:

5.1 The Council by resolution so decides; and

5.2 The Chairperson explains at the meeting at a time when it is open to the public the reason why the item is not on the agenda, and the reason why the discussion of the item cannot be delayed until a subsequent meeting.

**6. PRESENTATIONS**

There are no presentations scheduled for this meeting.

**7. OFFICER REPORTS**

**7.1 NOTIFIABLE HEALTH AND SAFETY INCIDENT**

**10**

Report of the General Manager – People and Culture dated 1 February 2019

**7.2 SAFEPLUS HEALTH AND SAFETY ASSESSMENT**

**18**

Report of the General Manager – People and Culture dated 1 February 2019

	<b>PAGE</b>
<b>7.3 REVALUATION CYCLE FOR INFRASTRUCTURAL ASSETS</b>	52
Report of the General Manager – Community and Strategy dated 29 January 2019	
<b>7.4 VEHICLE POLICY</b>	58
Report of the General Manager – Community and Strategy dated 15 January 2019	
<b>7.5 INTERNAL AUDIT REPORT - PROCUREMENT</b>	69
Report of the General Manager – Corporate and Regulatory dated 12 February 2019	
<b>7.6 SECOND QUARTER REPORT TO 31 DECEMBER 2018</b>	86
Report of the General Manager – Corporate and Regulatory dated 15 January 2019	
<b>8. UPDATE ON INTERNAL AUDIT</b>	
Progress update from General Manager – Corporate and Regulatory	
<b>9. CONSIDERATION OF LATE ITEMS</b>	
<b>10. NOTIFICATION OF ITEMS FOR NEXT MEETING</b>	
<b>11. MEETING CLOSURE</b>	

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>FRIDAY 9 NOVEMBER 2018</b>	<b>8.30AM</b>

Minutes of a meeting of the Audit and Risk Committee held on Friday 9 November 2018, commencing at 8.30am in the Manawatū District Council Chambers, 135 Manchester Street, Feilding.

<b>PRESENT:</b>	Cr Stuart Campbell	(Chairperson)
	Cr Howard Voss	
	Cr Hilary Humphrey	
	Mr John Fowke	
<b>APOLOGIES:</b>	Mayor Helen Worboys	
	Cr Barbara Cameron	
	Cr Phil Marsh	
<b>IN ATTENDENCE:</b>	Richard Templer	(Chief Executive)
	Shayne Harris	(General Manager – Corporate and Regulatory)
	Hamish Waugh	(General Manager – Infrastructure)
	Frances Smorti	(General Manager – People and Culture)
	Brent Limmer	(General Manager – Community and Strategy)
	Paul Stein	(Communications Manager)
	Colleen Morris	(Chief Financial Officer)
	Nichole Ganley	(Governance Support Officer)

#### ARC 18/119 MEETING OPENING

The Chairperson declared the meeting open.

#### ARC 18/120 APOLOGIES

##### **RESOLVED**

**That the apologies from Her Worship the Mayor Helen Worboys and Councillors Barbara Cameron and Phil Marsh be accepted.**

**Moved by: Councillor Howard Voss**

**Seconded by: John Fowke**

##### **CARRIED**

#### ARC 18/121 CONFIRMATION OF MINUTES

##### **RESOLVED**

**That the minutes of the Audit and Risk Committee meeting held 7 September 2018 be adopted as a true and correct record.**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor Hilary Humphrey**

##### **CARRIED**

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 9 NOVEMBER 2018	8.30AM

ARC 18/122 DECLARATIONS OF INTEREST

Item 7.1 - Councillor Stuart Campbell noted the Nannestad Line Project Review as he is an adjoining landowner.

ARC 18/123 NOTIFICATION OF LATE ITEMS

There were no items of late business notified.

ARC 18/124 PRESENTATION – 2017-18 DRINKING WATER STANDARDS COMPLIANCE

General Manager – Infrastructure Hamish Waugh spoke to a PowerPoint presentation discussing the 2017/18 Drinking Water Standards Compliance Report.

ARC 18/125 KEY PROJECTS: PROJECT REVIEWS AND LESSONS

Report of the General Manager – Community and Strategy dated 25 October 2018 presenting for information a summary of the results of Key Project Reviews and their lessons. Project Delivery Manager Michael Hawker spoke to the report using a whiteboard to demonstrate the aspects of good project management.

**RESOLVED**

**That the Audit and Risk Committee receives the report “Key Projects: Project Reviews and Lessons.**

**Moved by: Councillor Howard Voss**

**Seconded by: John Fowke**

**CARRIED**

ARC 18/126 SPECIAL FUNDS

Report of the General Manager – Community and Strategy dated 5 November 2018 presenting for information a summary of Council’s Trust and Special Funds.

**RESOLVED**

**That the Audit and Risk Committee receives the summary of Trust and Special Funds.**

**Moved by: Councillor Hilary Humphrey**

**Seconded by: John Fowke**

**CARRIED**

ARC 18/127 EXPENDITURE CARRIED FORWARD TO 30 JUNE 2018

Report of the General Manager – Community and Strategy dated 25 October 2018 presenting for information a summary of expenditure carried forward from the 2017/18 financial year to the 2018/19 financial year.

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 9 NOVEMBER 2018	8.30AM

**RESOLVED**

**That the Audit and Risk Committee receives the list of expenditure carried forward from the 2017/18 financial year to the 2018/19 financial year.**

**Moved by: John Fowke**

**Seconded by: Councillor Howard Voss**

**CARRIED**

**ARC 18/128 FIRST QUARTER REPORT TO 30 SEPTEMBER 2018**

Report of the General Manager – Community and Strategy dated 23 October 2018 presenting for information a summary to 30 September 2018 of the Council's performance against Year One of the 2018/28 Long Term Plan.

**RECOMMENDED**

**That the Council receives the First Quarter Report and the Capital Expenditure Report for the period ended 30 September 2018.**

**Moved by: Councillor Howard Voss**

**Seconded by: Councillor Hilary Humphrey**

**CARRIED**

**ARC 18/129 UPDATE ON INTERNAL AUDIT**

General Manager – Corporate and Regulatory gave a verbal update on the progress of Internal Audit. It was noted that Internal Audit was back on track with reports expected in due course.

**RESOLVED**

**That the Audit and Risk Committee receives the verbal update from General Manager – Corporate and Regulatory on the progress of Internal Audit.**

**Moved by: Councillor Howard Voss**

**Seconded by: John Fowke**

**CARRIED**

**ARC 18/130 CONSIDERATION OF LATE ITEMS**

There were no late items for consideration.

**ARC 18/131 NOTIFICATION OF ITEMS FOR NEXT MEETING**

- Vehicle Use Policy
- Yearly Revaluations

MINUTES	MEETING	TIME
AUDIT AND RISK COMMITTEE	FRIDAY 9 NOVEMBER 2018	8.30AM

ARC 18/132 PUBLIC EXCLUDED BUSINESS

**RESOLVED**

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

a) Confirmation of minutes

That 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	Grounds under Section 48(1) for the passing of this resolution
a) Confirmation of Minutes re Insurance Renewals	Section 7(2)(j) – prevent the disclosure of use of official information for improper gain or improper advantage and 7(2)(c)(i) protect information which is subject to an obligation of confidence or which any person has been or could be.	Section 48(1)(a) - the public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.

Moved by: Councillor Howard Voss

Seconded by: John Fowke

**CARRIED**

MINUTES	MEETING	TIME
<b>AUDIT AND RISK COMMITTEE</b>	<b>FRIDAY 9 NOVEMBER 2018</b>	<b>8.30AM</b>

*The meeting went into public excluded session at 10.07am and resumed open session at 10.08am. For items ARC 18/133 to ARC 18/135, refer to public excluded minutes.*

**ARC 18/136 MEETING CLOSURE**

The meeting closed at 10.09am

Approved and adopted as a true and correct record:

\_\_\_\_\_

**CHAIRPERSON**

\_\_\_\_\_

**DATE**

# Audit and Risk Committee

Meeting of 15 February 2019

Business Unit: People and Culture

Date Created: 01 February 2019

## Notifiable Health and Safety Incident

### Purpose

The purpose of this report is to inform the Audit and Risk Committee of a notifiable Health and Safety incident which occurred on 21 January 2019.

### Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

### Recommendations

That the Audit and Risk Committee receives the report of the Notifiable Health and Safety Incident on 21 January 2019.

Report prepared by:

Frances Smorti

General Manager - People and Culture

Approved for submission by:

Frances Smorti

General Manager - People and Culture

## 1 Contribution to the Council Vision and Council Outcomes

### 1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand*

Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.	Manawatū District attracts and retains residents and businesses.	Manawatū District develops a broad economic base from its solid foundation in the primary sector.	Manawatū District is connected via quality infrastructure, services and technology.	Manawatū District’s built environment is safe, resilient and attractive.	Manawatū District Council is a customer-focussed and efficient organisation.
				✓	✓

## **2 Background**

- 2.1 At 3pm on 21 January 2019, a staff member at the Makino Aquatic Centre seriously injured her hand while attempting to control a damaged shade sail.
- 2.2 The incident met the test for being notifiable to WorkSafe NZ under two criteria:
  - 1. Hospitalisation: “An injury or illness that requires the person to be admitted to hospital for immediate treatment”
  - 2. Serious lacerations: “Serious deep cuts that cause muscle, tendon, nerve or blood vessel damage, or permanent impairment”
- 2.3 The incident appears to have been caused by the high winds experienced at the time. Details of the incident are provided in the attached incident report, anonymised to protect the privacy of the individual involved.
- 2.4 An internal investigation team was formed on 22 January 2019, including the Health and Safety Advisor, the Chair of the Health and Safety Committee, the Aquatics Operations Supervisor and the Aquatic Services Manager.
- 2.5 A full incident report was provided to WorkSafe NZ, who confirmed on 23 January 2019 that they would not investigate the incident.

## **3 Discussion and Options considered**

- 3.1 The investigation team determined that the cause of the incident was the undrawn bolt on one corner of the shade sail, due to high winds.
- 3.2 The corrective actions to ensure this type of incident does not recur are detailed in the attached incident report.

## **4 Operational Implications**

- 4.1 The corrective actions are able to be undertaken within existing resources.

## **5 Financial implications**

- 5.1 The corrective actions are able to be undertaken within existing budgets.

## **6 Statutory Requirements**

- 6.1 The Council must meet the requirements of the Health and Safety at Work Act (2015) and all associated regulations.

## **7 Delegations**

- 7.1 The Audit and Risk Committee has the responsibility to ensure the appropriateness of the risk management and systems of internal controls, including those related to Health and Safety.

## **8 Consultation**

8.1 There are no consultation requirements associated with this report.

## **9 Cultural Considerations**

9.1 There are no cultural considerations associated with this report.

## **10 Conclusion**

10.1 Staff at the Makino Aquatic Centre responded to the incident swiftly and professionally, and the staff member involved is making good progress in her recovery.

10.2 The corrective actions will be implemented over the next two months, to minimise the risk of this type of incident recurring.

## **11 Attachments**

- Health and Safety Incident Report

**ACCIDENT/INCIDENT REPORT MAC**  
**Summary Report of Notifiable Incident**  
**Audit and Risk Committee**  
**15 February 2019**



<b>1. Accident/ incident description</b>	
<b>What happened?</b> One of the lifeguards on duty cut her hand quite badly while attempting to control a damaged shade sail.	
Please use back page if more space is required	
<b>What was the person doing at the time?</b> The shade sail came loose at the screw point in the main pool. The sail was whipping around in the wind and while she was trying to hold down the side so that other staff could tie it down the wind picked it up and ripped it out of her hand. During this her hand was cut requiring immediate treatment and ambulance transfer to hospital The shade sail had to have the ratchet strap cut off in order to take down the damaged end as the strap in the ratchet was pulled tight and jammed.	
Please use back page if more space is required	
<b>Names of any witnesses:</b> Life Guard (lead) [REDACTED] Lifeguard – [REDACTED] Receptionist – [REDACTED] Member of the Public – [REDACTED] FASC Coach	

<b>2. The injured person's details</b>			
Name: [REDACTED]			
If a member of the public contact details		Phone number [REDACTED]	
Address [REDACTED]			
Date : 21/01/2019		Time : 3.00pm	
Location of accident : the outdoor shade sail above the learners pool			
<input checked="" type="checkbox"/> MAC staff	<input type="checkbox"/> Member of the public	<input type="checkbox"/> External contractor	<input type="checkbox"/> Other MDC Staff
<input checked="" type="checkbox"/> If employee: I consent for my Health and Safety Representative(s) to have access to the details of this incident			

<b>3. Type of injury</b>			
<input type="checkbox"/> Abrasion/Scratch/Graze	<input type="checkbox"/> Crushing Injury	<input type="checkbox"/> Head Injury, Concussion	<input checked="" type="checkbox"/> Laceration, Cut
<input type="checkbox"/> Bruise/Contusion	<input type="checkbox"/> Dermatitis/Skin Rash	<input type="checkbox"/> Illness, Work Related	<input type="checkbox"/> Sprain, Strain
<input type="checkbox"/> Burn/Scold	<input type="checkbox"/> Dislocation	<input type="checkbox"/> Illness, Non-work Related	<input type="checkbox"/> Emotional /Stress
<input type="checkbox"/> Burn (Chemical)	<input type="checkbox"/> Fractured Bone	<input type="checkbox"/> Internal Injury	<input type="checkbox"/> Fatal/Drowning

**4. Location of injury : If more than one location, please state the most serious injury**

<input type="checkbox"/> Head (Skull)	<input type="checkbox"/> Face	<input type="checkbox"/> Nose	<input type="checkbox"/> Mouth (Including Teeth)
<input type="checkbox"/> Eye/s	<input type="checkbox"/> Ear/s	<input type="checkbox"/> Neck	<input type="checkbox"/> Airway (Breathing)
<input type="checkbox"/> Chest	<input type="checkbox"/> Ribs	<input type="checkbox"/> Abdomen (External)	<input type="checkbox"/> Abdomen (Internal)
<input type="checkbox"/> Back	<input type="checkbox"/> Spine	<input type="checkbox"/> Buttocks	<input type="checkbox"/> Groin
<input type="checkbox"/> Thigh (Upper Leg)	<input type="checkbox"/> Knee	<input type="checkbox"/> Lower Leg	<input type="checkbox"/> Ankle
<input type="checkbox"/> Foot	<input type="checkbox"/> Toe/s	<input type="checkbox"/> Shoulder	<input type="checkbox"/> Upper Arm
<input type="checkbox"/> Elbow	<input checked="" type="checkbox"/> Hand	<input checked="" type="checkbox"/> Finger/s	<input type="checkbox"/> Other

<b>Treatment required:</b>	<input type="checkbox"/> No treatment required	<input checked="" type="checkbox"/> First aid at MAC	<input checked="" type="checkbox"/> Hospital admitted
	<input type="checkbox"/> Doctor G.P / Medical centre	<input type="checkbox"/> Other treatment i.e. Physio	<b>Number Days off work:</b> 14 Days

<b>Type of Incident/rescue:</b>	<input type="checkbox"/> Wet rescue	<input type="checkbox"/> Dry rescue	<input type="checkbox"/> Behaviour
---------------------------------	-------------------------------------	-------------------------------------	------------------------------------

**5. Damaged property/vehicle**

**Describe the property damage, i.e. broken equipment or damage to building or plant**  
 One of the strops broke on the outdoor shade sail above the learners pool due to extreme winds.

**6. Confirmation**

<input checked="" type="checkbox"/> I confirm this is a full and accurate record of the accident/incident	Name: <span style="background-color: black; color: black;">[REDACTED]</span>
<input checked="" type="checkbox"/> Copy of form given to Manager and H&S rep	
<input checked="" type="checkbox"/> Copy of form sent to General Manager	
<input checked="" type="checkbox"/> Informed Team Leader/ Manager (If the incident resulted in Emergency services being called)	
Team Leaders Name : Nicola Ainscough	
Completed form must be sent to H&S within 24hrs of the incident	

Additional information



Sail flapping in the wind with metal ratchet on the end



██████ moved members of the public away from sail area and called for assistance



First aid was administered by other staff using a towel from a member of the public. This was followed up with ambulance treatment.



Staff found this on the ground. It appears the bolt had come undrawn in the wind. It is not broken at all.



The ratchet system was bent out of shape. Staff cut the strop to remove the ratchet to prevent anyone else being injured by it flapping in the wind. The sail was taken down for further safety.



Showing how the metalwork pieces normally fit together.

**Corrective Actions Taken:**

<b>Action:</b>	<b>Control Type:</b> (Eliminate, PPE, Engineering out etc.)	<b>Expected completion date:</b>	<b>By whom:</b>
Change the way this sail is attached to the frame work to ensure it is not going to come undone in adverse conditions	Engineering	28 February 2019	Supplier
Repair and replacement of shade sail by the contractor	Engineering	28 February 2019	Supplier
Training for monthly bolt inspections	Administrative	30 March 2019	Maintenance Officer
Monthly bolt inspections	Engineering	Starting 2 April 2019	Maintenance Officer
An investigation into appropriate PPE gear for this type of situation	PPE	1 February 2019	H&S Advisor and Aquatics Operations Supervisor

# Audit and Risk Committee

Meeting of 15 February 2019

Business Unit: People and Culture

Date Created: 01 February 2019

## SafePlus Health and Safety Assessment

### Purpose

The purpose of this report is to inform the Audit and Risk Committee of the outcomes from the SafePlus Health and Safety Assessment.

### Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

### Recommendations

That the Audit and Risk Committee receives the SafePlus Health and Safety Assessment 2018.

Report prepared by:  
Frances Smorti  
General Manager - People and Culture

Approved for submission by:  
Frances Smorti  
General Manager - People and Culture

## 1 Contribution to the Council Vision and Council Outcomes

### 1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand*

Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.	Manawatū District attracts and retains residents and businesses.	Manawatū District develops a broad economic base from its solid foundation in the primary sector.	Manawatū District is connected via quality infrastructure, services and technology.	Manawatū District’s built environment is safe, resilient and attractive.	Manawatū District Council is a customer-focussed and efficient organisation.
					✓

## **2 Background**

- 2.1 In November 2018, the Manawatū-Whanganui Local Authority Shared Service (MW LASS) commissioned an independent Health and Safety Audit to provide a benchmark of Health and Safety performance across the seven participating Councils.
- 2.2 The Councils chose to use SafePlus, a Health and Safety assessment tool developed by WorkSafe NZ.
- 2.3 Two accredited SafePlus assessors were engaged to undertake the assessments. Manawatū District Council undertook the assessment on 12 December 2018 and the final report was received on 30 January 2019.

## **3 Discussion and Options considered**

- 3.1 All seven participating Councils were assessed as “Developing”. The assessors indicated the majority of organisations undertaking SafePlus score this overall outcome.
- 3.2 The assessors will present their overall findings to the MWLASS Board of Directors on 11 February 2019.
- 3.3 The Manawatū District Council achieved the “Performing” rating for 5 of the 10 categories of the assessment.
- 3.4 The Health and Safety Committee are working on a plan to implement the recommendations of the assessment over the coming financial year.

## **4 Operational Implications**

- 4.1 All recommendations can be actioned within existing available resources, with the aim of completing by the close of the 19-20 year.

## **5 Financial implications**

- 5.1 All recommendations can be actioned within existing budgets.

## **6 Statutory Requirements**

- 6.1 The Council must meet the requirements of the Health and Safety at Work Act (2015) and all associated regulations.

## **7 Delegations**

- 7.1 The Audit and Risk Committee has the responsibility to ensure the appropriateness of the risk management and systems of internal controls, including those related to Health and Safety.

## **8 Consultation**

- 8.1 There are no consultation requirements associated with this report.

## **9 Cultural Considerations**

9.1 There are no cultural considerations associated with this report.

## **10 Conclusion**

10.1 Officers are pleased with the outcome of the assessment and committed to implementing the recommendations.

## **11 Attachments**

- Manawatū District Council SafePlus Onsite Assessment and Advice Report



**DECEMBER 2018**

# **Manawatu District Council**

## **SafePlus Onsite Assessment and Advice Report**

# CONTENTS

**Introduction..... 2**

**Illustration of Performance ..... 4**

**Executive Summary: ..... 6**

**Leadership..... 10**

**Worker Engagement ..... 15**

**Risk Management ..... 18**

**Appendix A: Worker Summary..... 28**

**Appendix B: Disclaimer ..... 30**

# Introduction

SafePlus aims to help lift the performance of workplace health and safety in New Zealand businesses. It assesses how well a business is performing against good practice health and safety requirements and provides tailored advice and guidance on how to improve. SafePlus has been jointly developed, with industry, by WorkSafe New Zealand, the Accident Compensation Corporation (ACC) and the Ministry of Business, Innovation and Employment (MBIE), in collaboration with health and safety experts.

## WHAT IT IS

SafePlus includes a framework of 10 performance requirements, which are organised under three key elements: Leadership, Worker Engagement, and Risk Management. Each performance requirement has four or five indicators, which explore how the business performs against the requirements in more detail. Each performance requirement also has a three-level maturity scale applied to it: Developing, Performing and Leading.

Continuous improvement underpins all the requirements. Performance is measured against each requirement.



## ASSESSMENT FOCUS

The assessment approach is evaluative and behaviour-based with a focus on:

- *people*
- *behaviours*
- *culture*
- *values*
- *attitudes*
- *systems*
- *practices.*

For more on SafePlus, see: [www.safeplus.nz](http://www.safeplus.nz)

## MANAWATU DISTRICT COUNCIL ASSESSMENT

This SafePlus assessment was completed on the 12<sup>th</sup> of December 2018. Assessors visited the District Office and one assessor observed a roading contractor and a recreational services contractor. The assessment team engaged with the Chief Executive, General Managers, Team Leaders, workers and contractors.

The assessment included a Deep Dive assessment on how the following risks are being managed:

- working alone
- PCBU/contractor activities
- mental health and wellbeing.

## SCOPE OF THIS ASSESSMENT

### *In scope*

The scope of this assessment is limited to insights gained through SafePlus methodology in relation to:

- The district office and contractors visited
- Stakeholders provided by the company for interviews; Chief Executive, General Managers, and selected third tier managers, team leaders, workers and contractors.
- Deep Dive risks selected by the company
  - working alone
  - PCBU/contractor activities
  - mental health and wellbeing.

### *Out of scope*

This report reflects a slice in time at the above sites and should not be extrapolated beyond the scope noted above. Out of scope are:

- Sites not visited
- Stakeholders not interviewed
- A full technical review of all documentation, work processes, deep dive risks and other risks.

Thank you to Manawatu District Council managers and workers for their time, effort, and engagement

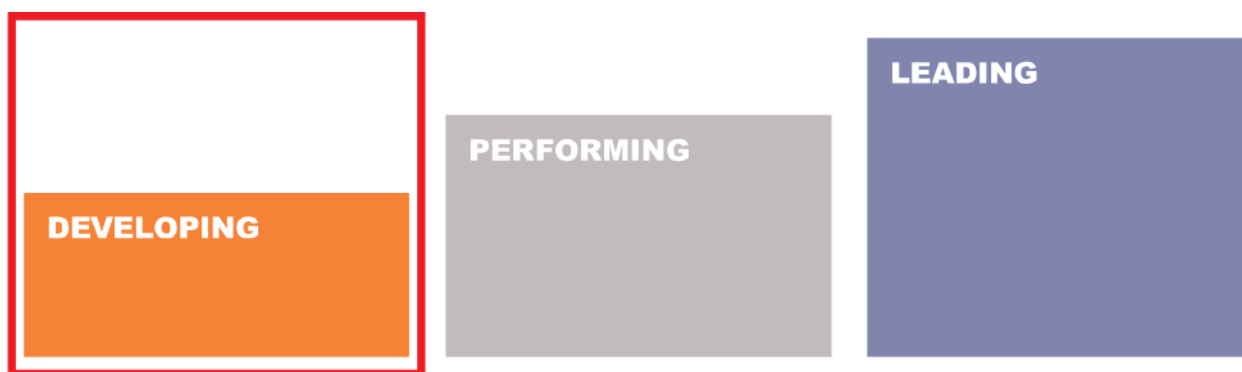
and for the manaakitanga that was shown.

# Illustration of Performance

Three levels of performance are used to determine your current health and safety strengths and areas for improvement – Developing, Performing and Leading. Performance is measured against each of the 10 performance requirements and the overall outcome is based on these results.

## OVERALL OUTCOME:

---



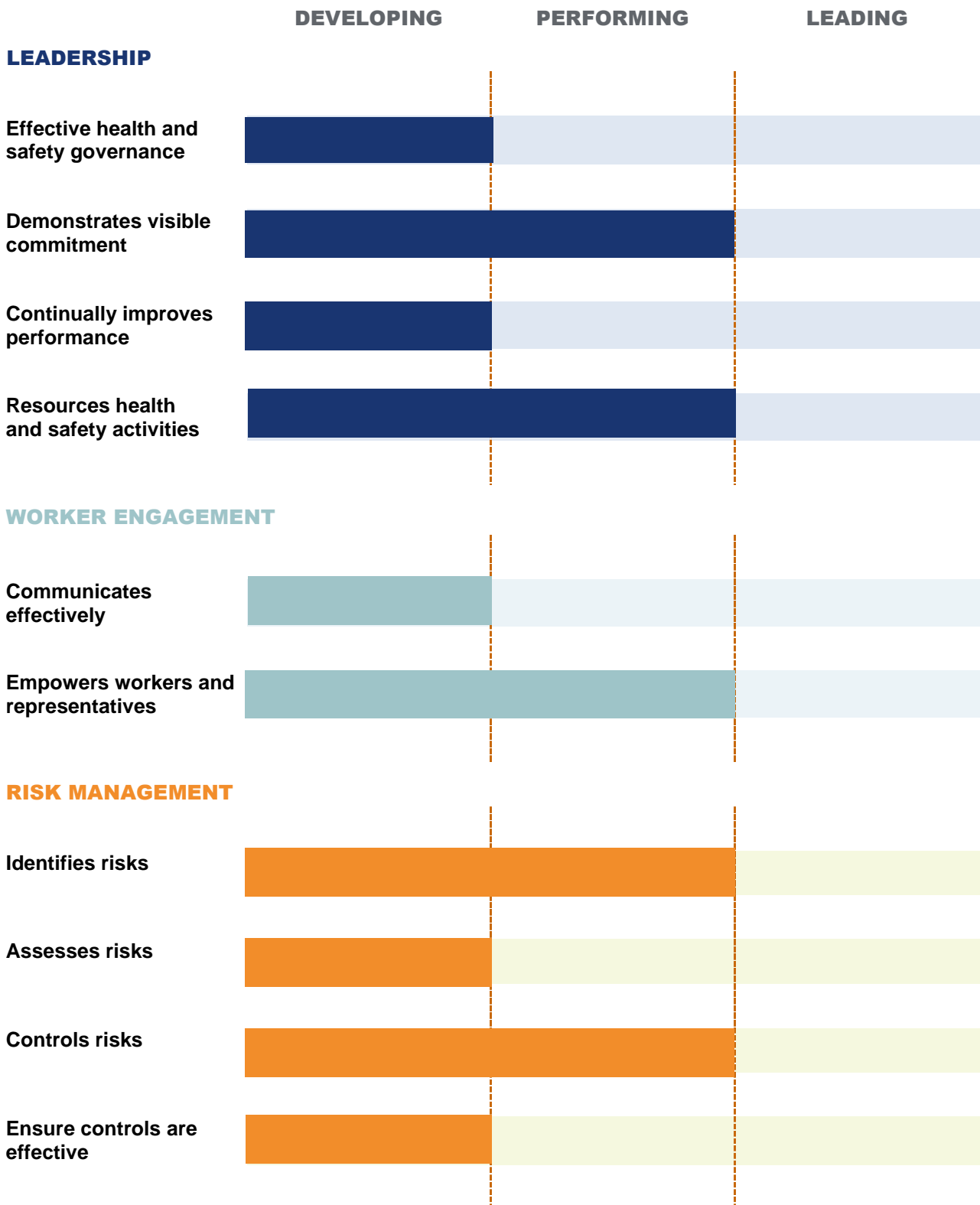
## RECOMMENDED REASSESSMENT:

---

It is recommended that Manawatu District Council (MDC) develop an improvement plan based on the recommendations in this report. Progress against the plan should occur at least every six months.

It is recommended that MDC has a re-assessment completed every two years to track its progress against the performance requirements.

## Outcomes by Performance requirements:



# Executive Summary:

## LEADERSHIP:

---

The Chief Executive and Executive Leadership Team (ELT) are committed to health and safety and show genuine care for workers. They apply governance principles including understanding the hazards and risks workers face, staying up to date on health and safety matters and monitoring hazards and risks. However, ELT do not have clear due diligence plans or record keeping that would enable them to easily show how they meet their due diligence requirements. There is an opportunity to develop some lead (proactive activity) measures to balance the tracking of lag factors (injuries, incidents and new hazards).

The council's strong focus on health and safety is not articulated to staff as a vision but staff know it is a priority. Staff are clear on their health and safety accountabilities with health and safety as the first KPI for all employees (including the Chief Executive, ELT and managers). Managers and ELT connect their words and actions by following-up on health and safety issues raised. Unsafe practice is stopped by people at any level, but good health and safety performance is not always recognised.

There is a high-level strategy in place for health and safety but there are not defined goals and actions about how these are going to be achieved. It is also unclear how workers and/or representatives feed into goal setting and reviews.

The council resources health and safety including investing significantly in plant upgrades (the water treatment plant) and training over the last year. Staff are trained and assessed for competency in their roles and contractors' qualifications and competency is checked during the evaluation of tenders. Health and safety is integrated into procurement and there are a range of options enabling reintegration into the workplace following injury or illness occurs including alternative duties, working from home and a graduated return to work.

## WORKER ENGAGEMENT:

---

Health and safety information is available to staff through a range of methods and workers said they understand the information but because there is so much information, it can be hard to find specific information. This should be addressed by the roll-out of the SharePoint project in February 2019.

Manawatu District Council staff working at Rangitikei under the shared services agreement did not all have the same positive view of the council's commitment to health and safety. Some said that issues were not always resolved and that responses to some things seemed knee-jerk or over the top to them. There is an opportunity to improve their involvement with the council's health and safety focus. They were often confused as to who they took their health and safety lead from, their own employer, or from RDC. More work may need to be undertaken to establish clear communication around who is responsible for what. There was also uncertainty over which council should be reporting accidents and incidents involving shared services staff and which council should be leading the investigation.

Workers said that they can raise health and safety issues with their health and safety representative, team leader or the Health and Safety Advisor. Workers who spoke with assessors said that there is a no-blame culture and that discussions are solution focused and issues are resolved.

Learnings are discussed in the health and safety committee and then also discussed in Executive Leadership Meetings during the health and safety report.

## **RISK MANAGEMENT:**

---

The risk management workshops held by each team enabled effective and meaningful identification, assessment and control of risk. Everyone who spoke to assessors understood the need to focus on elimination as a first course of action followed by substitution, isolation and engineering controls before focusing on procedures, training and personal protective equipment. Controls are monitored through a range of measures; daily checks, audits, stakeholder feedback and health monitoring.

Incidents are reported and investigated by managers. There was evidence of some analysis and corrective action. After an incident with a fire hydrant, the MDC General Manager of People and Culture and the Health and Safety Advisor spoke with a WorkSafe inspector on the day of the incident and asked whether it should be reported. They were informed that because there was no significant injury to the staff member there was no need to report it. A full investigation was conducted by both RDC and MDC staff, and remedial work was carried out not only at the site concerned but all other similar sites across both councils. The incident was reported to WorkSafe NZ and were informed it would not be followed up.

Contractors are well managed with effective pre-qualification and contracting processes and evidence of council staff monitoring and giving feedback to contractors. Contract managers who oversaw roading did not appear to have in-depth technical knowledge of excavations and were unaware of the WorkSafe guidance on excavations.

The council has a focus on wellbeing and has built an open and responsive culture when it comes to discussing mental health and promoting wellbeing. Managers and Health and Safety Representatives found training in this area very helpful and staff are looking forward to their training in this area in 2019.

There are processes in place for working alone including communication devices and sign-in and sign out processes. It was pleasing to see an effort in several parts of the council to require two staff on duty for opening and locking of facilities to avoid staff working alone for these tasks.

## Key Recommendations

1. Make a due diligence plan or record keeping that clearly shows how due diligence requirements have been met.
2. Discuss with staff how they would like their good performance in health and safety to be recognized (or if what is in place at present is sufficient recognition).
3. Make specific health goals and safety goals to support the strategy and ensure representatives have input into goal setting and reviewing processes.
4. Examine communication and relationship issues between the council and shared services staff and work with staff to improve their communication with and trust of the council.
5. Enable the Health and Safety Committee to work at a more strategic level.
6. Ensure that there are clear guidelines for reporting notifiable events to Worksafe NZ, including under the shared services agreements with other councils.
7. Ensure contract managers who oversee contracts have an understanding of the health and safety risks and technical knowledge of the tasks being completed. The contract managers could benefit from a fresher on relevant WorkSafe guidance.

**AREAS FOR IMPROVEMENT:**

---





## **Leadership**

### **Requirements**

- 1. The business has effective governance and leadership in health and safety**
- 2. Senior leaders visibly demonstrate their commitment to health and safety through their actions**
- 3. The business strives to continually improve health and safety practice and performance**
- 4. The business resources health and safety activities**

### **Governance**

The Chief Executive and Executive Leadership Team (ELT) are committed to health and safety and show genuine care for workers. They understand their key health risks and safety risks and were able to discuss them with the assessors. Risks they identified include chemical handling, risks associated with enforcement activities including aggressive people, underground services related to excavations, contractor management, hazards in waste water, working alone, wellbeing and driving.

General Managers (GMs) discuss health and safety and incidents with their teams in fortnightly meetings and at the Executive Team meeting, each GM reports on health and safety incidents in their business units and outcomes of investigations. GMs are provided with audits and review of contractors, and other high-risk areas, such as pools and the water related services.

While the Chief Executive and ELT appear to be carrying out many facets of governance well, there is limited documentation of this (including notes on health and safety in ELT minutes being minimal) which would make it difficult for them to show how they meet due diligence requirements including verification and compliance requirements.

The Chief Executive has a strong belief that what he focuses on will be the focus of the organisation and while the council does not have an articulated vision for health and safety, all staff who spoke with assessors know it is a priority. A slogan has been developed with the Health and Safety Committee which was 'Work Safe, Home Happy', however, many people interviewed by assessors were not familiar with this slogan.

The Chief Executive has been in his role for two years and on arriving in the organisation he undertook a due diligence review which resulted in concern about a limited focus on risk and under-resourcing of health and safety. This led to the appointment of a Health and Safety Advisor and risk workshops run with all teams to develop understanding, processes and documentation around risk management. Since then there does not appear to have been a review of the effectiveness of risk management and broader health and safety management. There is an opportunity to develop a more formalised review process. In addition, it would be useful to develop some formalised lead (proactive activity) measures to balance the tracking of lag factors (injuries, incidents and new hazards).

There is a clear mandate from the Chief Executive that safety must come first. In the risk register discussions with teams, the Chief Executive made it clear that health and safety must be included in business decisions. He said, "I tell people, if health and safety needs to be done, just do it. Don't have a meeting. We will not compromise safety, I don't want anyone hurt." An example of how health and safety is integrated into business decisions was the upgrade of the waste water treatment plant, so functions could be monitored remotely, decreasing the need for call outs, especially after hours.

### **Visible Commitment**

When arriving into the organisation, the Chief Executive moved his office to be in the same work area as staff so that he is accessible to them. His attendance at risk workshops for all teams sent a very strong and visible message to staff about his genuine commitment to and understanding of health and safety.

The number one KPI for everyone (Chief Executive, ELT, (managers and staff) is health and safety. This was clearly understood by everyone who spoke with assessors.

Workers said, "When we report incidents they are followed up and we get feedback from the General Manager about it. For example, we got feedback on how we handled a recent wet rescue at the pool." The Executive Team acknowledge they are a bit light on recognising health and safety success but said that they are good at informal recognition. Guidance has been created for managers wanting to give reward and recognition. People were recognized for completing qualifications.

Staff said that issues are quickly dealt with. Workers said the senior leaders stated commitments and actions are connected because they followed through on things.

All groups interviewed said that health and safety is a top agenda item at any meeting. The consistent message across all interviews was that unsafe situations and practices were addressed quickly. Many staff were managing contractors and had duties around inspecting and reviewing their practices. Issues were quickly addressed by both parties in the contractor arrangement including non-compliance orders sometimes being issued to contractors.

### **Continual Improvement**

There's an overarching MDC People Strategy that includes health and safety and wellbeing. This is made up of the following high level headings; health support, Health and Safety Committee, health and safety training, EAP, wellness, Risk Register, and contractor management. However, there is little detail of goals and actions to meet goals to go with this strategy.

Key focus for 2018/2019 strategy is the health and safety system documentation tidy-up in share-point, Health and Safety Training and a SafePlus internal assessment. There did not seem to be clear processes for workers and health and safety representatives to feed into goal setting and reviewing progress against these.

Some third tier managers commented that they don't know what the strategic approach or vision is for health and safety. They said that there needs to be a more strategic approach, or if there is one, it needs to be more visible to them. They commented that if the health and safety committee is working at an operational level there might need to be another team to work strategically.

There was detail on two areas; training and information management. The GM People Capability and the Health and Safety Advisor discussed a detailed training plan that was developed and approved by the Executive Team. There's also a map of the SharePoint health and safety structure that will assist with the document tidy-up that is proposed to go live in February.

As there were not specific measurable goals in place, assessors did not see evidence of monitoring and evaluation against its health and safety goals. As noted under Governance, there does not appear to be a review process that takes account of the effectiveness of risk management and broader health and safety management. In addition, it would be useful to develop some lead (proactive activity) measures to balance the tracking of lag factors (injuries, incidents and new hazards).

### **Resourcing**

There was evidence of planned activities being resourced including the investment in the health and safety documentation system in SharePoint. An automatic chlorine dosing system has been put in place at the pool which engineers out the chemical handling risk. The manager commented that "this is relatively expensive but worth it for staff safety." Other activity was resourced as it arose through risk identification or incidents. Examples mentioned during the assessment include fumigating reception after a spider bite and inserting a glass panel in a solid door after some near-misses with people opening it quickly and nearly hitting people on the other side.

Staff said that they had good access to training and the Health and Safety Advisor has spent considerable time over the last year identifying training that each role and person should have and ensuring that people get on the appropriate courses. She and the General Manager of People and Culture said that there has been a significant investment in training over the last year. Pool staff said that they use a training matrix with bring up reminder for training renewals. Building Officers also have an annual assessment. Most staff said that competency assessments occur in training and reticulation staff said that people are trained externally and then buddied until they are competent.

Health and safety accountabilities are understood by workers and contractors health and safety expectations are set out in contracts. Contractors' qualifications and competency is checked during the tender evaluation phase. Staff noted that contractors who carry out work for the council are often from companies with very mature health and safety systems (particularly the roading companies) and they are well trained and have appropriate equipment and PPE.

Health and safety is integrated into procurement with staff reporting that health and safety requirements are part of the specifications for new equipment or contracts.

Reintegration into the workplace following injury or illness occurs with options including alternative duties, working from home and a graduated return to work. Workers cited several cases where this had occurred following illness or surgery.

## **RECOMMENDATIONS:**

---

### **To improve performance, the Manawatu District Council could:**

1. Make a due diligence plan that clearly shows how due diligence requirements have been met. This could include:
  - a. Planning and recording training and upskilling in health and safety for senior leaders (Executive Leadership Team -ELT)
  - b. How ELT have responded to incidents and hazards to ensure that they have been effectively followed up
  - c. How ELT track resources that have been used to eliminate or minimize risks
  - d. What information ELT are using to verify compliance with the HSWA
2. Develop some lead indicators for measuring health and safety performance.
3. Discuss with staff how they would like their good performance in health and safety to be recognized (or if what is in place at present is sufficient recognition).
4. Make specific health goals and safety goals that will help achieve the strategic intent of the council and ensure it is clear how they will be measured so that effective review against these can be made.
  - a. Ensure workers and/or their representatives have input into goal setting and reviewing processes.

## **GUIDANCE AND ADVICE - LEADERSHIP**

---

The guidance below will provide you with some improvement ideas.

BLHSF - leadership: <http://www.zeroharm.org.nz/leadership/>

A Chief Executive Guide <https://www.worksafe.qld.gov.au/safety-leadership-at-work/safety-leadership-challenge/our-stories#bmd>

BLHSF - health and safety leadership for Boards:

<http://www.zeroharm.org.nz/assets/docs/leadership/Safety-Leadership-for-boards-Kirstin-Ferguson-May-2015.pdf>

SafePlus – lead indicators. <https://worksafe.govt.nz/managing-health-and-safety/businesses/safeplus/resources-guidance/>



## **Worker Engagement**

### **Requirements**

5. The business communicates effectively
6. The business engages with, and empowers, workers and representatives

## WHAT WE FOUND:

---

### Communication

Health and safety information is available to staff through the intranet, the Chief Executive newsletter, team meetings and key health and safety messages in newsletters and displayed in posters that are regularly changed. Workers said that information they are provided with is understandable.

Some workers said that there was a lot of information on the intranet and that it can be hard to find things. This should be addressed by the roll-out of the Sharepoint project in February 2019.

The Executive Team believe they create an environment that encourages people to report and discuss issues. Workers said that they can raise health and safety issues with their health and safety representative, team leader or the Health and Safety Advisor. Workers who spoke with assessors said that there is a no-blame culture that discussions are solution focused. The Health and Safety Committee agreed with this and some members commented on the convenience of being able to text the Health and Safety Advisor about incidents or hazards while others said they raised issues with the General Manager of People and Culture and trusted her to address issues.

Learnings are shared through the health and safety minutes going to the Executive Team. The Leaders Forum have specific health and safety topics at each meeting. The GM meets with third tier managers and they always have health and safety as an agenda item.

Manawatu District Council staff working at Rangitikei under the shared services agreement were often confused as to who they took their health and safety lead from, their own employer, or from RDC. More work may need to be undertaken to establish clear communication around who is responsible for what. There was also uncertainty over which council should be reporting accidents and incidents involving shared services staff and which council should be leading the investigation.

### Worker and Representative Engagement and Empowerment

Workers have the opportunity to be involved in matters that may affect their health and safety through team briefings, staff meetings and through their Health and Safety Representative taking issues to the Health and Safety Committee.

There are elected health and safety representatives for different work groups and a good spread of Health and Safety Representatives across the organisation. There is also a PSA representative on the Health and Safety Committee. Workers know who their Health and Safety Representatives are and report issues to them if necessary.

Health and Safety Representatives (Reps) have attended initial health and safety training with some having also attend hazard management and incident investigation training. All Reps were offered the opportunity to attend a Thomson Reuters course on skills for Reps and those that went found it useful.

Health and safety representatives are on the health and safety committee along with the General Manager of People and Culture and the General Manager of Operations, this enables decisions to be made. The health and safety committee said that they review policy and progress against goals each month. There was evidence of some policy reviews in minutes but no recording of the nature of discussion about the policies. There was no comment or heading in the minutes of goals or progress against them.

Some workers and managers said that Reps present current health and safety committee projects to their teams. However, this was not consistent with a number of managers and workers saying that they would like more of an update from their Rep about projects and discussions at the health and safety committee. Some workers were keen to hear only about projects relevant to their work area rather than everything

discussed in health and safety committee meetings. Some third tier managers would like the health and safety committee minutes to be sent to them following the meeting.

## **RECOMMENDATIONS:**

---

### **To improve performance, Manawatu District Council could:**

1. Once the SharePoint health and safety documentation project is rolled out, get feedback from staff about ability to find information (as an evaluation of the aim of the project to make health and safety information accessible to staff).
2. Make it clear who shared services staff should take their health and safety lead from, MDC or Rangitikei District council. Establish clear communication around who is responsible for what.
3. Health and Safety Representatives should discuss with their teams what kind of feedback they would like about the health and safety committee meetings and then provide feedback following meetings.
4. Send health and safety committee meeting minutes to Third Tier Mgrs.
5. Note recommendation 3a. from the Leadership section, ensure workers and/or their representatives have input into goal setting and review processes.

## **GUIDANCE AND ADVICE – WORKER ENGAGEMENT**

---

The guidance below will provide you with some improvement ideas.

WorkSafe good practice guideline - Worker Engagement, Participation and Representation:

<https://worksafe.govt.nz/managing-health-and-safety/businesses/worker-engagement-and-participation/good-practice-for-worker-engagement-participation-and-representation/>

WorkSafe guidance on the Health and Safety at Work Act for health and safety representatives:

<https://worksafe.govt.nz/managing-health-and-safety/businesses/requirements-for-hsrs-and-hscs/>

HSE Consulting directly with employees: <http://www.hse.gov.uk/involvement/facetoface.htm>

HSE - HSG263 Involving your workforce in health and safety:

<http://www.hse.gov.uk/pubns/books/hsg263.htm>

HSE - Strategies to promote safe behaviour as part of a health and safety management system:

[http://www.hse.gov.uk/research/crr\\_pdf/2002/crr02430.pdf](http://www.hse.gov.uk/research/crr_pdf/2002/crr02430.pdf)

HSE – Worker consultation and involvement: <http://www.hse.gov.uk/managing/worker.htm>

PCBU duties regarding worker participation

<https://worksafe.govt.nz/managing-health-and-safety/health-and-safety-representatives/employer-obligations/>

Types of participation

Pg 30 HSWA-introduction-to-health-and-safety-at-work-2015.pdf available from

<https://worksafe.govt.nz/managing-health-and-safety/getting-started/introduction-hswa-special-guide/>

Writing for health and safety

<https://worksafe.govt.nz/dmsdocument/2188-writing-for-health-and-safety-guidance-for-workplace-health-and-safety-writers>



# **Risk Management**

## **Requirements**

- 7. The business, with workers and their representatives, identifies work-related health risks and safety risks**
- 8. The business, with workers and their representatives, assesses health and safety risks**
- 9. The business, with workers and their representatives, takes a proportionate approach to controlling health and safety risks**
- 10. The business, with workers and their representatives, ensures controls are effective in managing health and safety risks**

## WHAT WE FOUND:

---

### **Risk Identification**

In the last year the key process to improve risk management was a series of workshops held with each team of workers and the Chief Executive and General Manager of People and Culture.

Risk management workshops started with team discussions of tasks and process and the identification of risks associated with the work. Incidents, near-misses, audit results and previously identified hazards and risks were taken into account during this process. Hazards and risks were recorded out of this discussion. Workers reported that risk workshops helped them be less complacent about the risks of their work, commenting, "The workshops made us think about what the hazards and risks in our job actually are."

For workers who work in areas such as the water treatment plant, risk identification is carried out at the start of each job.

Risks to contractors are identified through several parts of the supply process including at the point of tender, awarding the contract and handing over the contract. Contractors are asked to continue to identify hazards and risks as jobs progress.

Emergencies have been identified. Fire wardens are in place and evacuation drills are held periodically. Security and protocols have been increased and there have been some silent evacuations practiced from reception.

### **Risk Assessment**

During risk management workshops, risks were scored using a likelihood and severity matrix and prioritised according to the resulting risk score. This assisted in focusing action and determining action, for example, driver training became a higher priority following this process.

Reticulation workers said that they use a risk matrix in their job safety analysis that they complete prior to starting each job.

Not all staff who talked with assessors could confidently explain how risks are assessed but most recalled the process when others described it in the workshops.

### **Risk Control**

During risk workshops, controls were discussed and decided on. Workers reported that discussion at the workshops was robust.

The hierarchy of controls (eliminate, substitute, isolate, engineering controls, administrative controls and personal protective equipment) was considered in workshops with workers reporting that they had to investigate how to reduce or remove the harm. Ways to engineer out the risk was considered during this process.

Examples were given of higher-level controls being used, including; providing a trolley and lighter screens to reduce lifting and carrying risks for staff making presentations in community facilities and cold glue guns being substituted for hot glue guns in activities set up for children at the library.

Controlling cultural safety risks included an Environmental Health Officer being accompanied by an Elder and a staff member with knowledge of Marae protocols.

As noted under resourcing there has been significant investment in training over the last year. This has included training for specific hazards and risks such as defensive driver training and mental health awareness training. Specialist advice is sought when required, such as getting a noise specialist to assess noise levels in the reception area.

## Ensuring Risk Controls Are Effective

The council checks that controls for health and safety risks are understood and implemented through daily checks in some parts of the organisation (e.g. water treatment plant), team discussions (e.g. in the regulatory and compliance team who rely more on administrative controls) and conducting audits including of contractors. Cultural safety risks are evaluated by stakeholders and by self-reflection and feedback from staff.

There is also some health monitoring such as hearing tests being carried out for call centre and reception staff.

Incidents are reported and investigated by the relevant managers. It was unclear whether managers had received accident and incident investigation training. Near-miss reporting is actively encouraged and made easy through an ability to text or email the Health and Safety Advisor. There was evidence of the Health and Safety Advisor following-up repeated incidents of a swimmer fainting at the pool with a recommendation that she now swim accompanied by a family member, friend or carer.

After a contractor incident with fumes, the contractor led the investigation with MDC's assistance. Testing was carried out by the MDC Regulatory and Compliance teams. The substance that caused the incident was determined not to be hydrogen sulphide, but the substance in question should not have been discharged into that drain. The compliance team blocked off the drain and completed their normal follow up processes.

For future safety, the contractor was advised to purchase lapel-type gas monitors for staff to wear when working near drains. In the short term, they were offered the loan of a monitor from the MDC Reticulation Team.

There was a recent incident where a worker (MDC staff member under the shared services agreement with Rangitikei District Council) was leaning over a fire hydrant upright to read the meter in a flow meter test when the hydrant shore off at the base. The hydrant hit the work on the right side of his chest and high pressure water hit him in the face and body, with the hydrant pushed above his head by the high pressure water. He was checked at the Emergency Department and diagnosed with bruising and returned to work the next day. Rangitikei District Council informed both MDC and Fire Emergency New Zealand. Follow-up action from Rangitikei District Council included testing all other fire hydrants in the area and replacing any that needed replacement. Fire hydrants are also to be inspected more regularly following this incident.

This incident raised issues for both councils about how incidents that involved shared services staff should be managed at the time of the incident, who should report to WorkSafe NZ (or determine if this is required) and who should lead the investigation.

## RECOMMENDATIONS:

---

### To improve performance, Manawatu District Council could:

1. Assist staff to better understand the concepts and judgements that inform risk assessment.
2. Ensure that there are clear guidelines for reporting notifiable events to Worksafe NZ including under the shared services agreements with other councils.

## GUIDANCE AND ADVICE – RISK MANAGEMENT:

---

The guidance below may provide you with some improvement ideas.

WorkSafe – How to manage work risks: <http://www.worksafe.govt.nz/worksafe/hswa/health-safety/how-to-manage-work-risks>

WorkSafe – industry specific information on health and safety risks:  
<http://www.worksafe.govt.nz/worksafe/hswa/risks-by-industry>

BLHSF – Identifying critical health and safety indicators <http://www.zeroharm.org.nz/assets/docs/our-work/monitoring/Monitoring-what-matters.pdf>

OHS Body of Knowledge – Detailed information on health and safety risk: <http://www.ohsbok.org.au/wp-content/uploads/2013/12/31-Risk.pdf?x71776>

Great Place to Work – UK Guidance  
[http://www.greatplacetowork.co.uk/storage/Publications/wellbeing\\_and\\_culture\\_final\\_011216.pdf](http://www.greatplacetowork.co.uk/storage/Publications/wellbeing_and_culture_final_011216.pdf)



## **Deep Dive Risks**

**The assessment looked in depth at how  
Manawatu District Council manages:**

- **Deep Dive risk 1 – Contractor Management**
- **Deep Dive risk 2 – Wellbeing**
- **Deep Dive risk 3 – Working Alone**

# Deep Dive risk 1: Contract Management

## KEY FINDINGS:

---

Contractor management process are working well at Manawatu District Council.

There is a pre-qualification process for tenders which considers health and safety understanding and systems including training and competence of the contractor's workforce.

Roading contractor documentation for two contractors was examined which showed that the contractor's staff are qualified and that site safety plans are in place prior to work being carried out. There was evidence of council staff carrying out audits of work and providing feedback to contractors. These reports show evidence of risks being managed on site including work areas being fenced off, PPE being worn by workers and shoring being used in trenches.

Assessors note that based on the contractor audits provided to them, when audits are being completed there is no reference to particular guidance and standards in the comments section of the audit, although it is ticked off as the contractor is being compliant. It would be useful to note which guidance is being referred to in the audit.

Council staff said that they issue non-compliance notices to contractors where necessary and documentation that was examined confirmed this.

Contractors who provide services regularly or are ongoing, provide monthly reports to the council. These show that contractors are doing their own internal audits, usually with good results. One of the roading contractors (Higgins) provides a range of information based on both lead and lag factors. This includes audits, safety briefings and incidents.

The Recreation Services contractors provides information on audits, numbers of lost time injuries and the incident register. It was pleasing to see a high level of near-miss reporting from this contractor. However, it would be useful if the contractor followed up more of the near-misses, notably driving near-misses where team discussion can serve to highlight potential issues with their own vehicles as well as reminding workers about the need for situational awareness and defensive driving at all times.

The contractor reported that when issues or concerns arose about the work, they raise this with council staff and are able to discuss and resolve it. The council staff person audits them once a month and if there are any concerns or issues these are raised and discussed at the time of the visit.

At a visit to the Port Road site where some road works were taking place, the assessor observed a situation where a worker was in a trench working in front of an operating digger. This is not a safe practice. The inspection procedures for contract managers should be reviewed, along with the relevant WorkSafe guidance for the tasks being undertaken.

The contractor Recreational Services received statistics from its Head Office where any incidents were traffic lighted as red. This might be sending the wrong message as incidents should be reported. Recreational Services staff had a comprehensive induction and were well trained with competencies checked regularly.

Note comments about shared services staff under Requirement 5, Communication.

## **RECOMMENDATIONS:**

---

1. Consider working with MWLASS to develop shared contractor pre-qualification processes and register.
2. Encourage roading infrastructure staff to identify guidance and standards they are auditing contractors against.
3. Encourage the Recreational Services Contractor to follow-up on near-misses in team meeting discussions or other risk mitigation actions as appropriate.

# Deep Dive risk 2: Mental Health and Wellbeing

## KEY FINDINGS:

---

There is genuine concern for the wellbeing of council staff with everyone who spoke to assessors saying that there is an open environment for discussing wellbeing and mental health. Stress Management, Fatigue Management and Bullying and Harassment policies are in place which support this.

Managers and Health and Safety Representatives have attended mental health training. They reported that this training has helped them understand the signs of mental health conditions and how to ask questions to support people and check if they are okay. It also identified services they can refer people to. Some said, "Even staff who traditionally won't speak up about feeling stressed (middle aged men) are okay to say that they are struggling, so that is a good culture."

Managers said that mental health is about creating an environment where people can bring their whole selves to work. If they are having a rough patch they can talk to their manager or team members and get support. Staff said, "We look out for each other, this is encouraged. There is almost an expectation that Team Leaders will be able to support people through stuff."

Staff and managers said that people are also confident to raise concerns about the wellbeing of other workers. EAP is available for staff should they need further support.

There are plans for staff to attend mental health training in 2019. Some workers who deal with community members frequently as part of their job also said that they would like training in understanding mental health signs and how to manage people in the community if they are particularly unwell at the point at which the council are dealing with them.

Managers said that workers can say they are pressured and have a lot on without being judged as not capable of doing their job. Most workers confirmed this, reporting that they can raise workload as an issue and work out how to resolve it. However, some staff, particularly those who work on call in reticulated water said that their on-call process can result in long hours of work. They said that an eight hour stand down period is insufficient if they have attended a call-out that takes eight hours and occurs within a twenty-four period where they have already worked their usual eight hours. They noted that the agreement for eight hour stand-down period is much better than previous arrangements but expressed concern that it still doesn't minimise fatigue sufficiently.

## RECOMMENDATIONS:

---

1. Provide mental health awareness and/or wellbeing training for staff for their own wellbeing and also on how to interact with and manage people in the community who have a mental health illness.
2. Revisit hours of work and stand-down period for on call water reticulation team.

# Deep Dive risk 3: Working Alone

## KEY FINDINGS:

---

Manawatu District Council have a focus on reducing the possibility that staff will be working alone.

- Recreational Services staff can be working remotely but they always work in pairs and never alone.
- The upgrade of the waste water treatment plant means that functions could be monitored remotely. This decreased the need for call outs, especially after hours.

In interviews workers said the following about working alone:

- Opening and closing of the pool and library require two people present so that staff are not working alone.
- Parks Officers have radios on them at times and are required to sign out and leave an estimated time or return.
- When on-call staff are called out for water they call another person if there is a major break or access is bad. They are to first see if the problem can be resolved remotely or if the problem can left till morning it should be. If they need to go on-site, they call another person. Some of the staff who act as the second person on-call said that they are reluctant to act in this role, as they don't get any payment if they are called out because they are not the on-call person.

## RECOMMENDATIONS:

---

Develop a working alone and remote work policy that clearly identifies

- Communication equipment that must be taken out (e.g. cell phones, radios and personal locator beacons)
- Check in and check out procedures including what information the person going out must provide and identifying a buddy to check individual's return
- Instigating a response for an incident with a staff person in the field
- Escalation process for overdue person
- Work cannot be undertaken when working alone
- Risky properties register or similar and procedures when staff visit known risky properties or people
- Ensure that communication devices work in remote areas.



# Appendix A: Worker Summary

Worker engagement is critical to good health and safety performance. This summary is designed to help businesses communicate with their workers about the results of their assessments. You may like to post this on your staff notice board, intranet, email out to your workers, or include it in your existing internal communication channels.

## MANAWATU DISTRICT COUNCIL'S RECENT HEALTH AND SAFETY ASSESSMENT

---

This SafePlus assessment was completed on the 12<sup>th</sup> of December 2018. Assessors visited the District Office and one assessor observed a roading contractor and a recreational services contractor. The assessment team engaged with the Chief Executive, General Managers, Team Leaders, workers and contractors.

The assessment included a Deep Dive assessment on how the following risks are being managed; working alone, PCBU/contractor activities, mental health and wellbeing.

## HOW MANAWATU DISTRICT COUNCIL PERFORMED: HIGHLIGHTS

---

### *Senior Leader Commitment*

The Chief Executive and Executive Leadership Team (ELT) are committed to health and safety and show genuine care for workers.

Staff know it is a priority and are clear on their health and safety accountabilities with health and safety as the first KPI for all employees.

Managers and ELT connect their words and actions by following-up on health and safety issues raised. Unsafe practice is stopped by people at any level.

The council resources health and safety including investing significantly in plant upgrades (the water treatment plant) and training over the last year.

Staff are trained and assessed for competency in their roles and contractors' qualifications and competency is checked during the evaluation of tenders.

Health and safety is integrated into procurement and there are a range of options enabling reintegration into the workplace following injury or illness occurs including alternative duties, working from home and a graduated return to work.

### *Worker Engagement*

Health and safety information is available to staff through a range of methods and workers said they understand the information.

Workers said that they can raise health and safety issues with their health and safety representative, team leader or the Health and Safety Advisor. Workers who spoke with assessors said that there is a no-blame culture, that discussions are solution focused and issues are resolved.

Learnings are discussed in the health and safety committee and then also discussed in Executive Leadership Meetings during the health and safety report.

### *Risk Management*

The risk management workshops held by each team enabled effective and meaningful identification, assessment and control of risk. Everyone understood the need to focus on elimination as a first course of action followed by substitution, isolation and engineering controls before focusing on procedures, training and personal protective equipment.

Controls are monitored through a range of measures, incidents are reported and investigated by managers and there was evidence of some analysis and corrective action.

Contractors are well managed with effective pre-qualification and contracting processes and evidence of council staff monitoring and giving feedback to contractors.

The council has a focus on wellbeing and has built an open and responsive culture when it comes to discussing mental health and promoting wellbeing.

There are processes in place for working alone including communication devices and sign-in and sign out processes. It was pleasing to see an effort in several parts of the council to require two staff on duty for opening and locking of facilities to avoid staff working alone for these tasks.

## **WHAT MANAWATU DISTRICT COUNCIL COULD FOCUS ON NEXT**

---

### *Senior Leader Commitment*

With worker and /or health and safety representatives, develop specific and strategic objectives.

Develop some lead (proactive activity) measures to balance the tracking of lag factors (injuries, incidents and new hazards).

Ensure that reviews include reviews against these objectives.

Discuss ways that safe practice can be recognised.

### *Worker Engagement*

Ensure that shared services staff know who to take their health and safety lead from, RDC or MDC.

Following the roll-out of the SharePoint project in February 2019, check that people can find health and safety information.

### **Risk Managers**

Provide education for contract managers on relevant WorkSafe guidance, e.g. guidance on excavations.

Ensure that processes for reporting incidents and injuries to WorkSafe are clear, including where shared services staff are involved.

**Note:** More detailed recommendations are available in the full report.

## Appendix B: Disclaimer

The recommendations and guidance in this report are based on the onsite assessment completed in a limited time and across limited parts of your organisation. While all due care has been taken in completing this report, Working Wise Ltd takes no responsibility for any omissions or inaccuracies.

We have aimed to tailor our recommendations and suggested guidance to the information your organisation provided to us. However, given the educative focus of the initiative, our approach has been to include recommendations and references to guidance that we think will benefit your continual improvement (even if there is a chance you are already aware of such information and advice from other sources). Working Wise Ltd is not responsible for the availability, contents or reliability of the linked websites. Please note that the content may change without notice.

Your organisation is responsible for ensuring it meets its health and safety obligations under relevant legislation.

Recommendations and guidance in this report are intended to help you to improve in relevant areas, but are not a substitute for specific health and safety or legal advice.

## Crown Disclaimer

Assessors have been accredited by an independent accreditation body, to provide advice on improving health and safety performance, using the SafePlus tool. SafePlus was jointly developed by WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment (MBIE). However, assessors act independent of those organisations and are not their employees, partners or agents. Therefore, WorkSafe, ACC and MBIE do not accept any liability for the accuracy or content of the advice provided by assessors or endorse their performance judgement of a particular business.

### CONTACT DETAILS

---

Assessors' names: Ann Horner and Jeena Murphy

Company name: Working Wise Ltd

Date of assessment: 12 December 2018

Phone: 027261 7090

Email: [jeena@workingwise.nz](mailto:jeena@workingwise.nz)

Website: [www.workingwise.nz](http://www.workingwise.nz)

This report was peer reviewed by: Sarah McCall, Business Development Manager, Working Wise Ltd,  
Ph: 04 4990710.



## **Audit and Risk Committee**

Meeting of 15 February 2019

Business Unit: Corporate and Regulatory

Date Created: 29 January 2019

### **Revaluation Cycle for Infrastructural Assets**

#### **Purpose**

The purpose of this report is for the Audit and Risk Committee to determine the appropriate accounting policy in relation to the revaluation cycle for infrastructural assets.

#### **Significance of Decision**

The Council's Significance and Engagement policy is not triggered by matters discussed in this report.

#### **Recommendations**

EITHER

That the Audit and Risk Committee considers an annual revaluation of Council's infrastructural assets to be the appropriate accounting policy.

OR

That the Audit and Risk Committee considers a three yearly revaluation of Council's infrastructural assets to be the appropriate accounting policy.

Report prepared by:  
Colleen Morris  
Chief Financial Officer

Approved for submission by:  
Shayne Harris  
General Manager - Corporate and Regulatory

---

# 1 Contribution to the Council Vision and Council Outcomes

## 1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand*

Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.	Manawatū District attracts and retains residents and businesses.	Manawatū District develops a broad economic base from its solid foundation in the primary sector.	Manawatū District is connected via quality infrastructure, services and technology.	Manawatū District’s built environment is safe, resilient and attractive.	Manawatū District Council is a customer-focussed and efficient organisation.
			✓		✓

## 2 Background

- 2.1 For a number of years Audit New Zealand have recommended that Council change its revaluation cycle for infrastructure assets from annual back to a three yearly cycle.
- 2.2 In 2009 Council was revaluing the Roading infrastructure annually and the utilities infrastructure on a three yearly cycle. During the 2011/12 financial year utilities moved to an annual revaluation for the reasons detailed in paragraph 3 below as “advantages”.
- 2.3 The accounting standards relevant to this is “Public Benefit Entity International Public Sector Accounting Standard 17, Property, Plant and Equipment” (PBE IPSAS 17). The Auditor General has required local authorities to use the revaluation model as opposed to the cost model since the 1990s. As Councils have long life assets (some with over 100 years of useful life) this model ensures the depreciation expense is calculated on current values of assets rather than the historical cost of the asset.
- 2.4 PBE IPSAS 17 requires
  - 2.4.1 Paragraph 45 *“...Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.”*
  - 2.4.2 Paragraph 49 *“The frequency of revaluations depends upon the changes in the fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is necessary. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.”*
- 2.5 The requirement to use independent valuers was removed in April 2011. One of the reasons for this is that there is now significant experience and expertise within organisations for measuring the fair value of assets. When the requirement was removed Council agreed with Audit New Zealand that Council would have the revaluation peer reviewed by an independent third party every three years. This was to give assurance to both our auditors and management that our valuation methods and data are consistent with current practices. The last peer review was on the 1 July 2016 revaluations.

### 3 Discussion and Options considered

3.1 The table below compares the perceived advantages of both an annual or a three yearly revaluation of infrastructural assets.

	Annual Cycle	Three yearly cycle
Depreciation Expense	<p>The depreciation expense increases by the valuation increases annually. For example 3% every year rather than 10% every three years.</p> <p>Infrastructural depreciation is a significant expense item and impact directly on rates.</p>	
Rates	<p>Infrastructural depreciation is a significant expense item and impact directly on rates. Annual revaluation smooths the resultant rates increases evenly.</p> <p>In the 2017/18 financial year infrastructural depreciation directly related to 24% of our rates revenue.</p> <p>The rates revenue increase from the prior year is one of the key benchmarks used in the Financial Strategy.</p>	
Time taken to reconcile the accounting records with the infrastructure records	<p>Throughout the year the infrastructure asset databases are updated with costings and asset information.</p> <p>It is extremely difficult to reconcile the accounting records (recorded at a mixture of up to three year old valuation costs and current information).</p> <p>With annual revaluations the reconciliation process is a lot simpler. The two records agree at the date of revaluation (1 July) and all additions/movements are at current rates.</p> <p>From memory, prior to moving to an annual revaluation, the</p>	

	Annual Cycle	Three yearly cycle
	reconciliation process took anything from one to three weeks and, due to the variables, only limited assurance was gained.	
Time taken to prepare the valuation	To ensure compliance with accounting standards a full compliant valuation document must be prepared annually.	<p>Annual revaluations were being carried out for management purposes. However, a full revaluation report was not prepared and these were not processed through the accounting records.</p> <p>To ensure compliance with accounting standards a full compliant valuation document must be prepared every three years. It is estimated that the preparation of the two documents (utilities and roading) takes approximately 20 hours each (excluding the data review).</p> <p>The valuation document only needs to be prepared every three years.</p>
Data quality	<p>Asset data is checked whenever data is entered or amended in the asset system. However, an overall reasonableness review is currently only completed at the time of revaluation. This review includes a global check of the assets such as total length of the network, number of culverts etc. This review takes up to four weeks for utilities and one week for roading.</p> <p>In addition, the Asset Management Plan (currently updated every three years) and prior revaluations include improvement plans to increase data quality.</p>	<p>The full review would be carried out every three years.</p> <p>However, for confidence in asset data, this cycle would need to be assessed.</p>
	<p>The full review is carried out annually. This provides assurance that the data used for asset management purposes is up-to-date.</p> <p>The improvements highlighted are reviewed and reported on annually to ensure continuous improvement is taking place.</p>	

	<b>Annual Cycle</b>	<b>Three yearly cycle</b>
Time taken to peer review	<p>Audit New Zealand accepted that they will accept the in-house revaluation with a three-yearly peer review.</p> <p>There has been no noticeable difference in cost of the peer review</p>	
Time taken to audit		<p>As a peer review is not being carried out for each revaluation, Audit New Zealand stated that this may result in additional work being required including a review of the control processes in place and a review of the components of the revaluation.</p>
Market movements	<p>PBE IPSAS 17 requires the revalued assets not to significantly vary from the fair value. If there is a significant variance a further revaluation would be necessary. One of the drivers behind calculating a significant variance is the impact on the depreciation expense.</p> <p>When we were carrying out three yearly revaluations we were required to calculate the difference between the carrying amount and the fair value. This exercise took time and the definition of “significant” is subjective. One year we were very close to having to do an out of cycle revaluation in a very short timeframe.</p> <p>To further illustrate this, at 30 June 2018, Manawatu Community Trust were required to perform a new revaluation in order to get an un-modified audit opinion, even though their valuation was only completed in June 2017.</p>	

#### **4 Operational Implications**

4.1 There are no capital or operating expenditure implications associated with this report.

## **5 Financial implications**

- 5.1 The only financial implications associated with this report relate to the frequency in which we revalue our infrastructural assets. This determine the base on which depreciation is calculated.

## **6 Statutory Requirements**

- 6.1 Section 111 of the Local Government Act 2002 requires Council to prepare the annual plan and the annual report in accordance with generally accepted accounting practice (GAAP). Both options provided comply with GAAP.

## **7 Delegations**

- 7.1 The Audit and Risk Committee has the responsibility to ensure the appropriateness of the accounting policies.

## **8 Consultation**

- 8.1 There are no consultation requirements associated with this report.

## **9 Cultural Considerations**

- 9.1 There are no cultural considerations associated with this report.

## **10 Conclusion**

- 10.1 The Audit and Risk Committee are asked to assess the benefits of revaluing infrastructural assets both annually and three yearly and determine which option they consider appropriate for Council.



# Audit and Risk Committee

Meeting of 15 February 2018

Business Unit: Corporate and Regulatory  
Date Created: 15 January 2019

## Vehicle Policy

### Purpose

To present the Manawātū District Council’s Vehicle Policy for information.

### Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

### Recommendations

That the Audit and Risk Committee receives the Manawātū District Council’s Vehicle Policy.

Report prepared by:  
Colleen Morris  
Chief Financial Officer

Approved for submission by:  
Shayne Harris  
General Manager – Corporate and Regulatory

## 1 Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawātū District – the best lifestyle in New Zealand*

Manawātū District protects the natural environment through stewardship of the District’s natural and physical resources.	Manawātū District attracts and retains residents and businesses.	Manawātū District develops a broad economic base from its solid foundation in the primary sector.	Manawātū District is connected via quality infrastructure, services and technology.	Manawātū District’s built environment is safe, resilient and attractive.	Manawātū District Council is a customer-focussed and efficient organisation.
					✓

## **2 Background**

- 2.1 As a part of the suite of management policies, Council has a Vehicle Policy.
- 2.2 This Vehicle Policy was originally approved in February 2002. It has been regularly reviewed with the last review taking place in March 2018.
- 2.3 The policy covers the use of Council vehicles and the use of private cars for Council business.

## **3 Discussion and Options considered**

- 3.1 At its last meeting the Audit and Risk Committee requested that the Vehicle Policy be provided to them.

## **4 Operational Implications**

- 4.1 There are no operational implications associated with this report.

## **5 Financial implications**

- 5.1 There are no financial implications associated with this report.

## **6 Statutory Requirements**

- 6.1 There are no statutory requirements associated with this report.

## **7 Delegations**

- 7.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for Risk management and the system of internal controls, which includes:
  - setting the Council's appetite for risk;
  - understanding the key risk areas including likelihood and consequences;
  - effectiveness of internal controls; and
  - fraud risk and procurement risk.

## **8 Consultation**

- 8.1 There are no community consultation requirements associated with this report.

## **9 Cultural Considerations**

- 9.1 There are no cultural considerations associated with this report.

## **10 Conclusion**

- 10.1 The Council's Vehicle Policy is provided for information purposes.

## **11 Attachments**

- Attachment 1 - Manawatū District Council - Vehicle Policy

**Manawatu District Council**

# **Vehicle Policy**

## Contents

Vehicle Policy .....	2
1. Purpose.....	2
2. Travel mode decisions .....	2
3. Types of use.....	2
4. Dedicated vehicles .....	2
5. Responsibility for vehicles in staff absence .....	2
6. Private use of council vehicles .....	3
7. Vehicle booking system.....	3
8. Fuel cards .....	3
9. GPS –EROAD system.....	3
10. Use of private vehicles for Council business .....	3
11. Use of Council and regional branding logos on Council vehicles.....	4
12. Code of conduct .....	4
13. Responsibility of all staff driving a Council vehicle .....	5
14. Use of cell phones in Council vehicles.....	6
15. Vehicle safety .....	6
16. Vehicle replacement policy .....	6
Appendix A .....	7

Type of policy	Management
Original Policy dated	25/02/2002
Policy updated / Reconfirmed	27/3/2018 (U)
Policy Section	Management
Policy review due	June 2020

## Vehicle Policy

### 1. Purpose

- 1.1.1. Council is committed to providing and enhancing a safe and healthy work environment for employees which includes the safe use of Council vehicles whilst utilising vehicles effectively.

### 2. Travel mode decisions

- 2.1.1. For travel to locations outside the region, other modes of transport such as train, bus or flight should be considered, taking into account the following:

- Total travel time required, including any check-in
- Cost
- Number of staff attending the event
- The start and finish times and length of the event
- Health and safety risks (for example a staff member driving a significant distance alone or after an all day event may pose a fatigue risk)

### 3. Types of use

- 3.1.1. Staff are not permitted to use the vehicle for private use unless specified as part of a total remuneration package.
- 3.1.2. All vehicles shall be made available for council use between the normal operating hours of 8am and 5pm.

### 4. Dedicated vehicles

- 4.1.1. A number of positions have been identified as requiring a vehicle to assist in carrying out their duties (Appendix A).
- The vehicle may be dedicated to the role during office hours because of the nature of the equipment in the vehicle, but housed in the vehicle compound after office hours.
  - If a position requires a vehicle to be on call to attend to after-hours business on a regular basis, then a vehicle may be taken home after office hours. The need for a 'dedicated vehicle' to a position will be reviewed on a regular basis.
  - Council may at its discretion, at any given time, nominate and/or change which staff are allocated to

### 5. Responsibility for vehicles in staff absence

- 5.1.1. When staff, who have a vehicle dedicated to their position for after-hours use, are intending to be on leave they shall be responsible for arranging, in advance, that the vehicle is available for Council use during their absence.

## **6. Private use of council vehicles**

- 6.1.1. Private use of Council vehicles is not permitted except where the terms and conditions of the employee's agreement and remuneration package allow for private use. Direct travel between home and work is permitted where staff have been allocated vehicles to take home. General Manager approval is needed for personal use on the way to work or home.

## **7. Vehicle booking system**

- 7.1.1. Staff are required to book vehicles through the electronic central booking system on the intranet. A General Ledger code will be required at the time of booking.
- 7.1.2. Staff shall be realistic about the length of time vehicles are booked for and should endeavour to return vehicles in time. Consideration of other staff is of utmost importance when booking a vehicle. In the event that you are delayed and will be returning the vehicle late, you should contact the Customer Contact Centre to make alternative arrangements and update the fleet management system.
- 7.1.3. All keys for vehicles shall be located in the designated key rack in the Customer Contact Centre office or in the Infrastructure office.

## **8. Fuel cards**

- 8.1.1. A fuel card is provided for each vehicle and can be used at BP petrol stations only. Staff are required to provide the odometer reading of the vehicle at the time of purchasing fuel. The fuel card should remain with the vehicle at all times.

## **9. GPS –EROAD system**

- 9.1.1. Vehicle tracking devices have been installed into Council vehicles to assist in real-time monitoring and management of Council's fleet. This provides enhanced health and safety benefits as we are able to track vehicles at all times even in remote locations where conventional communications are not effective.
- 9.1.2. Staff may not interfere or tamper with the tracking device. Any faults or damage of the device should be immediately reported to the Customer Contact Centre who will refer servicing to the authorised agent.
- 9.1.3. Inappropriate use of a vehicle identified through the tracking device may result in disciplinary action.

## **10. Use of private vehicles for Council business**

- 10.1.1. Generally, Council will not pay for travel by private motor vehicles where travel by other means is more practical and cost effective.
- 10.1.2. Staff are expected to use a Council vehicle for council business if one is available, and it will not take a vehicle out of the pool for more than eight hours. Staff must seek

prior approval to use a private vehicle in advance, via e-mail, to his/her General Manager where reimbursement by Council is claimed. All reimbursement claims for use of a private vehicle must be made on Council's expenses claim form located on the intranet (under Finance). Staff should attach the approval email to the expense claim.

10.1.3. Any fines incurred while using a private vehicle on Council business are the responsibility of the driver.

10.1.4. Reimbursement will be normally based on the formula of 35c per kilometre.

10.1.5. Where there is sound rationale for an employee to regularly use their own vehicle on Council business, their General Manager may approve reimbursement at a rate of 55c per kilometre to recognise a higher proportion of the running and wear and tear costs on the vehicle. Such agreements must be made in advance, in writing and outline the reason for the higher rate.

## **11. Use of Council and regional branding logos on Council vehicles**

11.1.1. All Council vehicles shall carry the Council logos (not applicable to vehicles allocated for private use, eg General Managers' vehicles or those nominated at the Chief Executive's discretion).

11.1.2. The logos shall include the Council website address, Council logos and the regional branding logo. The logos shall be positioned as follows on each vehicle:

- One 'Manawatu District Council' logo shall be located in the middle of each front door (driver and passenger)
- One Council 'web address' logo shall be located in the centre across the top of the rear window (note – where this obscures the high level brake light then an alternative position may be required)
- The 'regional brand' logo to be located on the rear of the vehicle on the left-hand side above the bumper

11.1.3. Nominated drivers shall be responsible for advising the Customer Contact Centre when logos are damaged or removed so they can be replaced.

## **12. Code of conduct**

12.1.1. While driving a Council vehicle staff must comply with the Council's Drug and Alcohol Policy, traffic legislation, be conscious of road safety and demonstrate appropriate road safety behaviour. Failure to do so, or any breach of this policy, may result in disciplinary action up to and including dismissal.

12.1.2. The following behaviour is not acceptable while using a Council vehicle and is considered to be serious misconduct and may result in disciplinary action up to and including dismissal.

- Driving under the influence of drugs or illegal alcohol levels
- Breach of the Council's Drug and Alcohol Policy
- Driving while disqualified, or not correctly licensed
- Reckless or dangerous driving causing death or injury
- Failing to stop after a crash
- Demerit points suspension
- Any actions which warrant suspension of a licence

### **13. Responsibility of all staff driving a Council vehicle**

#### 13.1.1. All staff driving a Council vehicle will:

- Ensure they hold a current driver licence for the class of vehicle they are driving and have this on them at all times.
- Immediately notify their manager if their driver licence has been suspended or cancelled, or has limitations placed upon it.
- Share the driving if possible, take regular rests and meal breaks and, if fatigued, stop and rest until refreshed, when driving long distances.
- Abide by Council's Drug and Alcohol Policy. Driving a Council vehicle under the influence of drugs at any time is prohibited. The legal driving alcohol permitted limits apply.
- Comply with all traffic legislation. Staff shall meet the cost of any fine or expense associated with a driving offence or non-compliance with road safety laws.
- Inform their manager of any driving infringement received while driving a Council vehicle.
- Wear a safety belt at all times.
- Ensure the appropriate maintenance and service checks are carried out and immediately report any vehicle safety concerns to their manager.
- Check all items within the First Aid kits are within expiry dates and comply with Council's annual checking programme.
- Prohibit any unauthorised persons to be carried as passengers in Council vehicles during the course of their duties. This requirement does not apply to the carrying of non-council personnel as passengers when using the vehicle for normal duties.
- Abide by Council's Smoke Free Policy. Smoking is not permitted in Council vehicles.
- Report any accident or near miss even when no personal injury was sustained using Council's Health and Safety System on the intranet. Procedures and forms for reporting are also contained in Council's Health and Safety Field Book that has been issued to each Council vehicle.

13.1.2. If involved in an accident do not admit liability and report information to the Senior Finance Officer who will administer the insurance process.

## **14. Use of cell phones in Council vehicles**

14.1.1. In accordance with traffic regulations, it is not permitted to make or receive calls or text messages from a cell phone while driving unless a hands free device is operating. Staff should observe the following:

- Pull over to the side of the road when it is safe, before making or answering a call.
- In an emergency 111 calls may be made whilst driving.

## **15. Vehicle safety**

15.1.1. To promote vehicle safety the Council will:

- Issue a 'Health and Safety Field Book' to all Council vehicles which will provide safety information on Council's Health and Safety system
- Provide a first aid kit in all Council vehicles
- Identify vehicles requiring safety barriers and install these to minimise the risk of harm
- Provide appropriate training and education to staff using Council vehicles
- Replace vehicles on a regular basis (the age of the vehicle or the amount of kilometres may be used to determine the timing of replacement as per Council's Plant Replacement Policy).
- Implement GPS tracking in vehicles to ensure staff whereabouts can be monitored at all times.

## **16. Vehicle replacement policy**

16.1.1. Management of the Council fleet will be organised through the General Manager- Corporate and Regulatory.

### **16.2. Cars**

16.2.1. Either 100,000 km or 4 years whichever occurs first, or otherwise as recommended by the General Manager – Corporate and Regulatory.

### **16.3. Utilities**

16.3.1. Either 120,000 km or 4 years whichever occurs first, or otherwise as recommended by the General Manager – Corporate and Regulatory.

## Appendix A

The following positions (by area) have been identified as requiring a dedicated vehicle:

Note: The need for dedicated vehicles will be reviewed on a regular basis using the criteria set out under 'Dedicated Vehicles' section of the Vehicle Policy.

### 16.4. Dedicated – Full time

- Infrastructure:
  - Treatment Team Leader
  - Water Treatment Operator (2 vehicles)
  - Senior Wastewater Treatment Operator
  - Wastewater Treatment Operator
  - Senior Project Engineer
  - Clerk of Works
  - Operations Manager
  - Reticulation Team Leader
  - Reticulation Team (3 vehicles)
- Corporate & Regulatory:
  - Animal Control Officer (2 vehicles)
  - Building Officer (5 vehicles)
  - Consents and Monitoring Officer

### 16.5. Dedicated – Part time

- Corporate & Regulatory: Environmental Health Officer
- Community & Strategy: Plant Nursery Manager

# Audit and Risk Committee

Meeting of 15 February 2019

Business Unit: Corporate and Regulatory

Date Created: 12 February 2019

## Internal Audit Report – Procurement Review

### Purpose

To present the internal audit report, “Internal Audit Project – Compliance with Manawatu District Council’s Procurement Policies and Financial Delegations Policy (goods and services with tendering focus)”

### Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

### Recommendations

That the Audit and Risk Committee receives the Internal Audit Report resulting from the part one of their procurement review.

Report prepared by:  
Colleen Morris  
Chief Financial Officer

Approved for submission by:  
Shayne Harris  
General Manager - Corporate and Regulatory

## 1 Contribution to the Council Vision and Council Outcomes

### 1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand*

Manawatū District protects the natural environment through stewardship of the District’s natural and physical resources.	Manawatū District attracts and retains residents and businesses.	Manawatū District develops a broad economic base from its solid foundation in the primary sector.	Manawatū District is connected via quality infrastructure, services and technology.	Manawatū District’s built environment is safe, resilient and attractive.	Manawatū District Council is a customer-focussed and efficient organisation.
					✓

## **2 Background**

- 2.1 Council engages their internal auditor through a joint contract with MW LASS. The appointed contractor is Cotton Kelly.
- 2.2 A review of Council's procurement processes was approved as a part of this year's internal audit programme. Due to time constraints, the review has been split into two parts. Phase one covers contracts over \$500,000. Phase two will review smaller contracts and will be completed in the next three months. Part one of the review has been carried out and the report on the findings of this review is attached.

## **3 Discussion and Options considered**

- 3.1 A number of issues have been raised in the report. The report also includes management's response to these issues.
- 3.2 The issues raised relate to process and the report provides recommendations to enhance our controls. Recommended enhancements are currently being implemented.

## **4 Operational Implications**

- 4.1 Minor systems improvements have been noted in the report.

## **5 Financial implications**

- 5.1 There are no financial implications associated with this report.

## **6 Statutory Requirements**

- 6.1 There are no statutory requirements associated with this report.

## **7 Delegations**

- 7.1 The Audit and Risk Committee has the delegation to receive this report.

## **8 Consultation**

- 8.1 There are no consultation requirements associated with this report.

## **9 Cultural Considerations**

- 9.1 There are no cultural considerations associated with this report.

## **10 Conclusion**

- 10.1 As a result of the internal audit review process changes are being implemented.

## **11 Attachments**

- Internal Audit Project – Compliance with Manawatu District Council’s Procurement Policies and Financial Delegations Policy (goods and services with tendering focus)

## Internal Audit Project -2018

*Compliance with Manawatu District Council's Procurement Policies and Financial Delegation Policies (goods and services with tendering focus)*

(Phase One) – December 2018

# Contents

Contents.....	2
Executive Summary.....	3
Introduction and background .....	4
Objective and Scope .....	5
Approach and Work Done .....	5
Detailed Findings.....	6
1. Purchase Order Policy – Multiple Purchase Orders.....	6
2. Purchase Order Policy – No Purchase Order Raised.....	7
3. Purchase Order Splitting After Initial Creation .....	9
4. Procurement Policy, Purchase Order Policy and Financial Delegations Policy Compliance .....	10
5. Approvals over \$500,000 .....	11
6. Auditor-General’s September 2018 report “Introducing our Work about Procurement” .....	11
Appendix A - Distribution List .....	13
Appendix B – Ratings Definitions.....	14

## *Executive Summary*

Eleven procurements in excess of \$500,000 were identified and individually reviewed. Our testing of the eleven did not give rise to any major concerns regarding compliance with the processes and authorities as prescribed in the Procurement Policy, the Purchase Order Policy or the Financial Delegations Policy.

There were no examples, from our testing to date, of the use of emergency limits with retrospective reporting.

Some concerns exist regarding the manner in which the purchase order system is being utilised to manage procurements. The potential exists:

- for the actual spend to exceed the original financial delegation authority level; and/or
- for the actual spend to exceed the original amount approved; and/or
- for the prescribed procurement process for a spend of that amount to not be followed.

Further information on these risks is contained in the Detailed Findings section of this report.

We would like to thank the senior management team and staff of the Manawatu District Council for their support and assistance provided to us in completing this assurance project.

This report was finalised on Tuesday 12 February 2019.

## *Introduction and background*

The 2018-19 Internal Audit Plan included a planned review of Procurement. As agreed in the Internal Audit Services Engagement Letter dated 2<sup>nd</sup> November 2018, we have completed the work as set out below, and this report covers the first phase of that review. Phase Two will assess lower value procurements. These will be sampled and tested in quarter one of 2019, with the findings being reported to the May 2019 Audit and Risk Committee meeting.

The default position for Council procurements is to openly advertise all procurement opportunities exceeding \$500,000 on Tenderlink, unless one of the Opt-out situations applies, or an exemption applies.

As a requirement for funding, the New Zealand Transport Agency (NZTA) also require all projects in excess of \$200,000 to be openly advertised and procured via a competitive procurement process. In this situation the lower limit of \$200,000 therefore applies to roading and related goods and services procurement.

Purchase Orders are required for all procurements except the exemptions detailed in the Purchase Order Policy, or on a case by case basis, with an exemption (from needing to use a purchase order) being approved by either the Chief Financial Officer or, if absent, by the Accounting Operations Manager. When this occurs, in all instances, delegated approval must first have been obtained.

For amounts over \$500,000 the Financial Delegations Policy requires approval from the Strategic Planning and Policy Committee, in consultation with the Chief Executive.

In an emergency situation, if the Chief Executive is absent or unavailable, any General Manager may approve expenditure that does not exceed \$500,000 provided:

- said expenditure is reported retrospectively to the Chief Executive, and
- there has been major unforeseen damage to Council or other property, and
- there is a need for remedial action to be taken without delay, and
- it is impractical to convene a meeting of the Council or Strategic Planning and Policy Committee to approve the proposed expenditure.

The emergency powers clause above does not detract from the legal powers of a Civil Defense Controller in the event of a declared emergency.

## *Objective and Scope*

The objective of phase one of the internal audit of procurement was to review whether all potential procurements from January 2018 to October 2018 inclusive, valued at or over \$500,000, were compliant with Council's Procurement Policy; Purchase Order Policy; and Financial Delegations Policy. The scope of the review did not test the appropriateness of the procurement.

The review will also comment on any other matters considered useful to report on at this time.

## **Approach and Work Done**

The approach for this review included the following:

- reviewing: Council papers; Strategic Planning and Policy Committee papers; the Long Term Plan 2015 - 2025; the Procurement Policy; the Purchase Order Policy and the Financial Delegations Policy;
- examining a list extracted from the purchase order system Ozone of purchase orders approved since 1 January 2018. All purchase orders for amounts of \$500,000 or greater were selected for further review;
- the examination of the purchase orders included limited sample testing for the possibility of multiple purchase orders being used for a single procurement;
- meeting with key personnel to gather further information and obtain explanations;
- sighting evidence from external sources;
- giving consideration to matters raised by the Office of the Auditor-General's September 2018 report *Introducing our Work about Procurement*.

# Detailed Findings

## 1. Purchase Order Policy – Multiple Purchase Orders

**Rating: Necessary**

### What we found:

There is no formal process to monitor for the existence of multiple purchase orders being created for a single procurement. Potentially this could result in purchase orders for a project totaling to an amount that:

- required a higher level of financial delegation authority under the Financial Delegations Policy than has been given; and/or
- resulted in a failure to comply with a necessary requirement under the Procurement Policy for a procurement of that amount, for example the use of open advertising or a closed competitive process.

### Recommendations

While there is an awareness of the potential for multiple purchase orders for a single procurement and the accounts team do “spot them” from time to time, it is recommended that the development of a formal process of review be considered by management.

In addition to introducing a formal review process, the fact of the existence of such a review process should be communicated appropriately, so it is known that this review process occurs.

The review could include a mix of tests to focus on:

- amounts above a specified maximum;
- amounts that are close to requiring a higher level of financial delegation;
- amounts that are close to requiring a specified method of procurement due to their dollar amount;
- a random sample of all purchase orders.

It is also suggested that the use of code/report writers, either in Ozone itself or via macros in Excel, could be an option to largely automate the compilation of the information for review.

### Management comment

This is acknowledged as a risk and management and finance staff remain alert to multiple purchase orders for one transaction.

Following the audit we are having a report written that will automatically be sent to the Accounting Operations Manager at the end of each month highlighting multiple purchase orders to the same creditor, charged to the same job or general ledger code.

## 2. Purchase Order Policy – No Purchase Order Raised

**Rating: Necessary**

### What we Found

There were two cases of expenditure being approved by either Council or the Strategic Planning and Policy Committee during the period, but no purchase order was raised.

These are detailed below:

#### *Utilities*

Council approval was given but no purchase order was raised for procurement of gas and electrical services, that is, utilities. Utilities are an exempt expenditure type under the Purchase Order Policy so no purchase order was required. There are no issues resulting from this.

#### *June 2018 Storm Event*

An amount of \$1,075,532 for storm damage arising from the June 2018 storm was approved by Council on 20th September 2018. The explanation we received for no purchase order was that the work is captured in the purchase orders for Higgins Contractors Limited, whose description is wording such as “C4/1505 extra codes not on annual PO”. We understand that Contract C4/1505 is the general road maintenance with Higgins Contractors Limited (which has also just had its first three year roll-over).

A review of the purchase orders for Higgins Contractors Limited work since 20 September 2018, the date of the approval, showed one purchase order raised on the 8th October 2018 for \$185,331 with the description “C4/1505 extra codes not on annual PO”. This approval was three months after the storm event however this is inevitable due to time being needed after the event to assess damage and to obtain NZTA approvals.

It is understood that work being carried out in a storm damaged area could well be a mixture of work captured under an existing purchase order and of work specifically related to storm damage and delineating between the two may not always be able to be done with any useful degree of accuracy.

When a purchase order is set up, provided it is set up as a Contract type then Ozone compares all the purchase orders set up for that contract against the budget. This control means that multiple purchase orders against one contract such as C4/1505, provided the purchase order are set up correctly in Ozone, should not permit expenditure to exceed the approved amount.

However it is not clear how the total that has been approved to be spent on roading in the period it is captured, and whether the current total captured includes the \$1,075,532 approved for storm damage. Assuming that Ozone is the source of information regarding commitments

then commitments information extracted from this system could be being understated.

In summary, it is not clear how the expenditure incurred against the approved amount for storm damage of \$1,075,532 is being monitored - to ensure this amount is not exceeded.

### **Recommendations**

It is recommended that unless the procurement is exempt from having a purchase order set up under the Purchase Order Policy, then when an amount is approved a purchase order is created with a description that clearly links it to the amount approved.

It is also recommended that wherever possible and practicable, the expenditure is charged to the designated purchase order. If this is not possible with any degree of accuracy then a new mechanism needs to be found to ensure actual expenditure does not exceed the approved amount.

### **Management comment**

Your recommendations are noted. The item relating to the approved storm damage is noted however your recommendations are not always practicable.

In all cases a separate sub-job is set up for each event. In most cases emergency work costs come in prior to NZTA and Council approve the additional expenditure. At the time of approval the budget is updated. The roading maintenance contract includes the requirement to carry out emergency work and the day rates to be used.

The initial response work is charged on monthly purchase orders with "not on annual purchase order" in the description. If Council did not approve the additional emergency work budget the initial work response work would have to be absorbed within the roading budget that year and other work would be reprioritised. Ongoing repair work would be deferred for a number of years and all roading work would also have to be reprioritised. Council would also lose the opportunity to receive the enhanced financial assistance rate available for emergency work from the New Zealand Transport Agency.

Purchase order controls do not allow budgets to be exceeded without General Manager approval, contract amounts to be exceeded, or delegations to be exceeded. The contract amount is amended within the purchase order system to allow for the additional approved expenditure. All contracts approved by Council use the "Council" budget officer and are reviewed by Finance before being approved by a General Manager or the Chief Executive.

In this instance, due to the length of the contract and the inclusion of a wide scope for additional work, it is acknowledged that monitoring the overall amounts charged against the contract is difficult. Each progress payment certificate includes a running total of expenditure against the contract. In addition the Roding Team closely monitor each job (including the emergency work sub-job set up for this event) against both Council budgets and the NZTA approved programmes.

### 3. Purchase Order Splitting After Initial Creation

**Rating: Necessary**

#### **What we found:**

Currently if a purchase order is created in Ozone for the full amount of an approved procurement and then later, for valid reasons, selected activities from the contract are isolated and have an additional purchase order created, we understand that it is not possible to reduce the approved amount of the original purchase order (in Ozone). An example of this was discovered which has resulted in two purchase orders that totaled \$3,889,009.20 in Ozone, whereas the amount first approved by Council was \$2,995,124.77. The reason for the creation of the second purchase order was to separate the Port St waters component from the Port St roading component of the work. The actual spend to date against the two purchase orders has not exceeded the approved amount and we understand from discussions that there is no expectation that it will.

However this example did identify a potential system weakness. To ensure compliance in this situation, the work being charged to the first of the two purchase orders was expected at time of audit to be completed in “another couple of months” so estimated date of end of January 2019 at which time the purchase order will be closed off. The totals of the two purchase orders will be monitored in the meantime by the Finance team. This however is a weakness in that potentially a spend could occur in excess of the approved amount. Commitments based on this information could also potentially be overstated.

It is also noted that if a “Council” approved purchase order is created, that is, a purchase order for amounts in excess of \$500,000, (and from time to time for lower amounts), the Ozone automatically generated email to the budget holder goes to the Chief Financial Officer or Accounting Operations Manager who check the council approval and then contact the relevant GM to approve the purchase order.

Once a purchase order has been created in Ozone, receipted against and an invoice raised, the original purchase order cannot be altered.

#### **Recommendations**

Controls are needed to ensure that if a purchase order is created for the full amount of an approved project then a second purchase order cannot later be created which also relies on the initial approval, but is in fact taking the total of the purchase orders to more than the original approval amount. If Ozone controls are used for this, such as the use of the Contract type purchase order discussed in finding 2 above, then there needs to be a check done by the finance team to ensure that the relevant fields in Ozone are filed in correctly.

Depending on the controls that exist in Ozone, regular view of the receipted totals may also be prudent.

**Management comment**

This systems weakness is acknowledged.

In this instance both purchase orders had multiple jobs spanning both utilities and roading. The purchases order was created using the right job (RD1025 Non Subsidised Growth) but with incorrect sub jobs. The error was noted within days of it happening but there is little flexibility in Ozone to correct this without cancelling purchase orders and starting over.

Finance will continue to monitor this roading aspects of the original purchase order are not used and the purchase order is closed as soon as the utilities work has been completed.

The new monthly report noted in paragraph 1 would also assist in identify future instances.

**4. Procurement Policy, Purchase Order Policy and Financial Delegations Policy Compliance**

**Rating: Beneficial**

**What we Found**

We tested eleven procurements with amounts in excess of \$500,000 in the period and these were reviewed for compliance with the processes and authorities as prescribed in the *Procurement Policy*, the *Purchase Order Policy* and the *Financial Delegations Policy*. None of the items tested involved the use of emergency limits and retrospective reporting. Our testing did not give rise to any major concerns with regard to compliance.

There is one approval that still requires further testing to ascertain whether the amount approved inadvertently omitted the 10% contingency from the total even though the report stated the approval was inclusive of the 10%. This will be reviewed as part of phase two of the Procurement Audit. If the original amount approved was understated and the contingency was needed, then a second approval would need to be obtained from the Strategic Planning and Policy Committee. The issues that would arise in this situation are:

- inconvenience and rework as a second report to and approval from Strategic Planning and Policy Committee would be required
- the potential for a second purchase order being created for the contingency that was not linked to the original purchase order and contract.

**Management comment**

With the progress to date, this contract will exceed the amount approve by Council. A separate report to Council is being prepared to gain approval for the additional expenditure.

## 5. Approvals over \$500,000

**Rating: Beneficial**

### What we found

It was noted that some approvals for amounts in excess of \$500,000 are approved by the Strategic Planning and Policy Committee which follows the process as per the Financial Delegations Policy, whilst other approvals for amounts in excess of \$500,000 are approved directly by Council.

It was also noted that when amounts are approved by the Strategic Planning and Policy Committee there is no record on Council agendas of the approvals.

### Recommendation

It is recommended that approvals by the Strategic Planning and Policy Committee are noted for information in the Council agenda so there is a single point where all approvals over \$500,000 are captured.

### Management comment and action date

The Strategic Planning and Policy Committee (SP&P) have full delegation to approve contracts over \$500,000 without reference to Council. Council retain the authority to approve all expenditure. Approvals are sent to Council when the SP&P meeting schedules do not allow for timely approval.

There is no identified benefit having SP&P approval reported to and ratified by Council or of establishing a single source of expenditure approvals over \$500,000.

## 6. Auditor-General's September 2018 report "Introducing our Work about Procurement"

**Rating: Beneficial**

The Auditor-General's September 2018 report *Introducing our Work about Procurement* referred to "...three stages in the procurement life cycle that public organizations need to improve in: the strategic analysis at the start of the procurement life cycle; contract management; and checking that intended benefits are realized".

The current Procurement Policy is relatively silent on the first and third of these matters. Alignment with strategic analysis is evident in other documents for example the Infrastructure plan in the February 2018 agenda which states "The Roading Activity Management Plan consists of two parts – the Programme Business Case and the Activity Management Plan. The Programme Business Case outlines the strategic context".



**Recommendation**

When the Procurement Policy is next reviewed it is reviewed against the most recent Auditor General reports on procurement to ensure matters considered of importance by the Office of the Auditor General are considered as part of the review.

**Management comment and action date**

Your comments are noted. This will be addressed during the next review of the Procurement Policy.

## **Appendix A – MDC Distribution List**

### **Draft copy, for Management comment**

Richard Templer	- Chief Executive Officer
Brent Limmer	- General Manager – Community and Strategy
Hamish Waugh	- General Manager – Infrastructure
Shayne Harris	- General Manager - Corporate and Regulatory
Frances Smorti	- General Manager - People and Culture
Colleen Morris	- Chief Financial Officer

### **Final copy, including Management comment**

Stuart Campbell	- Audit & Risk Committee Chair
Helen Worboys	- Her Worship the Mayor

**Appendix B – Ratings Definitions**

Individual finding ratings

Rating	Explanation
Priority	Needs to be addressed urgently. These recommendations relate to a significant deficiency that exposes the Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, generally within six months These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, generally within 6 to 12 months These recommendations relate to areas where the Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.



## **Audit and Risk Committee**

Meeting of 15 February 2018

Business Unit: Corporate and Regulatory

Date Created: 15 January 2019

### **Quarterly Report to 31 December 2018**

#### **Purpose**

To provide a summary to 31 December 2018 of the Council's performance against Year One of the 2018/28 Long Term Plan.

#### **Significance of Decision**

The Council's Significance and Engagement policy is not triggered by matters discussed in this report.

#### **Recommendations**

That the Audit and Risk Committee recommends:

That the Council receives the Second Quarter Report and the Capital Expenditure Report for the period ended 31 December 2018.

Report prepared by:  
Colleen Morris  
Chief Financial Officer

Approved for submission by:  
Shayne Harris  
General Manager - Corporate and Regulatory

---

## 1 Contribution to the Council Vision and Council Outcomes

### 1.1 Relationship to the Council Outcomes that underpin the Council's Vision:

*Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand*

Manawatū District protects the natural environment through stewardship of the District's natural and physical resources.	Manawatū District attracts and retains residents and businesses.	Manawatū District develops a broad economic base from its solid foundation in the primary sector.	Manawatū District is connected via quality infrastructure, services and technology.	Manawatū District's built environment is safe, resilient and attractive.	Manawatū District Council is a customer-focussed and efficient organisation.
✓	✓	✓	✓	✓	✓

## 2 Background

2.1 Quarterly governance reports provide interim updates towards end of year results to be published in the Annual Report 2018/19. The Annual Report accounts for how Council performed against Year One of the 2018-28 Long Term Plan. The quarterly reports summarise Council's financial performance, progress on capital projects, levels of service performance and reasons for significant differences from what was planned.

## 3 Discussion and Options considered

3.1 This report is for information purposes. Any matters that require resolution would be reported separately to Council.

## 4 Operational Implications

4.1 There are no capital or operating expenditure implications, or maintenance costs associated with this paper.

## 5 Financial implications

5.1 Any financial implications would be reported separately to Council.

## 6 Statutory Requirements

6.1 Quarterly governance reports provide an overview of results towards the Annual Report, which will be prepared and audited in accordance with the requirements of the Local Government Act 2002.

## 7 Delegations

7.1 The Audit and Risk Committee's Terms of Reference includes the responsibility for financial reporting, including the following:

- long term planning including the financial strategy;
- appropriateness of accounting policies;

- annual report; and
- internal report (monthly and/or quarterly).

## **8 Consultation**

8.1 There are no consultation requirements associated with this matter.

## **9 Cultural Considerations**

9.1 There are no cultural considerations associated with this report.

## **10 Conclusion**

10.1 The quarterly reports are a mechanism of transparently reporting against progress towards achieving targets set in the Long Term Plan.

## **11 Attachments**

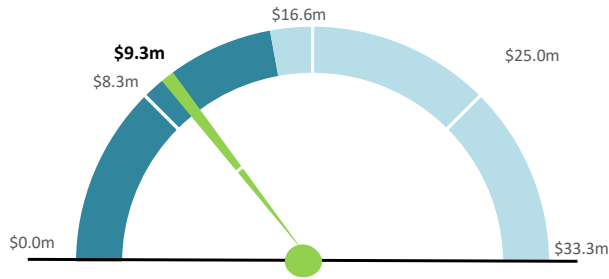
- Quarter Two Report
- Capital Expenditure Report for the period ended 31 December 2018

# Key Indicators

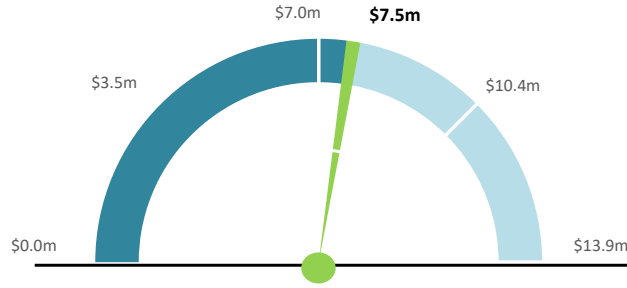
For the period ended 31 December 2018



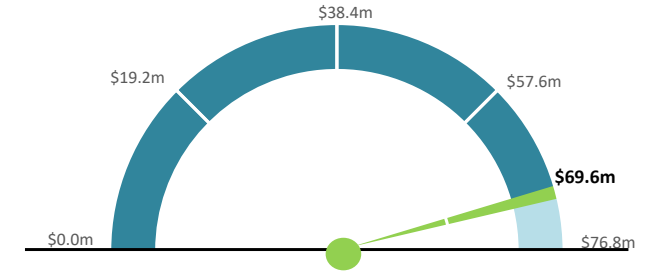
### Capital Expenditure



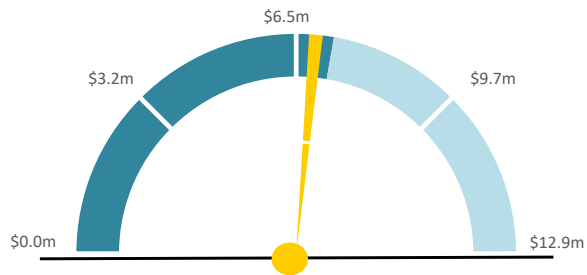
### Loans Raised (excluding refinancing loans)



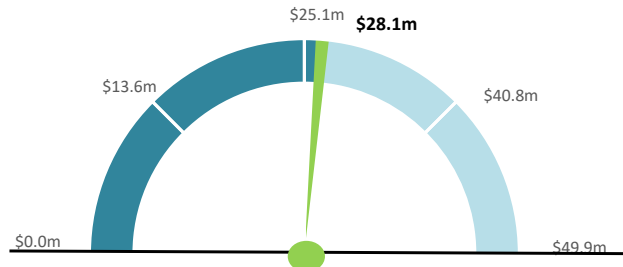
### Total External Debt



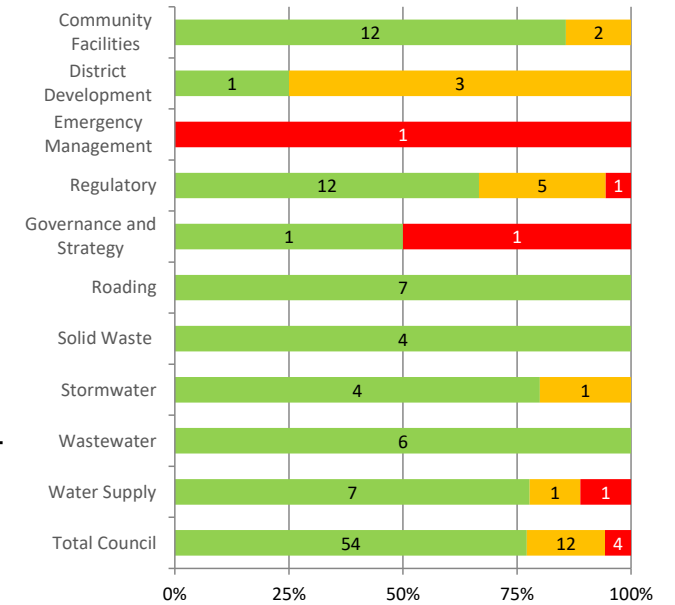
### Total Operating Revenue (excluding rates)



### Total Operating Expenses



### Key Performance Indicators



#### Key

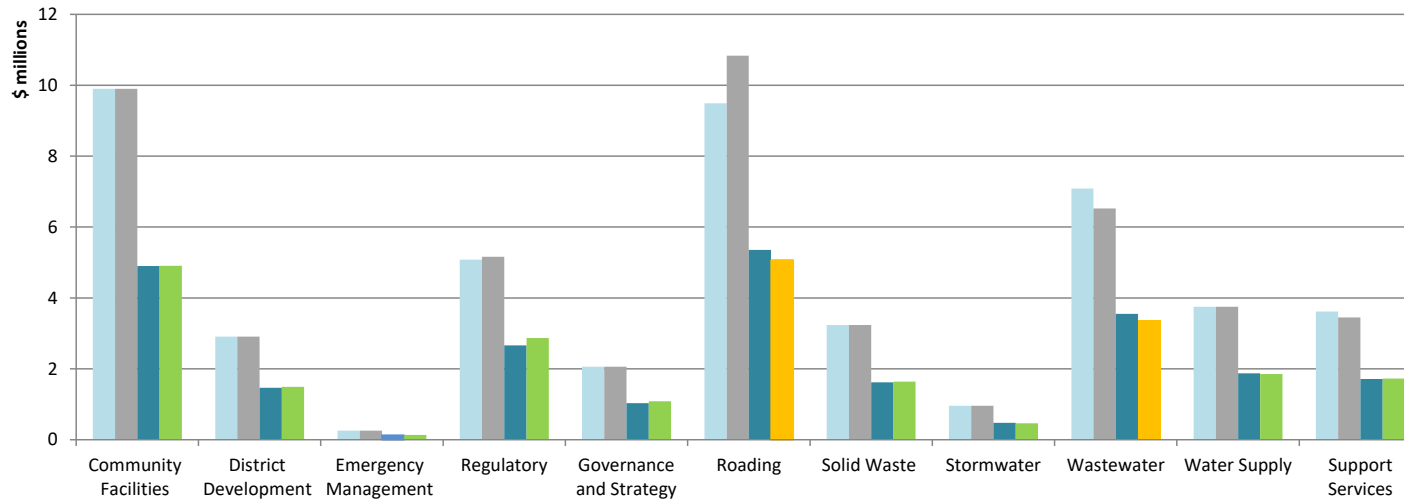
■ Annual Plan   
 ■ YTD Budget   
 ■ Actual - On Track   
 ■ Actual - Needs Monitoring   
 ■ Actual - Not achieving

# Overall Council Summaries

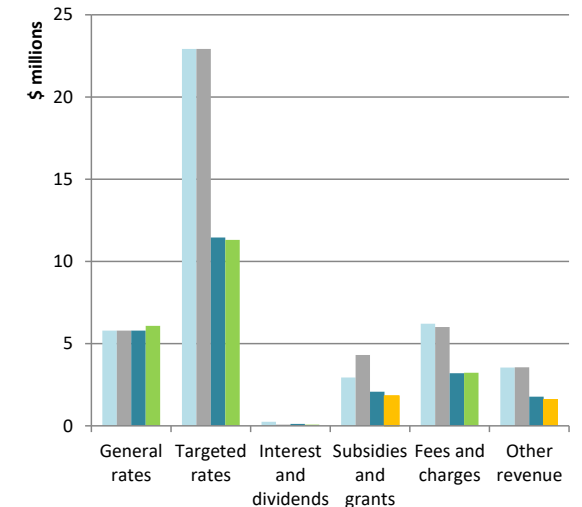
For the period ended 31 December 2018



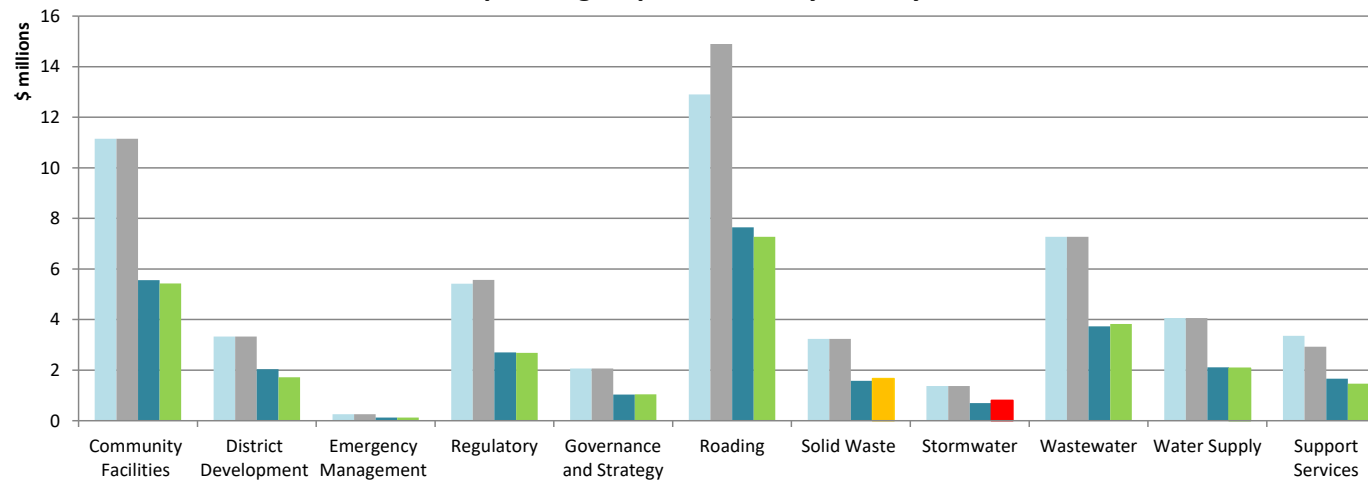
### Operating Revenue - by activity



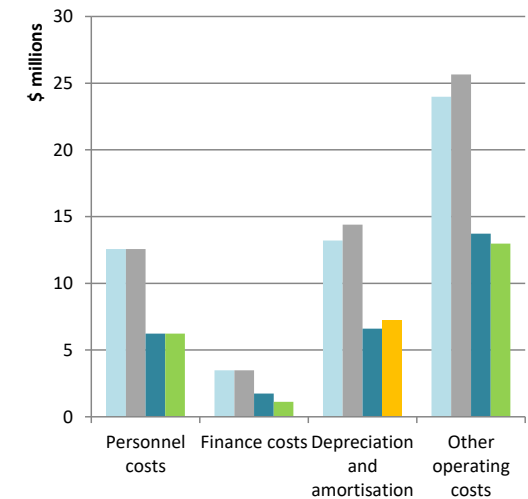
### Operating Revenue - by type



### Operating Expenditure - by activity



### Operating Expenditure - by type



#### Key

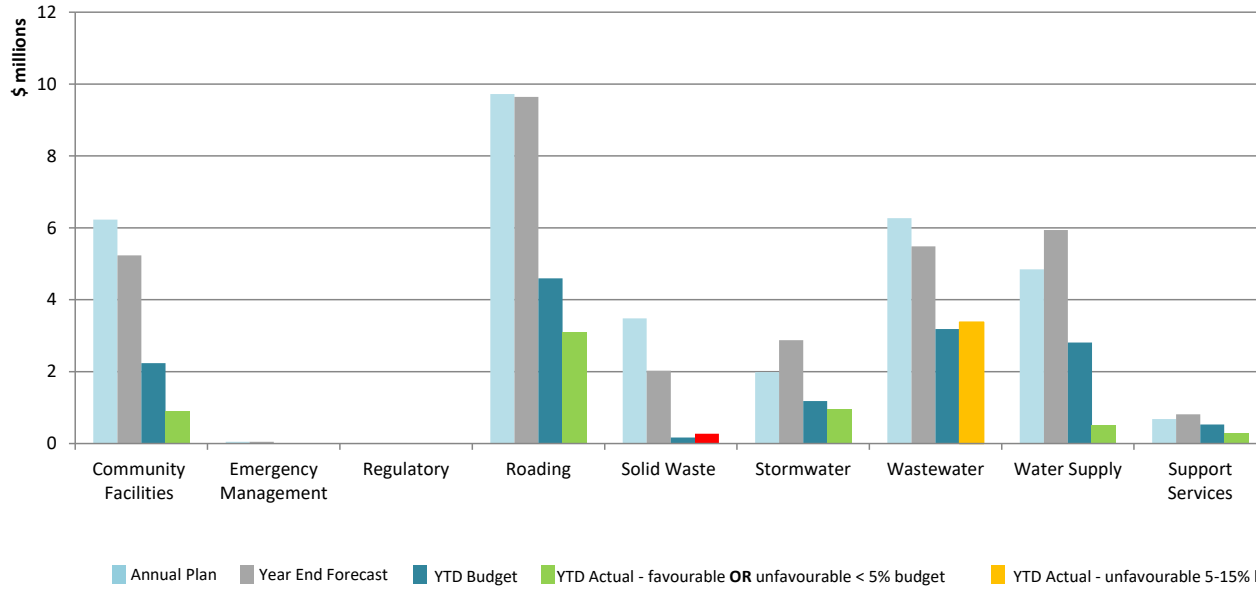
- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

# Overall Council Summaries

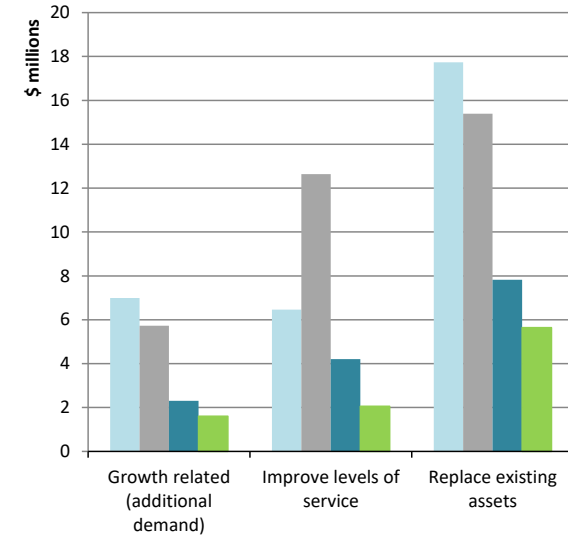
For the period ended 31 December 2018



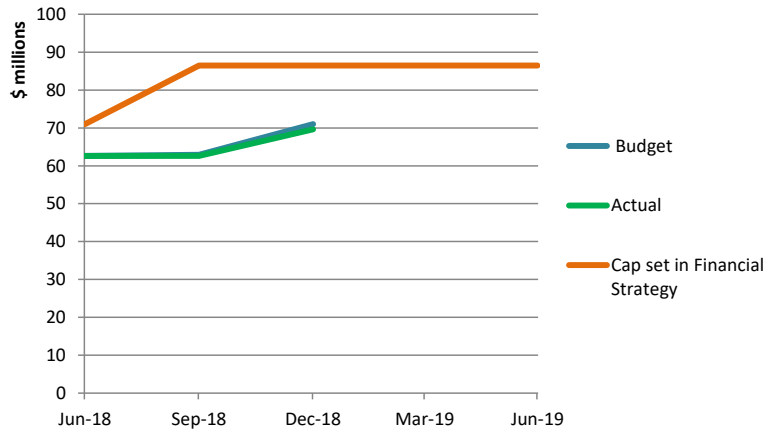
### Capital Expenditure - by activity



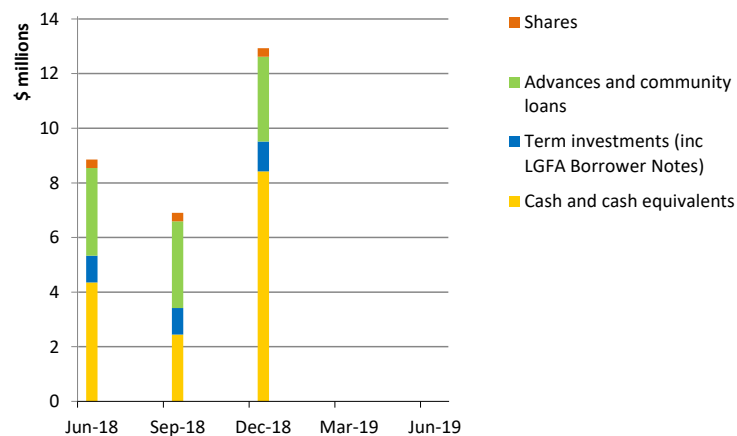
### Capital Expenditure - by type



### External Borrowings



### Investments - by type



#### Comments:

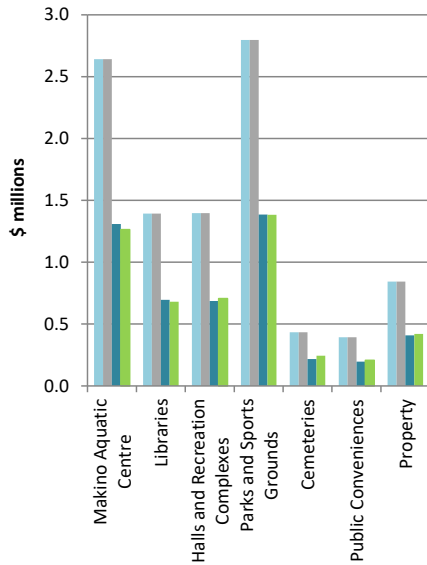
In July we borrowed \$1m from the BNZ to meet our cash flow needs. This was repaid in August after rates were received. Council borrowed \$7.5m in December, bringing the total to \$69.6m.

# Community Facilities

For the period ended 31 December 2018

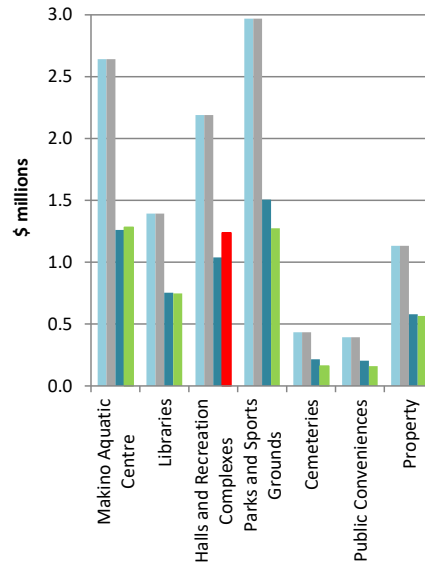


## Operating Revenue



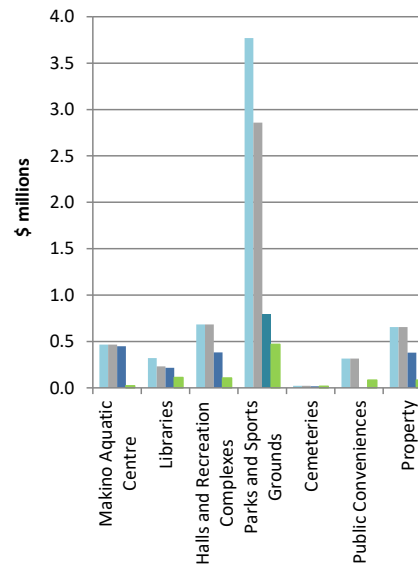
Revenue is from rates and user fees and charges.  
Cemeteries are \$19k above budget, due to more interments and plot reservations than expected.

## Operating Expenditure



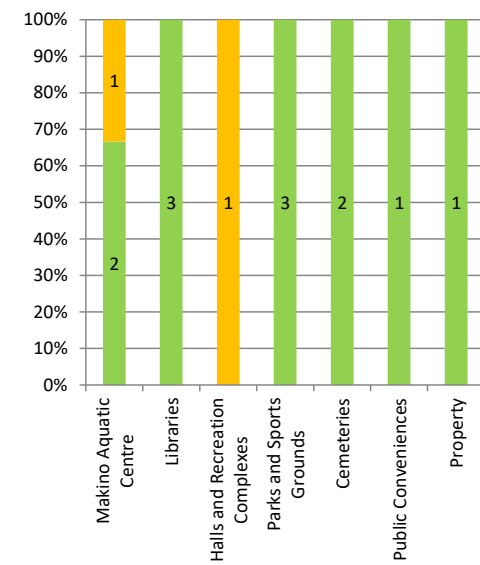
Halls and Recreation Complexes - Bunnythorpe Hall grant paid to Palmerston North City Council, \$240k paid sooner than budgeted.  
Parks and Sports Grounds - anticipated work programme will be caught up over the summer months.

## Capital Expenditure



The capital expenditure report contains the progress of individual projects.

## Key Performance Indicators

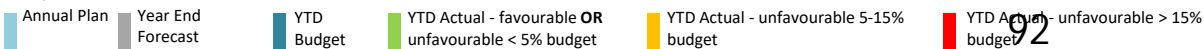


Makino Aquatic Centre (MAC) - The annual customer survey will be carried out through February and March 2019. 28,241 customers have participated in water activities. The target for the full year is 50,000.

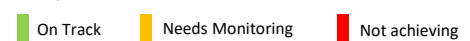
Library - All delivery items are on track to be met by year end. There has been a total of 24,302 digital users (target 55,000). The Library has conducted 778 events (target 920) with 10,399 participants (target 13,800). Issues per capita are currently four against a target of eight for the year.

(Continued Page 15)

### Key

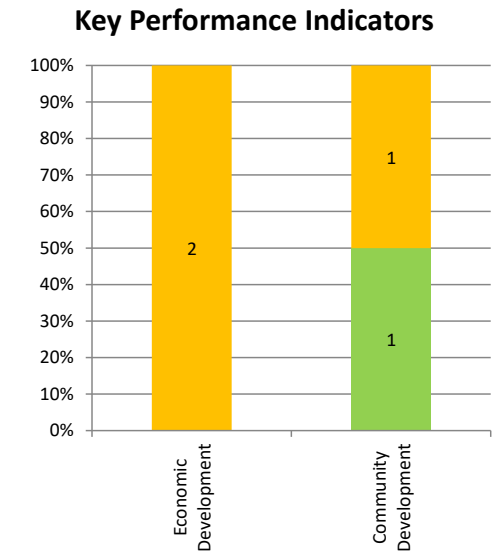
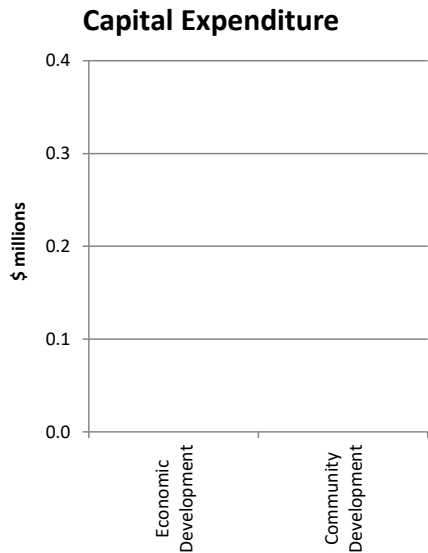
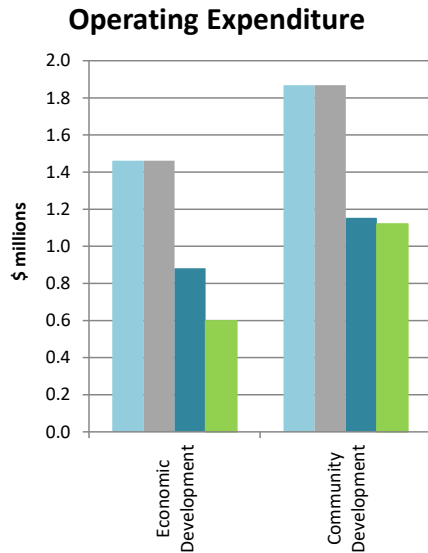
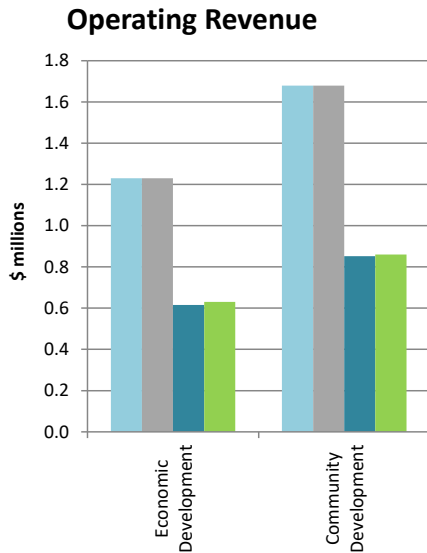


### Key



# District Development

For the period ended 31 December 2018



Income is primarily from rates.

Economic Development - The Ultra Fast Broadband project (\$212k) in the industrial area is on hold, pending other decisions on the Turners Road development.

Community Projects - \$73k difference to budget as next funding round for grants (March 2019) to be paid in April 2019. There have been two funding rounds, with one more to go this financial year. This includes \$25k for Hiwinui road safety. Economic Development and Community grants to be paid later in the year.

Manfeild Park Grandstand demolition progress completed ahead of schedule.

There is no capital expenditure for this activity.

Community Development - This quarter Council received the 2017/18 Accountability Reports from the 13 organisations who currently have contracts of service through the Partnership Fund. All organisations had met their obligations under their respective contracts. Nine representative grant recipients reported to Council (12 reports year to date).

The survey results have not yet been received.

Economic Development - CEDA six monthly report is due in the third quarter. Council received monthly and quarterly economic reports which indicate positive economic activity.

## Key

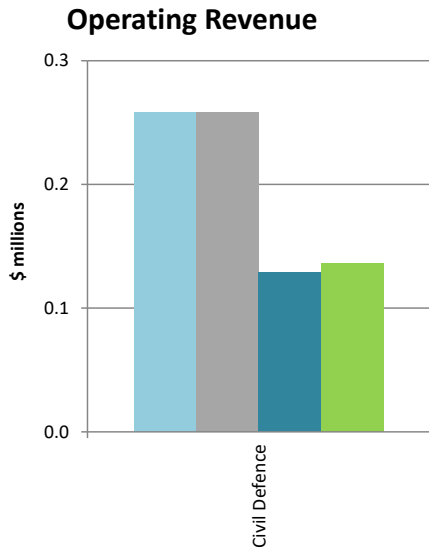
- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

## Key

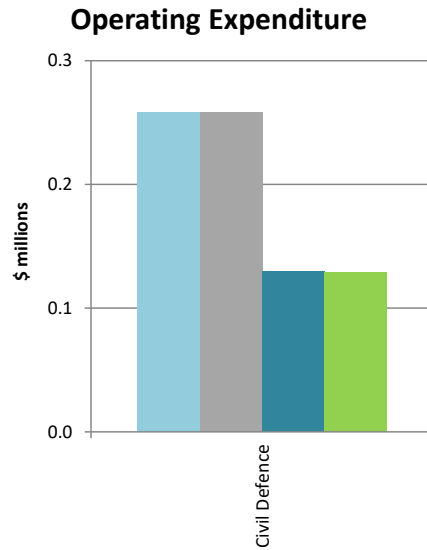
- On Track
- Needs Monitoring
- Not achieving

# Emergency Management

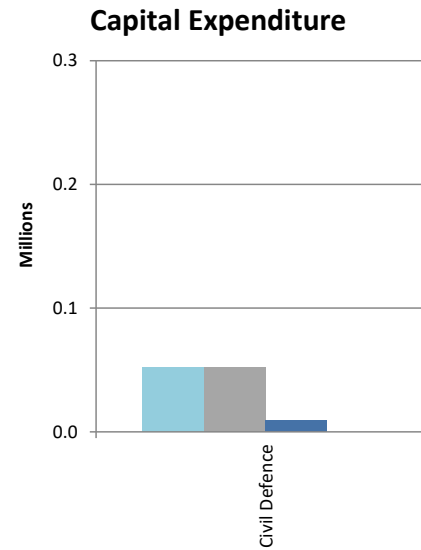
For the period ended 31 December 2018



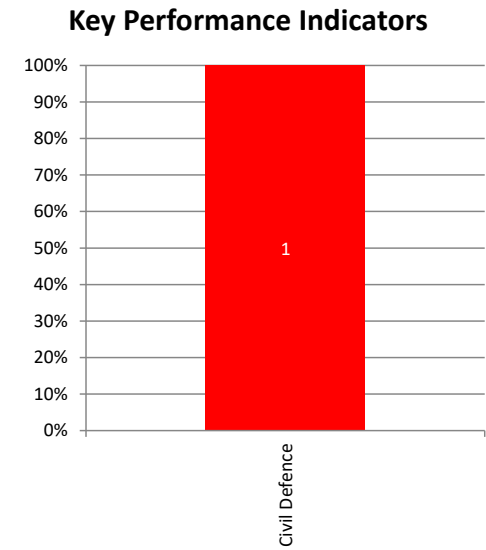
Income is primarily received through rates.



Expenditure is on track.



Capital expenditure planned for this activity has been deferred to later in the financial year.



Civil Defence - Community satisfaction is 75% (from 457 respondents). Last year community satisfaction was 77%. (the target is an increase of 2% on prior years, being 79%).

## Key

- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

## Key

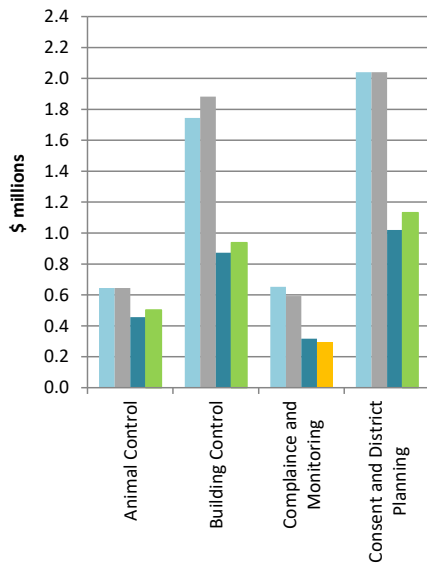
- On Track
- Needs Monitoring
- Not achieving

# Regulatory

For the period ended 31 December 2018



### Operating Revenue

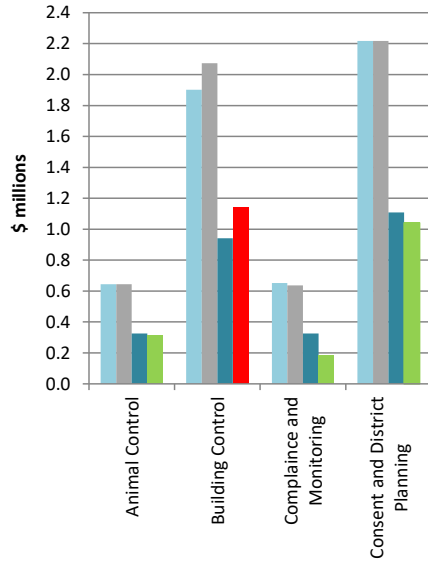


Dog registration revenue \$39k ahead of budget. Estimated less than 100 animals left to be registered this year.

Building Control revenue \$49k ahead of budget, reflecting increased growth in district. District Planning fees are \$71k ahead of budget as a result of an increased number of applications.

Alcohol Licensing Fees (\$10k down) and Environmental Health (\$3k down) are both lower than budget. Renewal dates are spread unevenly during the year. The annual budget is expected to be met. Compliance contract revenue may not meet annual target as level of work from Palmerston North City Council is less than

### Operating Expenditure

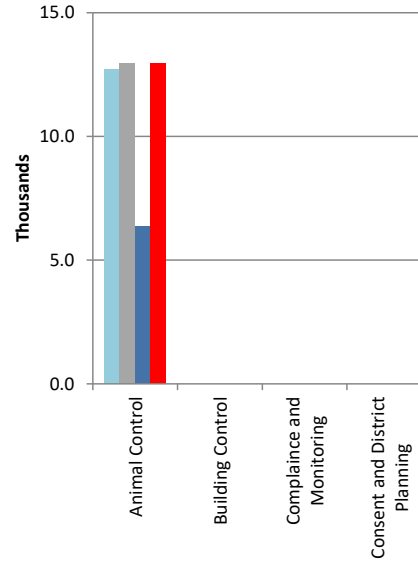


Building Control - \$52k additional expense for building consultants due to the increased number of applications. Recovery is expected at a later date. This cost is offset by increased building control revenue. Earthquake prone building project \$78k lower than budget, pending the appointment of an engineering resource.

Environmental Health and Monitoring costs lower than budget \$16k, as the staff allocation is down by one staff member.

The District Plan project consultant costs are \$212k behind budget. They are expected to be utilised later in the year.

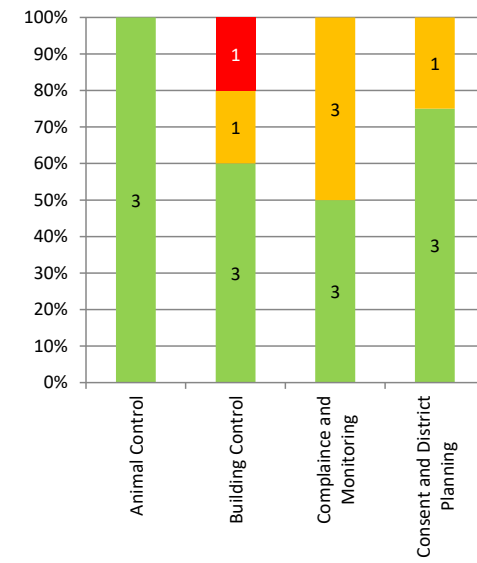
### Capital Expenditure



The capital expenditure report contains the progress of individual projects.

Annual capital expenditure planned for this activity has been completed in December 2018.

### Key Performance Indicators

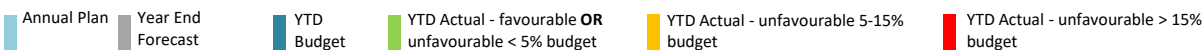


Building Control - 422 buildings with compliance schedules in the district with 5% (or 22) required to be audited during the year. 11 premises have been audited during the last two quarters.

A total of 340 building consents and 150 fast track building consents have been issued with over 95% being processed and approved within the required timeframe. 332 Code of Compliance certificates were issued with 92.5% being within the required timeframe (target 95%).

(Continued page 15)

### Key



### Key

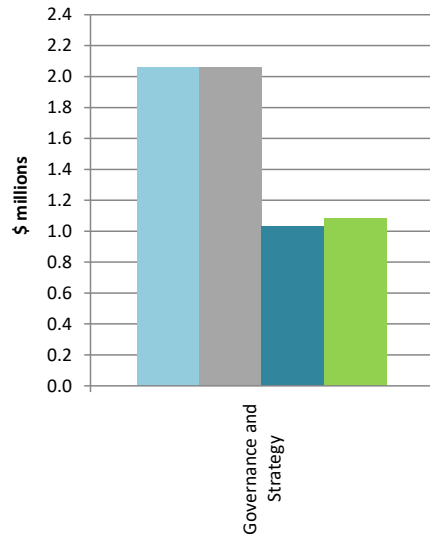


# Governance and Strategy

For the period ended 31 December 2018

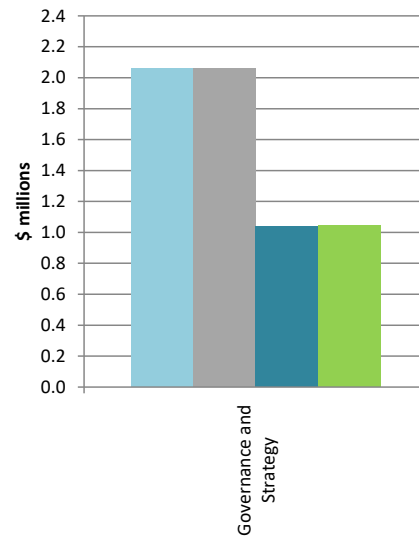


## Operating Revenue



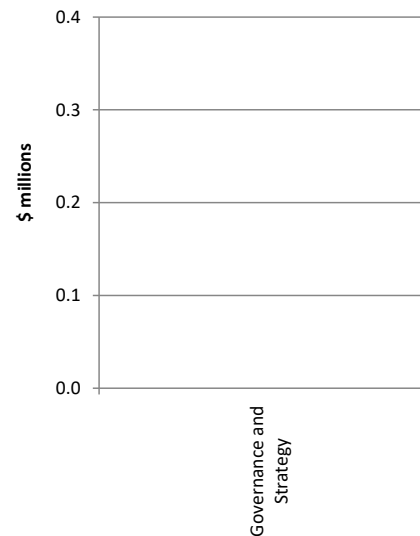
Income is received through rates.

## Operating Expenditure



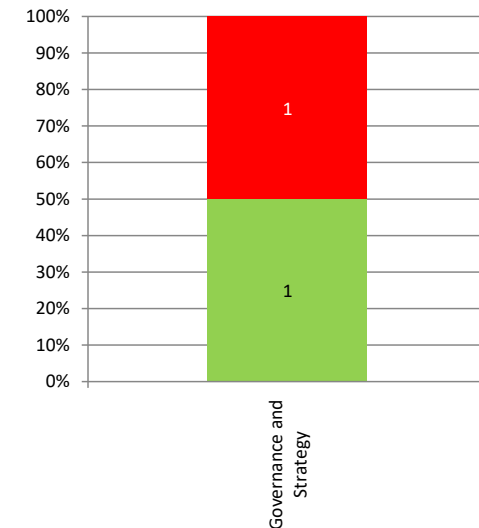
Expenditure on conference expenses and other remuneration were lower than budget by \$33k. This amount is expected to be utilised later in the financial year.

## Capital Expenditure



There is no capital expenditure planned for this activity.

## Key Performance Indicators



The Customer Satisfaction survey showed that 70% of the 102 respondents were satisfied with opportunities Council provides for community involvement in decision making (target 80%).

There have been no breaches of the rating or debt levels set in the Financial Strategy. The limit for rate increases in the Financial Strategy for the 2018/19 year is 5.0% (excluding increases as a result of growth and new levels of service) with a planned increase of 4.8% in the Long Term Plan. Actual rates revenue is in line with the budget. The borrowing limit in the Financial Strategy for the 2018/19 year is \$86 million with \$77 million planned in the Long Term Plan. \$7.5 million was borrowed in December bringing our total debt to \$69.6 million.

### Key

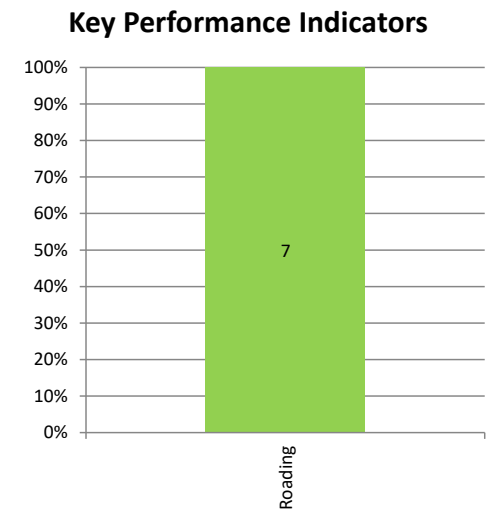
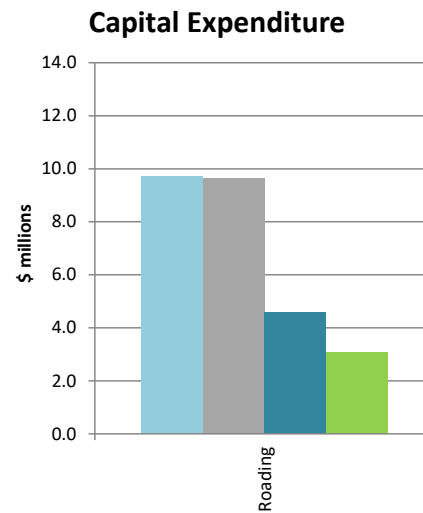
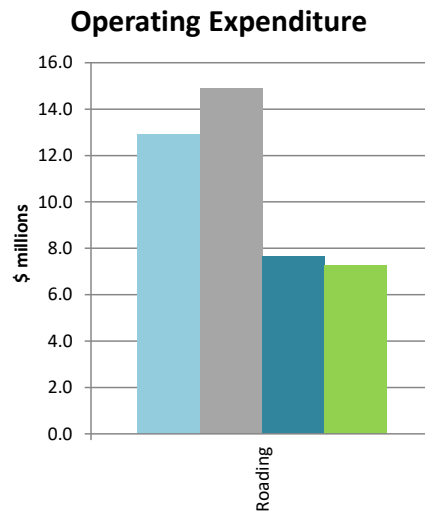
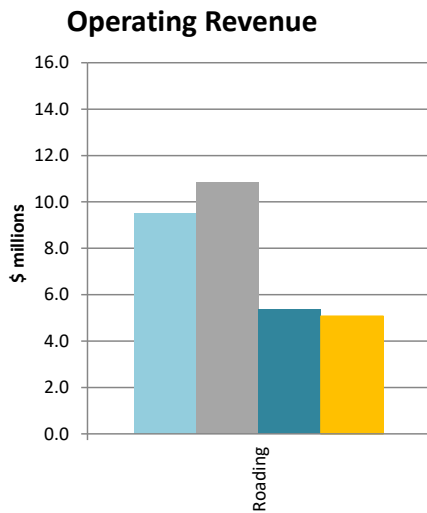
- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

### Key

- On Track
- Needs Monitoring
- Not achieving

# Roading

For the period ended 31 December 2018



Revenue is received through rates and NZTA subsidies.

Subsidy revenue is lower than budget by \$267k, as a result of delays to the maintenance programme.

The increased expenditure for emergency works related to the June and September 2018 weather events will attract a higher than normal subsidy. There is a timing difference of a month between expenditure and processing the claim to NZTA.

Parts of the maintenance programme have been delayed, due to contractors doing emergency works, estimated value of \$2m.

The maintenance programme is still planned to be completed this financial year.

The forecast reflects the emergency works programme approved by Council.

The capital expenditure report contains the progress of individual projects.

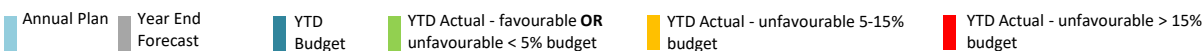
The road re-seal programme is 56% complete and on track to be completed by year end.

63 urgent and 439 non-urgent requests have been received, with only 1 non-urgent request exceeding the targeted timeframe.

There have been six serious injury crashes and two fatalities on the local road network. This compares with five fatal and 15 serious injury crashes last year.

The Footpath Survey shows 95% of the District's footpaths are within acceptable standards (Target 95%)

## Key



## Key

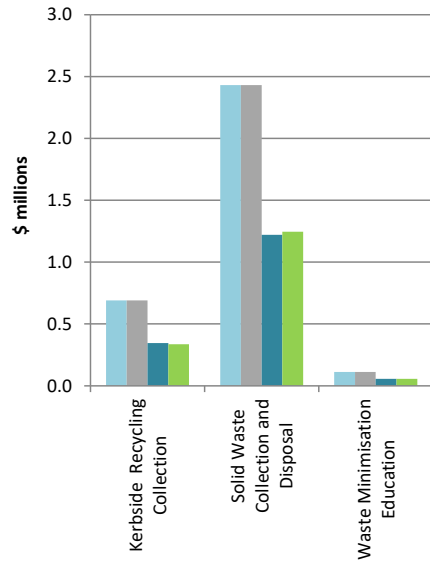


# Solid Waste

For the period ended 31 December 2018



### Operating Revenue

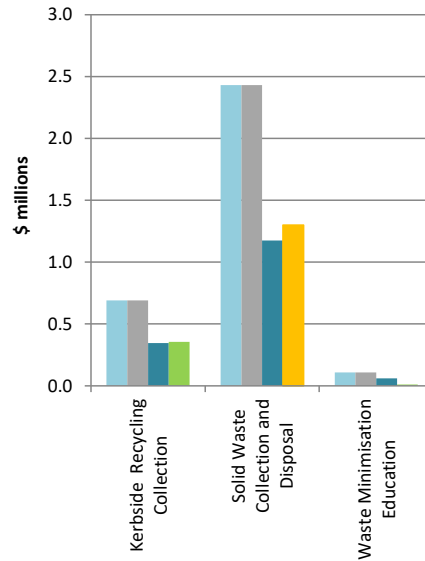


Revenue is primarily from rates, gate takings at the transfer station and blue bag sales.

Transfer station gate takings are \$64k ahead of budget, due to accepting more commercial waste at the transfer station.

Refuse bag sales are \$77k behind budget. Bag sales are \$17k ahead of the same point last year, as Budget Waste have withdrawn their yellow bags from the market.

### Operating Expenditure

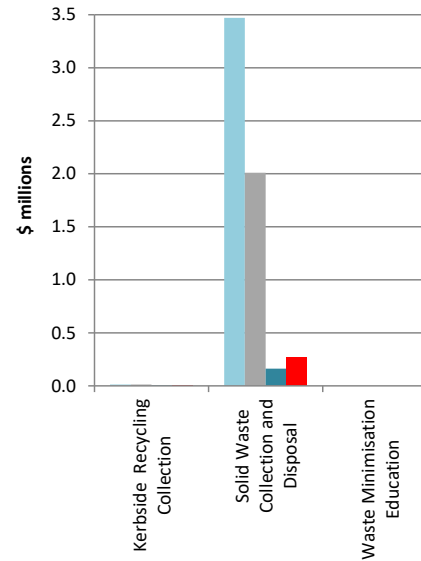


Disposal costs are overall \$174k greater than budget. These costs are partially offset by additional transfer station gate takings.

Waste volumes greater than anticipated, which trigger cost escalations.

Waste Minimisation Education expenditure is on hold, pending a review of the programme. \$49k currently below budget.

### Capital Expenditure

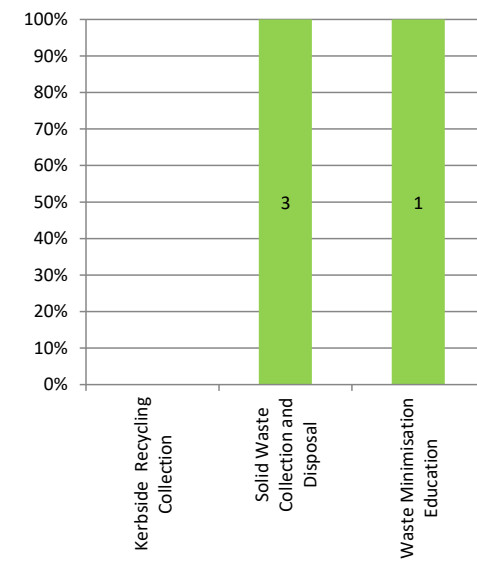


The capital expenditure report contains the progress of individual projects.

The capital costs associated with the kerbside recycling are for bin purchases.

The capital costs associated with Solid Waste Collection and Disposal are for the Resource Recovery Centre. Initial planning costs are ahead of schedule.

### Key Performance Indicators

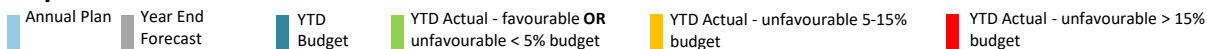


Colyton School was visited by Zero Waste Education programme and the Enviroschools facilitator visited Tangimoana School and Mount Biggs. Kimbolton School hosted a Enviroschools teacher/facilitator meeting.

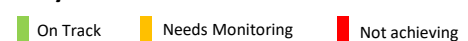
A new Council web page was developed to advertise commercial outlets for various streams of agricultural sourced recyclable materials

There have been 9 complaints received out of 200,000 collections (target less than 100 per 100,000 collections)

#### Key

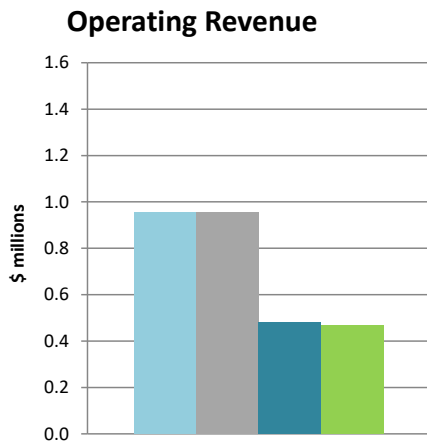


#### Key

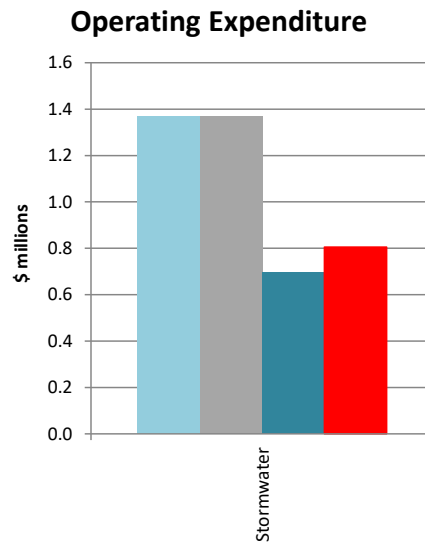


# Stormwater

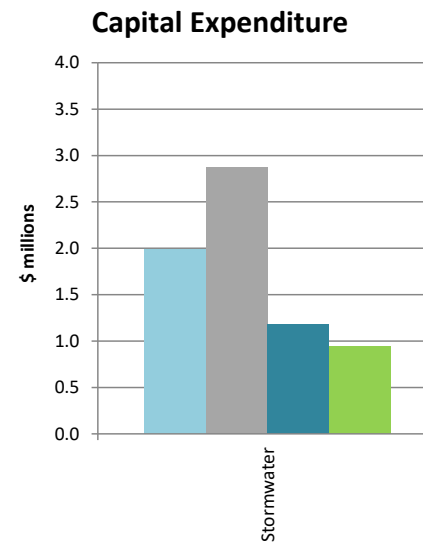
For the period ended 31 December 2018



All revenue is sourced from rates.

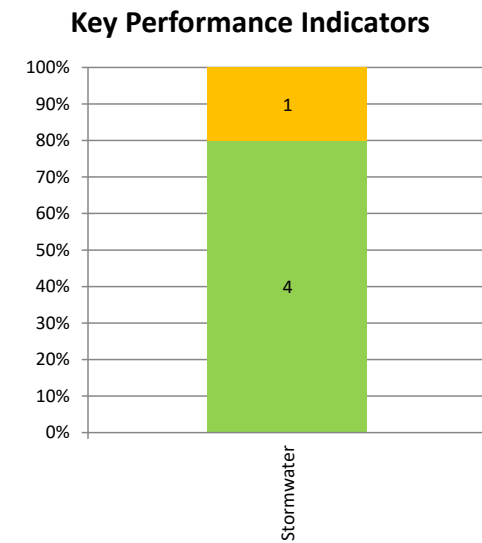


The overspend is mainly due to additional staff time charged to the activity.



The capital expenditure report contains the progress of individual projects.

A number of projects have been carried forward from last financial year, since the Annual Plan was adopted.



28 complaints have been received to date. Based on the 6,896 connections this equates to 4.1 complaints per 1,000 connections to date (the target is less than six complaints per 1,000 property connection for the year). If this trend continues the maximum number of complaints will be exceeded.

No flooding of habitable dwellings have been reported

No abatement notices, infringement notice, enforcement orders, or convictions have been recieved.

## Key

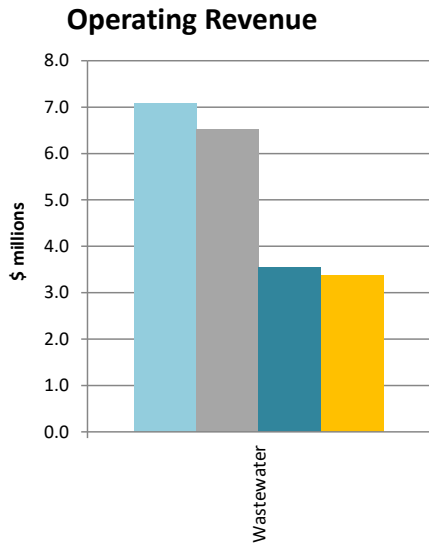
- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

## Key

- On Track
- Needs Monitoring
- Not achieving

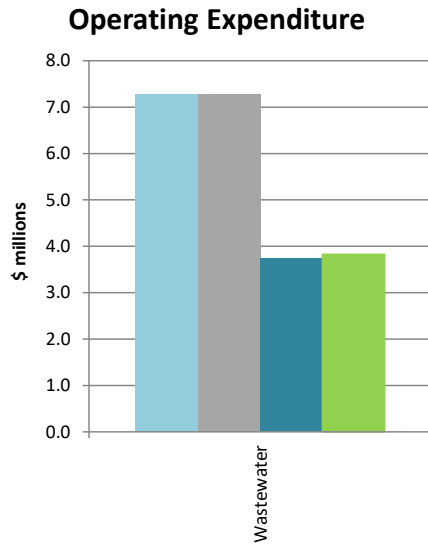
# Wastewater

For the period ended 31 December 2018

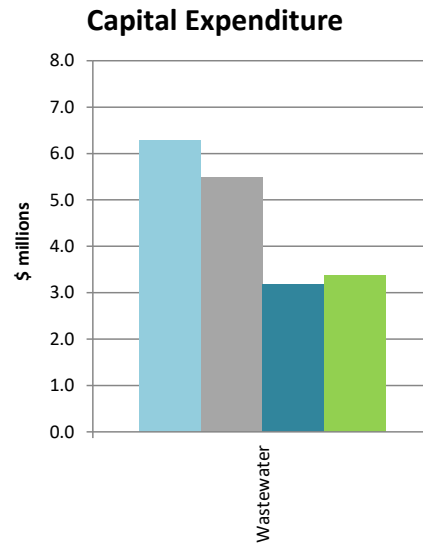


Revenue is from rates, trade waste charges and volumetric charges.

Trade waste revenue from Ovation is less than budgeted as fees have been reassessed. This trend is expected to continue for the rest of the year. Additional revenue streams from other trade waste customers are being investigated.

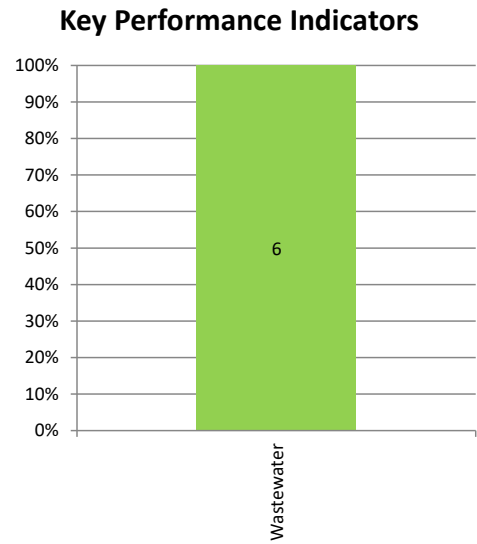


Operational spend is expected to meet year end target.



The capital expenditure report contains the progress of individual projects.

Feilding Waste Water Treatment Plant projects are ahead of schedule and will be on track at year end.



Three overflows have been recorded this year - two dry weather and one wet weather overflow in Feilding .

The median attendance and resolution times for sewerage overflows are within the targeted timeframes.

Nine system blockage complaints have been recorded. Based on the 6,999 connections this equates to 1.3 per 1000 connections (target less than 20). No complaints have been received this quarter for any other category.

## Key

- Annual Plan
- Year End Forecast
- YTD Budget
- YTD Actual - favourable OR unfavourable < 5% budget
- YTD Actual - unfavourable 5-15% budget
- YTD Actual - unfavourable > 15% budget

## Key

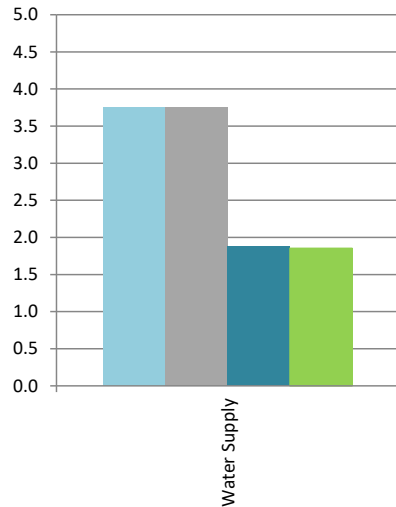
- On Track
- Needs Monitoring
- Not achieving

# Water Supply

For the period ended 31 December 2018

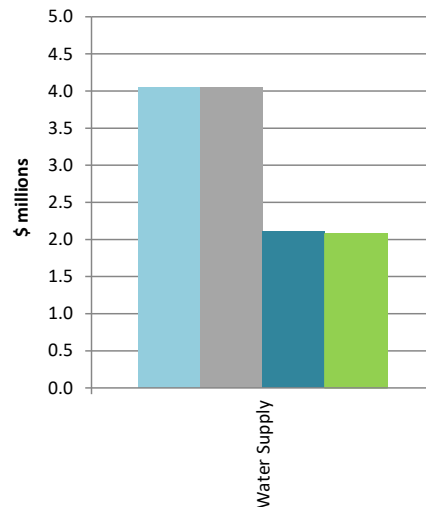


## Operating Revenue



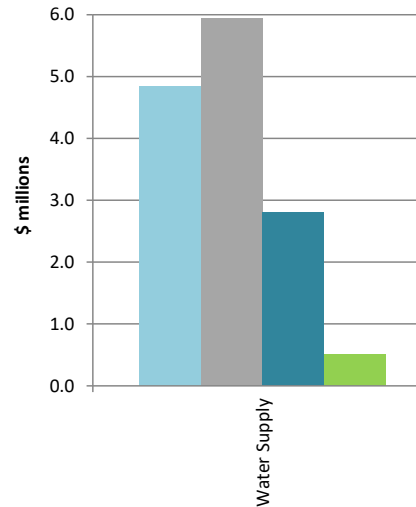
Revenue is from rates and metered water.

## Operating Expenditure



Operational spend is on target.

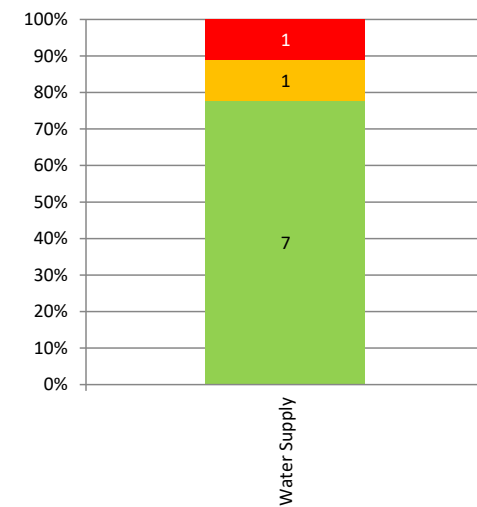
## Capital Expenditure



The capital expenditure report contains the progress of individual projects.

A number of projects have been carried forward from last financial year and physical works are programmed for the summer construction season.

## Key Performance Indicators

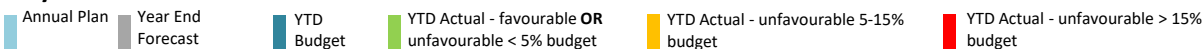


The Sanson and Stanway/Halcombe schemes are not protozoa compliant. The new water supply for Sanson is scheduled to be commissioned before the end of 2018/19. Treatment for the Halcombe village is being investigated.

All water samples taken showed that the water is safe to drink i.e. no E coli.

Total estimated real water loss is less than 35%. The Department of Internal Affairs requires a bench loss assessment, which requires a full year's worth of monitoring data. Interim calculations indicate that total losses are at, or below, the target, but target attainment will be assessed in full at the end of the year.

### Key



### Key

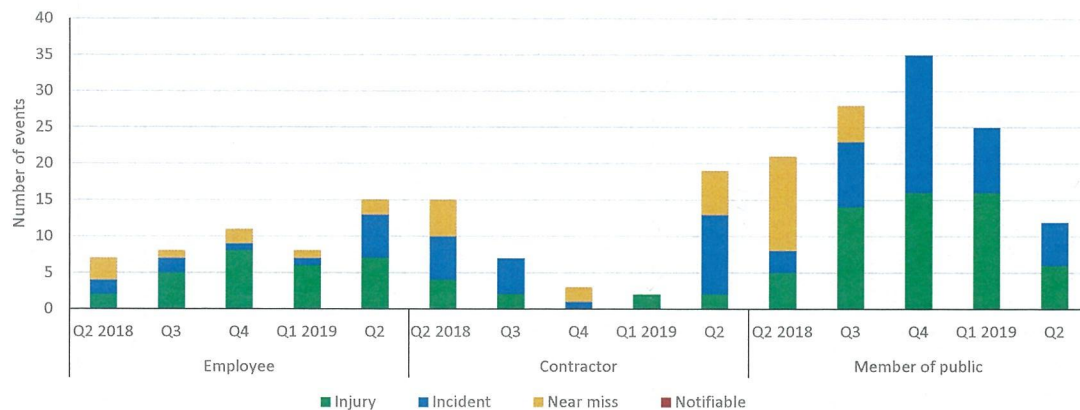


# Health and Safety

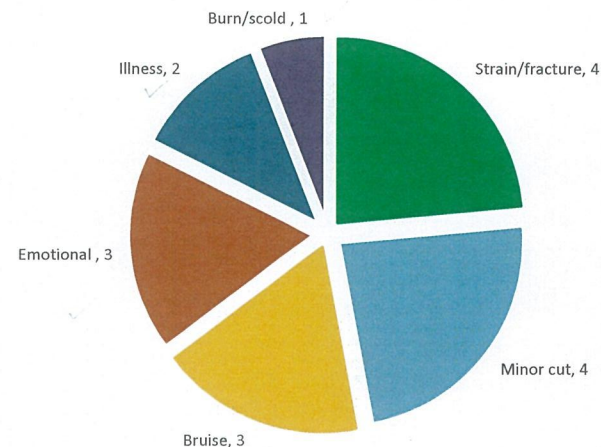
For the period ended 31 December 2018



Events reported



Injury type - this quarter



**Notifiable events this quarter**

Notifiable: 0 Not Notifiable: 38

**Significant incidents this quarter**

- \* Contractor fell from truck fracturing arm
- \* Staff feeling ill after using compost from WWTP
- \* Older man suffer suspected heart attack at MAC, ambulance called

**H&S audits**

- \* Native plant nursery
- \* SafePlus audit
- \* FWWTP stage 1 H&S Audit

**Communication and education**

- \* Drive to survive
- \* Manage your Christmas stress
- \* Mental health during stressful time of year

**Wellness initiatives**

- \* 10 workstation assessments
- \* 11 pre-employment drug and alcohol tests
- \* 9 Random drug tests
- \* 10 Eye tests

**Training and inductions**

- \* 10 new staff H&S inductions
- \* Advanced driver training
- \* Certified chemical handler training
- \* Customer conflict training
- \* Confined space and gas detection
- \* Handling challenging callers
- \* Mental health 101
- \* H&S initial representative training

**Rolling year injuries**

Abrasion / graze	18
Bleeding nose	5
Bruise/contusion	15
Burn (chemical)	2
Burn/scold	1
Crushing injury	1
Dermatitis/skin rash	1
Dislocation	2
Emotional	3
Fracture	1
Head injury concussion	2
Illness Toxic	2
Laceration, cut	16
Sprain, strain	14
Puncture wound	4
<b>Total</b>	<b>87</b>

**Lost time (days) year to date**



**Note:** Following the SafePlus Audit, our three main contractors (Higgins, Recreational Services and Smart Environmental) are providing monthly reports of incidents.

# Comments Continued



## Community Facilities

### Property -

Survey results show customer satisfaction with Council owned property is 98% (from 86 respondents). This exceeds the target of 85%.

Public Conveniences - There have been no complaints received for the second quarter relating to inadequate maintenance or cleaning. Year to date there have been two complaints against a target of less than 10 complaints.

Halls - Hall usage is not measured until year end.

Cemeteries - No complaints have been received about late or inadequate interment services. The second quarter customer survey indicated 96% satisfaction from 65 respondents (target 90%).

### Parks, Reserves and Sports Grounds -

There have been no closures or health and safety incidents as a result of poor or inadequate maintenance.

The satisfaction survey indicated that 96% of the 105 respondents were satisfied with parks and sports grounds (target 90%)

## Regulatory

Compliance and Monitoring - Due to a staff resignation, inspection numbers are lower than anticipated. However all licensed premises and health registered premises are on track to have the required amount of inspections by year end.

39 reports of issues endangering public health, 206 urban noise complaints and 126 other issues not endangering public health were reported. The targeted response times have been met.

Consent and District Planning - The processing of controlled activity resource consents did not meet the targeted 10 day timeframe.

307 of the 341 non-notified resource consents were completed within the 20 working day timeframe (target 90%).

There have been no applications for notified or limited notified consents this year.

Animal Control - To date there have been 101 priority one, 124 priority two and 401 priority three requests were received. 99% were responded to with the specified timeframe (target 90%).

## Water Supply

7 urgent and 111 non-urgent faults have been recorded. Both the median attendance and resolution times are within the targeted time.

There have been: 21 clarity complaints; 10 taste complaints; 2 odour complaints; 3 pressure complaints and 7 continuity of supply complaints. Based on the 7,316 connections, the category with the highest number of complaints (clarity) equates to 2.9 per 1,000 connections (target less than 20 per category).

**Capital Expenditure**  
For the period ended 31 December 2018

	Actual YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance YTD %	Commitments \$000	Full Year Revised Budget \$000	Annual Plan 2019 \$000	Physical Completion %	Year End Forecast \$000	Notes/Comments <i>Budget YTD reflects the amounts carried forward from 2018/19 after the Annual Plan was prepared.</i>
<b>Community Facilities</b>										
Feilding Cemetery Extension	16	14	2	14%	0	14	15	100%	16	The project has been completed.
Districtwide Cemetery Renewals	2	3	(1)	-30%	1	7	7	30%	7	Plans are underway for the renewal of furniture within district cemeteries.
Strengthen Earthquake Prone Buildings	12	115	(103)	-90%	0	115	115	0%	115	Project will be started later in the 2018/19 year pending a condition assessment and business case.
Feilding Little Theatre Roof	17	0	17	n/a	0	20	20	100%	20	Project completed ahead of schedule as the work was carried out when the weather conditions were favourable.
Hall Renewals	5	3	1	30%	0	7	7	80%	7	Renewal of emergency lighting in Te Kawau Recreation Centre. Project underway with completion expected in February 2019.
Library Collection Purchases	97	106	(8)	-8%	44	211	211	50%	211	Purchases are made as required.
Library New Works	7	103	(96)	-93%	0	103	103	0%	13	External funding to be sourced for the project. Work is on hold pending a confirmed location for the new library. A request will be made to carry forward unspent budget to the 2019/20 financial year.
Library Renewals	8	8	0	0%	0	8	8	100%	8	Expenditure for hardware and software as required.
Makino Park Playground and Skate	63	0	63	n/a	0	655	655	15%	655	A designer has been appointed for the Skate Park. Work has commenced on beautification of the stream and on a new walkway behind the brass band building.
Outdoor Pool Renewals	67	283	(216)	-76%	0	283	272	30%	283	The project is due to commence with new lifeguard tower and retiling. The completion is expected in March 2019. Costs to date are for outdoor 50m pool covers. The balance of these funds will be used to upgrade the existing Glulam Columns around the 25m pool.
Indoor Pool Renewals	11	156	(145)	-93%	0	163	174	20%	163	A chemical dosing system has been installed in the Learn to Swim Pool. Balance of funds to be allocated to Glulam Column upgrade.
Indoor Pool Interior Painting	6	10	(4)	-39%	0	20	20	30%	20	The remaining painting will be carried out during the indoor pool closure for Glulam column upgrade.
Sanson Public Toilets	5	0	5	n/a	111	214	214	15%	214	Site, design and pricing has been completed. Toilets have been procured with installation due in March 2019. This will coincide with the construction of the new playground.
Cheltenham Public Toilets	0	0	0	n/a	0	102	102	10%	102	Planning work has commenced. This includes the gifting of land to council. Work will begin later in the 2018/19 year.
Manfeild Park Development	53	206	(153)	-74%	21	412	423	15%	412	Project is pending the sale of South Street depot and Kawakawa Road land.
New Storage Facilities and Holding Bays	0	51	(51)	-100%	0	103	103	0%	103	Budget based on the sale of the South Street depot which is yet to occur.
Districtwide Property Renewals Provision	4	8	(3)	-39%	0	15	15	50%	15	The Athletics shed renewal is complete. Pohangina residential house renewals are currently in scoping stage.
Kowhai Park New Paths, Carpark, Gardens	24	0	24	n/a	5	0	0	100%	29	Residual costs for 2017/18 project works carried over and now completed.
Parks and Reserves Community Planning Projects	0	11	(11)	-103%	0	11	11	10%	11	Planting is taking place in Pohangina and at Himatangi Beach. Installation of signage and park furniture to occur later in financial year.
Timona Park Toilets	0	46	(46)	-99%	0	46	46	50%	46	Toilets have been procured and site preparation is due to start January 2019.
Pharazyn Park Growth	3	0	3	n/a	0	934	934	0%	934	Discussions are underway with land owner for land acquisition. Valuations have been received.
Feilding Walkways Quail Ave Project	7	0	7	n/a	0	279	279	20%	279	Site clearance has commenced with walkway design underway. Negotiations with land owner are under way. Working with Infrastructure to relocate the sewer line from Mt Taylor
Johnston Park Seal Roads	0	0	0	n/a	0	35	35	0%	35	Sealing of roads will take place in the summer period.
Parks and Reserves Walkways and Reserve Linkage	100	71	29	41%	21	393	650	30%	393	Clearing work commenced from the Railway to Johnston Park. Preliminary work has started on Rata Street to Kitchener Park, including easement and land purchases from Manfeild Park. There is a potential delay with the Kitchener Park to Rata Street walkway as agreements for easements with third parties need to be made.
Awahuri Forest- Kitchener Park Carpark and Entrance Development	10	0	10	n/a	0	66	66	10%	66	Carpark entrance and resealing will be completed by the end of January 2019.
Districtwide Reserves New Works	1	10	(9)	-89%	0	10	10	0%	10	Project will be started later in the 2018/19 year.
Feilding CBD New Works	16	7	9	127%	13	14	14	10%	14	Procurement of the centopath irrigation system has commenced.
Himatangi Beach Reserve New Works	4	11	(8)	-72%	0	22	22	10%	22	Stream development work has been delayed due to the recent remedial work on the sand dunes. Working with contractors and community group to deliver expectations.
Johnston Park New Works	1	25	(25)	-99%	0	64	64	0%	64	Project will be started later in the 2018/19 year.
Tangimoana Beach Coastal Reserves - New Works	0	6	(6)	-99%	0	12	12	0%	12	Signage within Tangimoana to be installed in early 2019.
Timona Park New Works	92	144	(52)	-36%	23	288	288	25%	288	Site is confirmed. Installation of the public toilets is due to completed by March 2019.
Parks Renewal Projects	3	0	3	n/a	0	0	0	100%	3	Late invoice from 2017/18 financial year and no further work on this project.
Kitchener Park Capital Works	2	4	(1)	-28%	6	4	12	0%	4	Flood protection work in planning stage and waiting on drier weather.
Railway Land Beautification	80	413	(333)	-81%	46	413	425	20%	413	Work has commenced on the car park upgrade with new lighting and resealing. Crossing points have been delayed due to design approvals. Scoping work has commenced on project work opposite New World.
Replacement of Fencing at Johnston Park	1	0	1	n/a	0	0	0	100%	1	Late invoice from 2017/18 financial year and no further work on this project.
Kitchener Park Toilets	2	0	2	n/a	0	0	0	100%	2	Late invoice from 2017/18 financial year and no further work on this project.
Districtwide Reserves Renewals	7	15	(8)	-53%	0	30	30	20%	30	BMX track has been renewed and playground equipment has been ordered.
Sanson Playground	26	0	26	n/a	5	158	158	20%	158	Detailed design on the Playground has been completed. Playground installation is due to commence from March 2019 to coincide with the installation of the new public toilets.
Kowhai Park Renewals	0	6	(6)	-99%	15	12	12	0%	12	A quote has been received for the new roof of the Centennial building. Works will begin late January 2019.
Makino Precinct Renewals	0	0	0	n/a	0	8	8	40%	8	Project is currently underway.
Pohangina Valley Renewals	3	9	(7)	-77%	0	18	18	20%	18	Project is currently underway. Completion due in February 2019.
Timona Park Renewals	0	3	(3)	-88%	0	7	7	0%	7	Work is planned and due to be completed by January 2019. Skylight replacement has been programmed with contractor.
Victoria Park Renewals	0	6	(6)	-99%	0	12	12	0%	12	Renewal of the sewer line for squash club. Discussion with the contractor have been carried out and works have been programmed.
<b>Total Community Facilities</b>	<b>756</b>	<b>1,855</b>	<b>(1,099)</b>	<b>-59%</b>	<b>309</b>	<b>5,287</b>	<b>5,577</b>		<b>5,234</b>	
<b>Animal Control</b>										
Animal Control New Works	10	5	5	101%	0	10	10	100%	10	Construction of Auxiliary Storage Area has been completed
Animal Control Renewal Projects	3	2	2	112%	0	3	3	100%	3	Painting of the new shed and pound exterior has been completed. A concrete pad has been installed in the dog yard
<b>Total Animal Control</b>	<b>13</b>	<b>6</b>	<b>7</b>	<b>104%</b>	<b>0</b>	<b>13</b>	<b>13</b>		<b>13</b>	
<b>Emergency Management</b>										
CDEM radio repeater	0	9	(9)	-100%	0	9	9	0%	9	Project will be started later in the 2018/19 year
Alternate EOC Fibre Connection and Cabling	0	0	0	n/a	0	36	36	0%	36	Project will be started later in the 2018/19 year
Radio Tower Upgrade and VHF Replacement	0	0	0	n/a	0	7	7	5%	7	Project will be started later in the 2018/19 year
<b>Total Emergency Management</b>	<b>0</b>	<b>9</b>	<b>(9)</b>	<b>-100%</b>	<b>0</b>	<b>52</b>	<b>52</b>		<b>52</b>	

	Actual YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance YTD %	Commitments \$000	Full Year Revised Budget \$000	Annual Plan 2019 \$000	Physical Completion %	Year End Forecast \$000	Notes/Comments <i>Budget YTD reflects the amounts carried forward from 2018/19 after the Annual Plan was prepared.</i>
<b>Roading</b>										
Roading Growth	364	964	(600)	-62%	1,187	1,952	872	35%	1,552	Port Street East Stage is programmed for completion by 30 June 2019. The Turners Road project land acquisition process has started. Kimbolton CBD upgrade will be completed in early February. The Hiwinui Walkway is due to start in January with completion expected May 2019
CBD Redevelopment Projects	0	82	(82)	-100%	0	82	82	0%	0	Pending Council approval for the project to proceed.
Subsidised Minor Improvement New	95	698	(603)	-86%	993	1,314	1,353	7%	1,314	Improvement projects planned for construction through summer include; Awahuri Feilding Road Stage 2, Aranui Road/Rongotea Road intersection, Makino Short Road Intersection safety improvements and the Safer Schools Programme. New footpath works in Port Street are included in the approved 2019-2021 NZTA subsidised work programme. The flag lighting installation in Himatangi Block Road and Rangiotu Road is complete
Subsidised Cycle Facilities	0	22	(22)	-100%	40	44	44	0%	40	Feilding to Palmerston North Cycleway single stage business case is being carried out jointly with PNCC and is expected to be completed by the end of April 2019.
Subsidised Road Improvements New	0	27	(27)	-100%	54	55	0	0%	55	Improvements in conjunction with Subsidised Minor Improvement Projects.
Subsidised Unsealed Road Metalling	208	117	91	78%	26	234	507	89%	234	The renewals programme is carried out via a contract with Higgins Contractors Ltd.
Subsidised Sealed Road Resurfacing	843	688	155	23%	0	1,751	1,784	50%	1,705	Reseal programme began in November 2018 with completion of chip seal sites expected by the end of February 2019. Asphaltic Concrete resurfacing (\$170k) will be completed by the end April 2019. The forecast is dependant on volatile cost fluctuations.
Subsidised Bridge Renewals	252	552	(300)	-54%	0	1,291	1,929	20%	1,291	Mangaweka bridge design, consultation and land acquisition, compressed programme due to delays in funding approval by NZTA. Early forecast for completion of this phase is November 2019 . Gillespies Line and Rongotea Road design and consultation phase for box culvert replacements. Otara Bridge (boundary bridge) strengthening has been completed.
Subsidised Drainage Renewals	68	289	(222)	-77%	712	827	574	9%	827	Budget increased by the transfer from subsidised unsealed road metalling to support the demand for renewal projects and the maintenance contract. There are 19 culverts programmed for replacement under the maintenance contract to correct capacity issues.
Subsidised Structures Renewals	336	159	177	111%	2	455	464	75%	455	Pohangina Road (Grand Canyon) steel bridge project is completed. The guard rail replacement project was completed in December 2018.
Subsidised Traffic Services Renewal	105	50	55	110%	61	268	273	36%	285	Ahead of budget due to road marking carried out early 2018/19. The forecast overspend will be balanced out by underspending in other subsidised renewal programmes.
Subsidised Pavement Rehabilitation	742	744	(3)	0%	570	1,488	1,517	51%	1,488	Port Street East roading component will be completed by June 2019. Kimbolton Road North urban reconstruction and southern rehabilitation are practically complete. Other rehabilitation projects will be undertaken during summer at Awahuri Road (in conjunction with road improvements) and Taylor Road. Cemetery Road and Oppatt Service Lane rehabilitation have been deferred to 2019/20 pending confirmation of pavement design.
Subsidised Accelerated LED Renewals	0	77	(77)	-100%	0	140	140	0%	82	This project is for the design and installation for stage 3 (high use roads) in Feilding and will begin later in 2018/19 year.
Roading District Footpath Renewal	40	32	8	24%	53	80	0	50%	80	This project will be carried out in conjunction with rehabilitation and maintenance contracts work. Carry over commitments for Seddon Street footpath renewal are being reviewed. Once finalised it is expected that the year end forecast will be met.
Non Subsidised Rooding Renewal	26	56	(30)	-54%	127	102	102	17%	153	Expenditure is for commitments carried over from the 2017/18 for Port Street works.
Subs - Rooding New Footpaths	10	37	(27)	-74%	0	82	82	12%	82	Project is for new footpaths in Port Street.
<b>Total Rooding</b>	<b>3,088</b>	<b>4,595</b>	<b>(1,507)</b>	<b>-33%</b>	<b>3,879</b>	<b>10,165</b>	<b>9,723</b>		<b>9,643</b>	
<b>Solid Waste</b>										
Purchase of New Recycling Bins	4	10	(6)	-58%	3	20	20	25%	20	Bin movements out to the community.
Recycling Inventory	(4)	(3)	(1)	20%	1	(7)	(7)	50%	(7)	This is the net movement of inventory - new bin purchases and the issue of bins out to the community.
Resource Recovery Centre	272	160	112	70%	55	3,461	3,461	5%	2,000	Works are progressing ahead of budget due to early contractor engagement. Project is not expected to be completed this year and a carry forward will be requested to 2019/20.
Kaimatarau Rural Transfer Station Improvements	0	0	0	n/a	0	5	5	0%	5	Scope to be confirmed.
Establish Mobile Recycling Centres	0	3	(3)	-100%	3	5	5	0%	5	Minor improvements will be made as required.
<b>Total Solid Waste</b>	<b>273</b>	<b>169</b>	<b>103</b>	<b>61%</b>	<b>62</b>	<b>3,485</b>	<b>3,485</b>		<b>2,024</b>	
<b>Stormwater</b>										
Stormwater Growth Feilding	476	739	(263)	-36%	32	1,759	1,069	25%	1,754	Port Street works are underway and will be completed in the April 2019. Precinct 5 is yet to commence. The Satori Way tender has been awarded.
Stormwater Asset Renewal Tangimoana	3	0	3	n/a	0	0	0	100%	3	Unexpected expenditure required to replacement pump.
Stormwater New Work Feilding	5	24	(19)	-79%	0	57	10	5%	57	Work for Kimbolton Road has been committed.
Stormwater Unplanned Renewals	452	243	209	86%	116	554	400	80%	554	Port Street contract is underway. Derby Street has been completed. Commitments are being reviewed to ensure they all remain valid.
Stormwater District Wide New Works	12	178	(166)	-93%	0	509	509	10%	509	Design work underway for Tangimoana. The physical works for Halcombe, Cheltenham, Sanson have commenced.
<b>Total Stormwater</b>	<b>948</b>	<b>1,184</b>	<b>(235)</b>	<b>-20%</b>	<b>148</b>	<b>2,880</b>	<b>1,988</b>		<b>2,877</b>	

	Actual YTD \$000	Budget YTD \$000	Variance YTD \$000	Variance YTD %	Commitments \$000	Full Year Revised Budget \$000	Annual Plan 2019 \$000	Physical Completion %	Year End Forecast \$000	Notes/Comments <i>Budget YTD reflects the amounts carried forward from 2018/19 after the Annual Plan was prepared.</i>
<b>Wastewater</b>										
Feilding Wastewater Treatment Plant Asset Renewal	1,350	836	513	61%	328	2,136	2,036	50%	2,136	Physical works are ahead of schedule. Expenditure to reduce second half of the year.
Feilding Wastewater Treatment Plant Irrigation	209	96	112	117%	156	255	255	90%	255	Budget managed as part of overall Feilding Wastewater Treatment Plant projects. Commitments are being revised in order to meet year end forecast.
Feilding Wastewater Treatment Plant New Projects	932	768	164	21%	46	1,260	1,230	50%	1,260	Property has been purchased. WWTP upgrade to meet consent conditions underway.
Feilding Wastewater Growth	323	296	27	9%	160	777	458	40%	777	Port Street contract is underway. Work is to be completed during 2018/19 financial year.
Feilding Reticulation Renewals	185	67	118	177%	18	153	153	100%	153	Design and investigation underway.
Wastewater New Connections	52	25	26	103%	0	51	51	100%	52	Work for Himatangi Beach connections is carried out as demanded. Expenditure is offset by contributions from property owners.
Wastewater Pump Station Renewal	0	22	(22)	-100%	0	55	0	0%	55	Renewals are made as required.
Rongotea Wastewater Treatment Plant Renewals	16	132	(115)	-88%	0	263	214	5%	16	Project is confirmed as part of the centralisation upgrade works.
Cheltenham Wastewater Renewal	0	26	(26)	-100%	0	52	2	0%	0	Project is confirmed as part of the centralisation upgrade works.
Awahuri Wastewater Treatment Plant Renewals	0	8	(8)	-100%	0	20	0	0%	0	Project is confirmed as part of the centralisation upgrade works.
Kimbolton Wastewater Treatment Plant Renewals	2	12	(10)	-84%	0	28	10	0%	2	Project is confirmed as part of the centralisation upgrade works.
Halcombe Wastewater Treatment Plant Renewals	0	13	(13)	-100%	0	30	10	0%	0	Project is confirmed as part of the centralisation upgrade works.
Desludging Oxidation Ponds	31	3	28	1063%	0	4	10	100%	31	Costs are part of the centralisation upgrade works. The over-expenditure is being offset by under-expenditure in other projects associated with centralisation.
Himatangi Sewerage New Work	15	0	15	n/a	0	0	0	100%	15	The costs are for a required travelling irrigator. The over-expenditure is being offset by under-expenditure in other projects associated with centralisation.
Himatangi Wastewater Asset Replacement	7	5	2	39%	0	10	10	80%	10	Pumping works installed ahead of schedule due to contractor availability.
Wastewater Centralisation Renewal	255	841	(586)	-70%	53	1,832	1,832	25%	630	Resource consent process and iwi consultation underway. A request will be made to carry forward unspent budget to the 2019/20 financial year.
District Wastewater Pump Station Telemetry	0	38	(38)	-100%	0	94	0	0%	94	Project will begin later in the 2018/19 year.
<b>Total Waste Water</b>	<b>3,376</b>	<b>3,188</b>	<b>189</b>	<b>6%</b>	<b>762</b>	<b>7,020</b>	<b>6,271</b>		<b>5,485</b>	
<b>Water</b>										
Feilding Water Treatment Plan Renewals	171	1,640	(1,469)	-90%	34	3,277	3,291	10%	3,277	The reservoir tender is complete and under evaluation. The bore location is being confirmed. Progress will be limited by contractor availability.
Feilding Reticulation Renewals	39	54	(15)	-27%	0	204	204	20%	204	Project is in the design and scoping stage.
Feilding Water Supply Growth	148	190	(42)	-22%	95	405	328	35%	405	Works on Port Street are underway.
Feilding Water Pressure Zones	2	65	(63)	-97%	0	158	20	5%	158	Minor works have been carried out. The majority of the work is scheduled for later in the 2018/19 year.
Water Supply New Connections	2	13	(11)	-86%	0	25	25	5%	25	Work is carried out as required.
Himatangi Water Asset Renewals	5	5	(0)	0%	0	10	10	50%	10	Investigation works underway.
Himatangi Water Supply New Work	0	103	(103)	-100%	0	216	162	0%	216	Treatment and source requirements yet to be confirmed.
Sanson Water Asset Renewal	0	5	(5)	-100%	0	13	0	0%	13	Renewals are made as required.
Sanson Water Treatment Plant New Works	122	473	(351)	-74%	1,036	1,100	335	10%	1,100	Tender has been awarded and Water Treatment Plant works have commenced.
Stanway/Halcombe Water Treatment Plant New Works	0	169	(169)	-100%	1	350	290	0%	350	Options are being considered for the removal of protozoa. This is a requirement from the Director General of Health, as a result of the Havelock North water issue.
Stanway/Halcombe RWS Intake and Capacity Improvements	19	71	(52)	-73%	9	143	143	10%	143	Options are being considered for the removal of protozoa. This is a requirement from the Director General of Health as a result of the Havelock North water issue.
Waituna West RWS Renewals	1	5	(4)	-73%	0	10	10	10%	10	Costs are demand driven.
WS Unplanned Renewals-Villages	2	15	(13)	-88%	0	31	31	10%	31	Costs are demand driven.
<b>Total Water Supply</b>	<b>511</b>	<b>2,808</b>	<b>(2,297)</b>	<b>-82%</b>	<b>1,175</b>	<b>5,941</b>	<b>4,848</b>		<b>5,941</b>	
<b>Support Services and Other</b>										
Motor Vehicle Renewals	136	209	(73)	-35%	0	209	209	65%	209	Annual renewal programme underway.
Computer Hardware	102	162	(61)	-37%	12	267	262	35%	267	The phone system purchase has been mostly completed. Hardware renewals are planned for later in the financial year.
Software - Document Management	41	62	(20)	-33%	0	123	46	23%	123	Document management system implementation is progressing as expected.
Other IM Renewal Projects	0	10	(10)	-100%	0	19	39	0%	19	Project will take place later in the 2018/19 year.
Software Replacement	0	64	(64)	-100%	0	104	53	0%	104	Project will take place later in the 2018/19 year.
Administration Building New Works	16	0	16	n/a	0	17	17	99%	17	New security camera data storage purchased ahead of schedule to take advantage of supplier pricing special.
Administration Building Renewals	12	0	12	n/a	0	26	26	46%	26	Replacement of current security cameras.
Call Centre Autex Panelling	0	2	(2)	-100%	0	4	4	0%	4	Purchase of panelling will take place later in the 2018/19 year.
General Renewals	0	11	(11)	-100%	0	22	22	0%	22	No current requirements.
General New Assets	0	11	(11)	-100%	0	23	20	0%	23	No current requirements.
<b>Total Support Services and other</b>	<b>307</b>	<b>531</b>	<b>(224)</b>	<b>-42%</b>	<b>12</b>	<b>815</b>	<b>698</b>		<b>815</b>	
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>9,272</b>	<b>14,345</b>	<b>(5,073)</b>	<b>-35%</b>	<b>6,346</b>	<b>35,658</b>	<b>32,655</b>		<b>32,019</b>	

◆ Greater than 15% of budget

▲ Between 5-15% greater than budget

● Less than 5% greater than budget

LOS = Level of Service