



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*

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# AUDIT AND RISK COMMITTEE

## Open Agenda

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Meeting Date: Thursday 15 March 2018

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Time: 1.00pm

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Venue: Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
Napier

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Committee Members John Palairet (In the Chair), Mayor Bill Dalton, Geoff Foster,  
Councillor Claire Hague, and Councillor Kirsten Wise

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Officer Responsible Director Corporate Services

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Administration Governance Team

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**Next Audit and Risk Committee Meeting**  
**Thursday 13 September 2018**

# ORDER OF BUSINESS

## Apologies

Nil

## Conflicts of interest

## Public forum

Nil

## Announcements by the Mayor

## Announcements by the Chairperson

## Announcements by the management

## Confirmation of minutes

That the Minutes of the Audit and Risk Committee meeting held on Thursday, 7 December 2017 be taken as a true and accurate record of the meeting (page 42 refers).

## Notification and justification of matters of extraordinary business

(Strictly for information and/or referral purposes only).

## Agenda items

1	Insurance Arrangements .....	3
	Presentation – JLT Insurance .....	
2	Reappointment of Chair and Independent Member .....	4
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6	Investment and Debt Report .....	23
7	Sensitive Expenditure - Mayor and Chief Executive .....	26
8	Audit Arrangements for Year Ending June 2018 .....	39
9	Renaming Napier Conference Centre .....	<i>late paper, to be tabled</i>
	Presentation – Lucy Dobbs, Strategy and Marketing Consultant .....	

## General Business

1	Confirmation of Items to be taken to Council .....	N/A
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<b>Public excluded .....</b>	<b>41</b>
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# AGENDA ITEMS

## 1. INSURANCE ARRANGEMENTS

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	433370
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer

### 1.1 Purpose of Report

To receive an update from JLT our insurance brokers on the key issues to the Local Government Sector and to consider insurance requirements for Napier City Council for the upcoming financial year 2018/19

#### Officer's Recommendation

- a. That the presentation by JLT be received.
- b. That the Committee make recommendations on changes (if any) regarding the appropriateness of the proposed cover for 2018/19.

#### Committee's Recommendation

That the Committee resolve that the officer's recommendation be adopted.

#### Risk

That Council do not provide sufficient insurance to cover their risks to an appropriate level to ensure the ability to recover from risks associated with Local Government activities.

### 1.2 Attachments

Nil

## 2. REAPPOINTMENT OF CHAIR AND INDEPENDENT MEMBER

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Enter Legal Reference
<i>Document ID:</i>	434449
<i>Reporting Officer/s &amp; Unit:</i>	Adele Henderson, Director Corporate Services

### 2.1 Purpose of Report

To advise the reappointment of John Palairret, Chair and Geoff Foster, Independent Member to the Audit and Risk Committee from January 2018 until February 2019.

#### Officer's Recommendation

- a. The reappointment of John Palairret, Chair and Geoff Foster, Independent Member to the Audit and Risk Committee be received.

#### Mayor's/Chairperson's Recommendation

That the Committee receive the officer's recommendation.

### 2.2 Attachments

- A Letter of Reappointment for John Palairret, Chair [↓](#)
- B Letter of Reappointment for Geoff Foster, Independent Member [↓](#)



9 January 2018

John Palairet  
5A Roslyn Road  
Bluff Hill  
NAPIER 4110

Dear John,

**REAPPOINTMENT OF COMMITTEE CHAIR TO AUDIT AND RISK COMMITTEE**

As per the Napier City Council resolution of 20 December 2017, I am pleased to advise that you have been reappointed to the role of Audit and Risk Committee Chair for a period of 12 months to February 2019.

This reappointment reflects Council's view that your contribution to the Audit and Risk Committee has had an overall beneficial impact on the organisation in terms of effectiveness and accountability. It also recognises the strong governance role you have taken, and your structured approach to risk management, risk reporting and policy review.

We look forward to the first 2018 meeting of the Committee at 1pm, Thursday 15 March 2018 at the Hawke's Bay Regional Council Chamber, 159 Dalton Street, Napier.

Yours faithfully,

Adele Henderson  
Director Corporate Services



9 January 2018

Geoff Foster  
75 Sandspit Road  
Shelly Park  
AUCKLAND 2014

Dear Geoff,

**REAPPOINTMENT OF INDEPENDENT MEMBER TO AUDIT AND RISK COMMITTEE**

As per the Napier City Council resolution of 20 December 2017, I am pleased to advise that you have been reappointed to the role of Audit and Risk Committee independent member for a period of 12 months to February 2019.

This reappointment reflects Council's view that your contribution to the Audit and Risk Committee has had an overall beneficial impact on the organisation in terms of effectiveness and accountability. It also recognises the strong governance role you have taken, and your structured approach to risk management, risk reporting and policy review.

We look forward to the first 2018 meeting of the Committee at 1pm, Thursday 15 March 2018 at the Hawke's Bay Regional Council Chamber, 159 Dalton Street, Napier.

Yours faithfully,

Adele Henderson  
Director Corporate Services

### 3. DRAFT LONG TERM PLAN 2018-28 UNDERLYING DOCUMENTS

Type of Report:	Operational
Legal Reference:	Local Government Act 2002
Document ID:	433361
Reporting Officer/s & Unit:	Caroline Thomson, Chief Financial Officer

#### 3.1 Purpose of Report

That the Committee review and provide feedback to Council on the Long Term Plan 2018-28 underlying documents prior to the final adoption of the reports.

#### Officer's Recommendation

That the Committee

- a. Receive the Long Term Plan 2018-28 underlying documents
  - Significance and Engagement Policy
  - Significant Planning assumptions
  - Capital Plan
  - Community Outcomes
  - Contribution to decision-making processes by Māori
  - Council controlled organisations
  - Draft Infrastructure Strategy
  - Draft Financial Strategy – *to be tabled*
  - Statement of Accounting Policies
  - Prospective Financial Statements – *to be tabled*
  - Draft Funding Impact Statement
  - Financial Prudence benchmarks – *to be tabled*
  - Council Funding Policies
- b. Document feedback from the review of these documents to be provided to the next available Council meeting.

#### Committee's Recommendation

That the Committee resolve that the officer's recommendation be adopted.

#### 3.2 Attachments

- A Significance and Engagement Policy (*Under Separate Cover*) ⇒
- B Significant Planning Assumptions (*Under Separate Cover*) ⇒
- C Capital Plan (*Under Separate Cover*) ⇒
- D Community Outcomes (*Under Separate Cover*) ⇒
- E Contribution to Decision Making Processes by Maori (*Under Separate Cover*) ⇒
- F Council Controlled Organisations (*Under Separate Cover*) ⇒
- G Draft Infrastructure Strategy (*Under Separate Cover*) ⇒
- H Statement of Accounting Policies (*Under Separate Cover*) ⇒
- I Draft Funding Impact Statement (*Under Separate Cover*) ⇒

J Council Funding Policies (*Under Separate Cover*) [!\[\]\(55f151b49d1ec9b1c6a56f12d810c2ca\_img.jpg\)](#)



## 4. RISK MANAGEMENT REPORT MARCH 2018

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	433364
<i>Reporting Officer/s &amp; Unit:</i>	Rachael Horton, Manager Business Excellence & Transformation Caroline Thomson, Chief Financial Officer Adele Henderson, Director Corporate Services

### 4.1 Purpose of Report

To provide the Audit and Risk Committee (Committee) with an update on progress with risk management work and to report on the highest rated risks.

#### Officer's Recommendation

That the Committee

- a. Note the risk management work being undertaken by the NCC Risk Committee
- b. Receive the reports titled: *NCC Risk Maturity Roadmap* and *Highest rated risks report 2 March 2018*.

#### Committee's Recommendation

That the Committee resolve that the officer's recommendation be adopted.

### 4.2 Background Summary

Napier City Council (NCC) is committed to improving its capability to identify and manage risks as an integral part of business practices, and has an ongoing programme of work to achieve this.

The Committee supports NCC's risk commitment by acting in a risk monitoring advisory and improver role. Regular reporting to the Committee on NCC's risk work is undertaken to seek advice and direction to improving risk management practices and appropriate management of the highest rated risks.

### 4.3 Improving risk management practices

Since our last report to the Committee, the NCC Risk Committee have completed the following:

- Developed a Risk Maturity Roadmap
- Established the Risk Champion role
- Completed Risk training for NCC Risk Committee and Risk Champions
- Reviewed extreme risk actions and treatments

#### *Risk Maturity Roadmap*

At the last meeting, the Committee requested officers to provide a way to measure and track improvements to NCC's risk capability and culture. A Risk Maturity Roadmap has been developed for this purpose (Attachment A).

The roadmap is set against a five year timeline based on advice from Camms Risk Specialist that to reach a mature level in a mid-size organisation can take between 5 and 7 years.

The roadmap compares seven competencies from the *AS/NZS 31000:2009 Risk Management - Principles and Guidelines* against a four stage maturity model. Each stage is described and NCC's level of maturity is assessed and evidenced for each competency.

#### *Risk Champions*

The purpose of the risk champion role is to:

- Work with risk owners to review risks and risk actions annually, and risk treatments six-monthly.
- Provide training on risk and the risk module in Sycle.
- Make recommendations to the NCC Risk Committee to add new or retire risks.
- Regularly discuss risk matters amongst staff and in team meetings.
- Prompt staff to identify new risks.

The Risk Champion role has now been initiated and 17 Risk Champions have been appointed from staff across NCC business units.

#### *Risk Training*

Risk training has been provided to the NCC Risk Committee and Risk Champions. The training covered risk theory, understanding of NCC's risk strategy and how to use the Sycle risk module.

#### *Review of Extreme Risks*

Sycle is set for risks (risk and actions) to be reviewed annually and risk treatments reviewed six-monthly. In addition to this review cycle, the risks require some refinement following the initial set up of the risk register as part of Sycle implementation in 2017. The NCC Risk Committee have focused on reviewing the Extreme risks for this quarter.

This has resulted in a two previously reported Extreme risks being downgraded to Medium and High.

#### 4.4 Reporting the highest rated risks

There are currently 145 strategic and operational risks in the risk register.

There are three risks to report to the Committee as the highest rated risks across the two registers; one is an operational risk rated Extreme (OR56, OR67) and two are strategic risks rated High (SR2, SR3).

These risks are reported in the attached spreadsheet (Attachment B).

##### *Extreme Risk*

The Extreme risk in the operational risk register is:

- OR67 Pandora Pond – customer drowning

The risk of a customer drowning at Pandora Pond is currently rated Extreme. We have identified a number of risk treatments that will be put in place to reduce the likelihood of this risk occurring. The facility will be closed from the end of February and it is intended that the risk treatments are completed before the facility is re-opened for the next summer season.

##### *High Risks*

The two High risks in the strategic risk register are:

- SR2 Removal of three waters delivery and management
- SR3 Increased number and/or severity of major/natural disaster events

These risks have not altered since the last report to the Committee as the risks are outside the control of NCC. The risk treatments listed against these risks are ongoing.

#### 4.5 Significance and Consultation

There are no external consultation requirements for this report.

#### 4.6 Attachments

- A NCC Highest Rated Risks 2 March 2018 [↓](#)
- B NCC Risk Maturity Roadmap [↓](#)



## Napier City Council Risk Register

02-Mar-2018

Risk Code	Primary Category / Sub Category	Risk Type	RISK IDENTIFICATION			Inherent Risk Rating	Revised Risk Rating	Treatment Actions
			Risk Issue	Causes	Consequences			Risk Action Title
				Inherent	Inherent			
OR67	Health and Safety	Operational Risk	Pandora Pond - Customer drowning	Murky water visibility. Poor quality or no parental supervision Insufficient lifeguards Lifeguards slow to respond Dangerous customer behaviour	Death or serious injury to customers	Extreme	Extreme	Adopt a human-centred design approach to addressing collective whanau responsibility for toddlers at the pond
								External review of lifeguarding model performed by NZRA
								Improve communications (signage, briefings) to parents to advise of their responsibilities for supervising children while swimming.
								Investigate the possibility of providing a safe space for toddlers (e.g. paddling pool) at the pond to keep them away from the waters edge
SR2	Service Delivery	Strategic Risk	Removal of 3 waters delivery and management	Central government water enquiry. Repeated non-compliance with water quality standards. Public health issues. Public outcry.	Damage to reputation. Significant changes to structure and staffing levels. Increased cost to the community. Loss of control of managing the community's expectations. Potential change to service levels.	High	High	Improving 3 waters asset management practices
								Improving 3 waters operations
								Planning for additional resources
SR3	Service Delivery	Strategic Risk	Increased number and/or severity of major/natural disaster events	Earthquake. Tsunami. Volcanic ash. Flooding. Epidemic or pandemic.	Major disruption to service delivery. Loss of life. Loss of essential services. Loss of / damage to infrastructure. Financial costs. Changes to government funding for recovery.	High	High	Evaluate Council's insurance cover
								Review and test Business Continuity Plans and procedures



## NCC Risk Maturity Roadmap: 5 year plan

	Awareness	Initial Application	Advanced Application	Mature
<b>Risk Communication</b>	Communication of roles and responsibilities of governance stakeholders (Risk and Audit Committee, Senior Leadership Team, NCC Risk Committee, Champions) identified and documented.	Risk Management communication plan developed that identifies objectives, key communication roles and responsibilities, key actions and timeframes.	Risk Communication Plan being implemented. Defined risk management branding and messaging in the workplace.	Risk Communication Plan performance against objectives evaluated. High level of staff recognition of the risk management program.
<b>Target:</b>		October 2018	October 2019	October 2020
<b>Evidence:</b>	Risk Strategy/Framework developed and endorsed by SLT in March 2017, identifies key communication roles and responsibilities. Risk Champion role developed.			
<b>Senior Management Support</b>	Senior Leadership Team (SLT) demonstrate leadership of risk management in the organisation.	SLT undertake strategic risk identification and assessment. SLT members support and participate in operational risk identification and assessment in their Directorates.	SLT actively monitor and review strategic and operational risks as scheduled. Directors job specifications include key responsibilities from the Strategy. SLT ensure their business unit managers job specifications include key responsibilities from Risk Strategy.	SLT performance reviews include evaluation of risk management responsibilities. SLT lead the evaluation of their business unit managers risk management responsibilities.
<b>Target:</b>			December 2018	July 2019
<b>Evidence:</b>	Director Infrastructure Services appointed to NCC Risk Committee as Executive Sponsor. SLT support the appointment of Risk Champions. SLT completed strategic risk identification and assessment in June 2017. SLT participation in operational risk workshops in June 2017.			
<b>Training</b>	Training needs identified for key risk management roles.	Training delivered for key risk management roles.	Risk management training provided to new employees in key risk management roles. Risk Management awareness training to all new employees as part of induction.	Risk management training program supporting different levels of need implemented at all levels of risk management responsibility in the organisation.
<b>Target:</b>			June 2020	June 2021
<b>Evidence:</b>	Risk foundation training for NCC Risk Committee, Risk Champions and Risk Owners identified. Risk foundation training for Risk Committee and Champions completed 13 and 15 February 2018. Second stage of risk training for Risk Champions and Committee scheduled for 3rd quarter 2018. Risk foundation training for Risk Owners scheduled for 4th Quarter 2018.			
<b>Risk Documents</b>	Risk Strategy/Framework developed and endorsed. Risk Committee Charter developed and endorsed.	Risk Management Policy developed and endorsed.	Risk Management Policy reviewed and updated. Risk Strategy/Framework reviewed and updated.	Risk Management Policy, Strategy/Framework reviewed and updated on cyclical basis. Risk Management documents are cross referenced in the development and review of all relevant Council plans and strategies.
<b>Target:</b>		June 2019	June 2020	June 2021
<b>Evidence:</b>	Risk Strategy/Framework developed and endorsed by SLT in March 2017. Risk Committee Charter finalised.			
<b>Risk Registers</b>	Risk identification and assessment workshops conducted as the basis for development of Strategic and Operational Risk Registers.	Strategic Risk Register developed. Operational Risk Register developed. Project Risk Register developed.	Strategic, Operational and Project Risk Registers reviewed and updated. Risk Registers linked to all relevant organisational risk initiatives eg Health & Safety hazards, Infrastructure Project Management, Disaster Management/Business Continuity etc	All risks and risk controls in the Strategic, Operational and Project Risk Registers fully reviewed and updated annually. Individual risks reviewed in the Risk Registers in response to significant risk events/incidents.
<b>Target:</b>			June 2019	June 2021

as at 22 February 201

*Strategic risk identification and assessment workshop conducted with SLT in June 2017.*

**Evidence:** *Operational risk identification and assessment workshop conducted with Business Unit Managers in June 2017.*

*Strategic and Operational Risk Registers compiled and uploaded into SYCLE. Preliminary work commenced on Project Risk Register.*

Risk Treatment Action Plans	Risk treatment actions identified in risk identification and assessment workshops.	Risk treatment actions reviewed and responsibilities, start/end dates revised for monitoring and reporting.	All strategic risk treatment actions are actively monitored and their progress reported to SLT meetings. All operational risk treatment actions and their progress reported on through Directorate and Business Unit Manager's meetings.	All risk treatment actions are included in Council's operational/business planning process. All off-track risk treatment actions have timely corrective action taken.
<p><b>Target:</b></p> <p><i>Strategic risk identification and assessment workshop conducted with SLT in June 2017.</i></p> <p><b>Evidence:</b> <i>Operational risk identification and assessment workshop conducted with Business Unit Managers in June 2017.</i></p>		July 2018	July 2019	December 2019
Risk Management Integration	Linkages between risk management and other risk identification and assessment initiatives eg Health & Safety hazards, Infrastructure project management, Disaster Management/Business Continuity etc.in the organisation are identified.	Linkage/integration issues resolved between relevant organisational risk initiatives. Recording, monitoring and reporting linkages determined and actioned.	Risk Registers linked to all relevant organisational risk initiatives. Recording, monitoring and reporting is linked up.	Risk management is incorporated in strategic and operational planning review and updating. Risk management is a "business as usual" process throughout Council's operations.
<p><b>Target:</b></p> <p><i>Discussions underway to determine linkage between H&amp;S hazard management and SYCLE risk management.</i></p> <p><b>Evidence:</b> <i>Work underway in Infrastructure Services to determine linkage between project risks and SYCLE risk management.</i></p>		July 2019	March 2020	March 2021

as at 22 February 201







## 5. HEALTH AND SAFETY REPORT ENDING 28 FEBRUARY 2018

<b>Type of Report:</b>	Information
<b>Legal Reference:</b>	N/A
<b>Document ID:</b>	441796
<b>Reporting Officer/s &amp; Unit:</b>	Sue Matkin, Manager People & Capability

### 5.1 Purpose of Report

To provide the Napier City Council Health & Safety report as at 28 February 2018 for the Committee's review.

### Officer's Recommendation

That the Committee:

- a. Receive the Napier City Council Health and Safety report as at 28 February 2018.

### CHAIRPERSON'S RECOMMENDATION

That the Committee resolve that the officer's recommendation be adopted.

### 5.2 Attachments

- A Health and Safety Report to 28 February 2018 [↓](#)

**INFORMATION PAPER**

<b>TO:</b>	Risk & Audit
<b>REPORT DATE:</b>	5 March 2018
<b>PREPARED BY:</b>	Sue Matkin
<b>SUBJECT:</b>	HEALTH & SAFETY STATISTICS
<b>AGENDA ITEM</b>	FEBRUARY 2018 H&S REPORTING

**PURPOSE**

The purpose of this report is to provide all Staff and Council with an overview of the health and safety performance as at **28 February 2018**.

**SUMMARY – KEY PERFORMANCE INDICATORS****February LTIs**

N/A

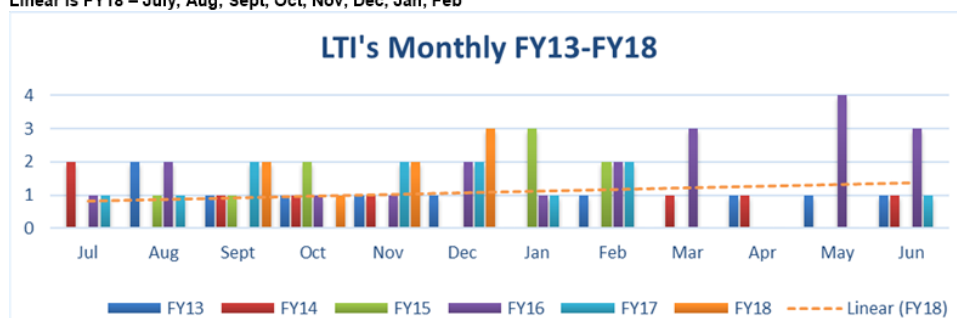
Reported Incidents (Total Company)	Dec 2016	Dec 2017	Jan 2017	Jan 2018	Feb 2017	Feb 2018	YTD 2016	YTD 2018	Targets FY18
Lost time injuries (LTIs):	2	3	1	0	2	0	11	8	<=10
Medically treated injuries (MTIs):	5	4	6	2	4	2	22	21	<=40
Total recordable injuries (MTIs + LTIs):	7	7	7	2	6	2	33	29	<=50
Near miss/hit & property damage	3	9	8	12	7	13	49	120	>=200
Reported Incidents Involving Public using our facilities	9	42	19	56	18	19	68	204	<=200
Significant Incidents or Accidents involving Contractors	0	3	1	1	0	0	2	7	<=12

LTIs and MTIs YTD as at 28 February 2018 (Comparison between FY17 and FY18)

- 27.2% decrease in LTIs
  - 4.54% decrease in MTIs
  - 12.1% decrease in TRIs
- 64 days since last LTI

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
FY13	0	2	1	1	1	1	0	1	0	1	1	1	10
FY14	2	0	1	1	1	0	0	0	1	1	0	1	8
FY15	0	1	1	2	0	0	3	2	0	0	0	0	9
FY16	1	2	0	1	1	2	1	2	3	0	4	3	20
FY17	1	1	2	0	2	2	1	2	0	0	0	1	12
FY18	0	0	2	1	2	3	0	0					8

Linear is FY18 – July, Aug, Sept, Oct, Nov, Dec, Jan, Feb



## HEALTH AND SAFETY PERFORMANCE LEAD INDICATORS AS AT FEBRUARY 2018

Lead Indicators	Detail	Dec 17	Jan 18	Feb 18	YTD 18	Full Year Target FY18
<b>Body discomfort reporting</b>  (1 in 5 people)	An early intervention programme to resolve the cause of the discomfort in the workplace and/or medical treatment before developing into chronic pain and an injury. Online e-learning videos are part of the programme. Resolutions: Work station assessments completed. Appropriate changes made. Follow ups completed, no more issues.	2	2	4	22	130
<b>Work Station Assessments</b>  (10 / 10)	New employees receive workstation assessments and e-learning videos. Re assessments completed as required or where new areas or equipment set up. <ul style="list-style-type: none"> <li>New Employees</li> <li>Existing Employees in different BU/Area/New desks or chairs</li> </ul>	76	8	55	215	100%
<b>Near miss incident reporting</b>	Incidents without an injury reported. 510/12 months = 42pm	9	12	13	120	510
<b>Incident investigations</b>	All LTIs and MTIs investigations commenced within seven days of the event. <ul style="list-style-type: none"> <li>City Services (2) Vehicle (public) crashing into NCC vehicle</li> </ul>	11	2	2	27	100%
<b>Health and Safety Meetings</b>	Health and safety meetings at each workplace. <ul style="list-style-type: none"> <li>Civic Committee</li> <li>Community Services</li> <li>City Services</li> <li>Lead Committee</li> </ul>	3	4	4	24	30
<b>Internal Health and Safety Audits</b> (3 per month)	Health and safety audit of health and safety management system at nominated workplaces. <ul style="list-style-type: none"> <li>Mechanics Workshop</li> <li>Waterworks</li> <li>Drainage - Asbestos Storage area at depot</li> </ul>	3	4	3	16	36
<b>Contractor Health &amp; Safety Audits and/or Safety Observations</b>	<b>Contractor Audits / Safety Observations</b> <ul style="list-style-type: none"> <li>3 Contractors worksites – very good reports by them all</li> </ul>	0	3	3	6	12
<b>Planned visible leadership - workplace health &amp; safety observation &amp; conversation</b>	Workplace health and safety observations, including a conversation with staff during a workplace visit by a core management team member. Walk around chats HS safety observation 1 per quarter Attend HS mtgs e.g. toolbox 3 per year	20	17	21	120	180
<b>Planned visible leadership – participating in a health and safety meeting</b>	SLT team member participating in a workplace or work group health and safety meeting at the workplace or joining a conference call.	45	39	28	172	150
<b>Inductions</b>	New Staff inducted to Napier City Council Staff who have moved business unit site inducted	3	22	7	87	100%
<b>Safety Alerts</b>	Safety alerts published to educate and prevent the same or similar injury occurring again.	0	0	0	0	6

## HEALTH AND SAFETY PERFORMANCE LAG INDICATORS AS AT FEBRUARY 2018

Lag Indicators	Detail	Dec 17	Jan 18	Feb 18	YTD 18	Full Year Target FY18
<b>Number of Total Recordable Injuries</b>	Injuries requiring treatment by a professional health provider e.g. Doctor Injuries includes MTIs and LTIs	7	2	2	29	<=50
<b>Lost Time Injuries</b>	Total incapacity – unable to work any hours. • N/A	3	0	0	8	<=10
<b>Medically Treated Injuries</b>	Capacity to work normal duties or restricted duties.	4	2	2	29	<=40
<b>Days Since Last LTI</b>	Total number of days since the last lost time injury for employees.	5	36	64	64	>=200 >=200
<b>ACC Work Injury Entitlement Claims</b>	Entitlement claims are where the injured worker is off work for more than 7 calendar days on weekly compensation. • N/A	0	0	0	1	90%

## HEALTH AND SAFETY OTHER REPORTING

Other	Detail	Dec 17	Jan 18	Feb 18	Result YTD 17/18
<b>Significant incident</b>	An event in a different circumstance may result in serious harm. • N/A	1	0	0	1
<b>Significant Issues or Incidents Involving Contractors</b>	An event involving a Contractors causing significant concern	0	0	0	3
<b>HSWA, Regulations, WorkSafe Updates and/or notifications</b>	Any updates communicated to management.	1	0	0	19
<b>Return To Work in Progress</b>	Employees who are on a return to work programme.	8	1	0	
	City Service (shoulder injury)	4	1	0	
	I-Site/Par 2	0	0	0	
	Aquatic Centre	1	0	0	
	Kennedy Park	2	0	0	

Training	No Staff
First Aid	16
Aggressive Customer Training	32

## 6. INVESTMENT AND DEBT REPORT

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	433362
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer

### 6.1 Purpose of Report

To consider the snapshot report on Napier City Council's Investment and Debt as at 28 February 2018. See **Attachment A**

#### Officer's Recommendation

That the Committee

- a. Receive the snapshot report on Napier City Council's Investment and Debt as at 28 February 2018

#### Committee's Recommendation

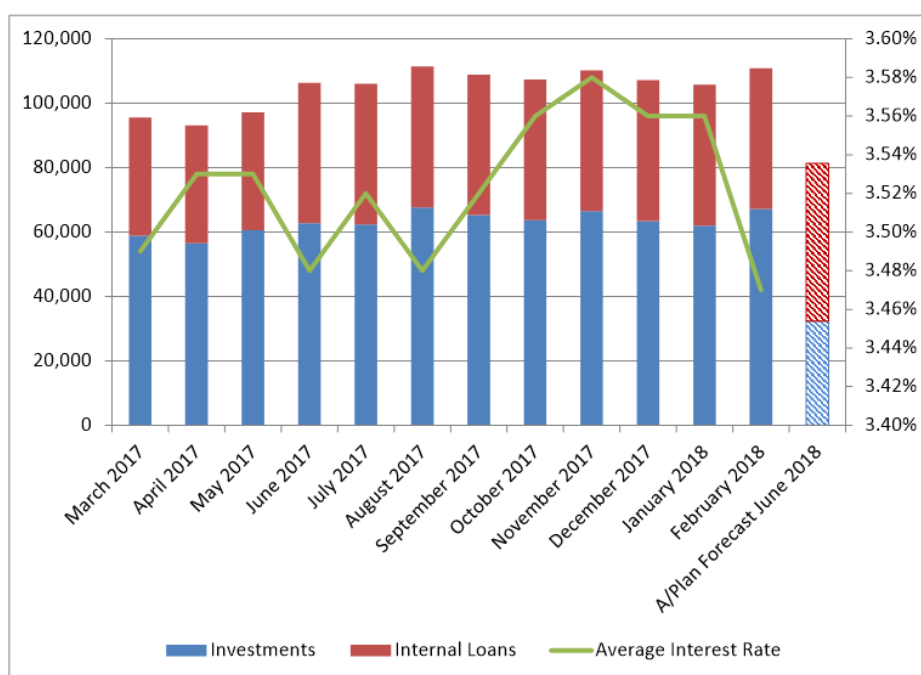
That the Committee resolve that the officer's recommendation be adopted.

### 6.2 Attachments

- A Investment and Debt Report as at 28 February 2018 [↓](#)

## Data for Treasury Graphs for 12 months March 2017 to February 2018

Month	Investments	Internal Loans	Average Interest Rate
March 2017	58,898	36,647	3.49%
April 2017	56,484	36,647	3.53%
May 2017	60,527	36,647	3.53%
June 2017	62,712	43,664	3.48%
July 2017	62,378	43,664	3.52%
August 2017	67,718	43,664	3.48%
September 2017	65,233	43,664	3.52%
October 2017	63,684	43,664	3.56%
November 2017	66,515	43,664	3.58%
December 2017	63,475	43,664	3.56%
January 2018	62,021	43,664	3.56%
February 2018	67,152	43,664	3.47%
A/Plan Forecast June 2018	32,400	48,943	
<b>AVERAGE</b>	<b>60,707</b>	<b>42,451</b>	



I:\STAFF\ITC\GENERAL\Treasury Graphs for 12 Months 28-2-18.xlsx



**Data for Treasury Graphs for 12 months March 2017 to February 2018**

<b>End of Month Actual</b>	<b>Investments (000)</b>	<b>Internal Loans (000)</b>	<b>External Loans (000)</b>	<b>Average Interest rate on Investments</b>
March 2017	\$ 58,898	\$ 36,647	\$ -	3.49%
April 2017	\$ 56,484	\$ 36,647	\$ -	3.53%
May 2017	\$ 60,527	\$ 36,647	\$ -	3.53%
June 2017	\$ 62,712	\$ 43,664	\$ -	3.48%
July 2017	\$ 62,378	\$ 43,664	\$ -	3.52%
August 2017	\$ 67,718	\$ 43,664	\$ -	3.48%
September 2017	\$ 65,233	\$ 43,664	\$ -	3.52%
October 2017	\$ 63,684	\$ 43,664	\$ -	3.56%
November 2017	\$ 66,515	\$ 43,664	\$ -	3.58%
December 2017	\$ 63,475	\$ 43,664	\$ -	3.56%
January 2018	\$ 62,021	\$ 43,664	\$ -	3.56%
February 2018	\$ 67,152	\$ 43,664	\$ -	3.47%
<b>12 Month Average</b>	<b>\$ 63,066</b>	<b>\$ 41,910</b>	<b>\$ -</b>	<b>3.52%</b>
Plan Forecast June 2018	\$ 32,400	\$ 48,943	\$ -	3.50%

## 7. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	450263
<i>Reporting Officer/s &amp; Unit:</i>	Talia Foster, Corporate Accountant Caroline Thomson, Chief Financial Officer

### 7.1 Purpose of Report

To provide the information required for the Committee to review Sensitive Expenditure of the Mayor and Chief Executive for compliance with Council's Sensitive Expenditure Policy.

#### Officer's Recommendation

- a. That committee receive the report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.

#### Chairperson's Recommendation

That the Committee resolve that the officer's recommendation be adopted.

### 7.2 Background Summary

As per the Sensitive Expenditure Policy approved by the Senior Leadership Team on 27 March 2017, a report of all sensitive expenditure by the Chief Executive and by the Mayor will be provided to Audit and Risk Committee meetings (clauses 6.3 and 6.5). The policy also states that the expenditure items will be reviewed by the Chairperson or the Deputy Chairperson of the Audit and Risk Committee for compliance with this policy.

### 7.3 Issues

No Issues.

### 7.4 Significance and Consultation

N/A

### 7.5 Implications

#### Financial

N/A

#### Social & Policy

N/A

#### Risk

N/A

### 7.6 Attachments

- A Report on Sensitive Expenditure of Mayor and Chief Executive [↓](#)

B 2017-03-27 Sensitive Expenditure Policy [↓](#)

**Mayor Sensitive Expenditure**

Report for Audit and Risk Committee Meeting March 2018

Transactions processed from 1 July 2017 to 28 February 2018

Date	Type	Payment to	Value	Details	Additional Detail
8/08/2017	Mayors Travel & Accommodation	Bill Dalton	99.22	AP Bill Dalton 128801 RF9967 LGNZ Conference Auckland 23-25/7/17	
5/09/2017	Mayors Travel & Accommodation	Bill Dalton	28	AP Bill Dalton 129120 RF7978 Sister City Mayoral gift and other travel	
27/07/2017	Mayors Travel & Accommodation	Mastercard	69.57	AP Mastercard 0 RF8282 AIR NZ flight change Mayor Wgtn LGNZ 11Aug	
13/12/2017	Mayors Travel & Accommodation	Bill Dalton	29.22	AP Bill Dalton 0 RF6932 Bill Dalton - expense claim for Taxi to NZ Wine Awards 25.11.17	
13/12/2017	Mayors Travel & Accommodation	Bill Dalton	29.39	AP Bill Dalton 0 RF6932 Bill Dalton - expense claim for Mayor taxi home after NZ Wine Awards	
18/12/2017	Entertainment		3716.14	Mayors Christmas party held Thursday 7th December	

**Chief Executive Sensitive Expenditure**

Report for Audit and Risk Committee Meeting March 2018

Transactions processed from 1 July 2017 to 28 February 2018

Date	Type	Payment to	Value	Details	Additional Detail
4/07/2017	ther perating Expenditur	awke s Bay A & P Society I	434.79	AP awkes Bay A & O RF8491 Tomoana naming oha Tomoana naming t	
14/07/2017	ther perating Expenditur	awke s Bay Tourism Limit	165	AP awkes Bay Tour O RF8623 CE BTIA & C NFR WA NE Tickets for B Export Awards Cer	
29/09/2017	ther perating Expenditur	Zinnia Floral Design 2008 Limited	69.57	AP Zinnia Floral D O RF6827 Condolence gift PM Architects	
13/12/2017	ther perating Expenditur	Lick This	765	AP Lick This O RF6958 Staff Christmas BB 13/12/17 Ice creams Staff Christmas BB	
15/12/2017	ther perating Expenditur	Mastercard	1.74	AP Mastercard O RF7272 Credit Card - ENN A Forks for Staff Christmas lunch - special di	
13/12/2017	ther perating Expenditur	Barbe ue Gourmet Limitei	5075	AP Barbe ue Gourme O RF5942 Catering-BaySkate staff xmas lunch 13/12 Staff Christmas Event 13 Decembe	
23/12/2017	ther perating Expenditur	Mastercard	83.44	AP Mastercard O RF6392 Credit Card - SARA A Staff Christmas Goods - Chocolate Santa	
1/04/2017	Travel and Accommodation	Mastercard	90.9	AP Mastercard O RF8354 Taxi Wellington return to Airport CE Forum 31/03	
5/05/2017	Travel and Accommodation	Mastercard	518.26	AP Mastercard O RF8354 LGNZ Flights CE Forum Wellington 15 May 17	
5/07/2017	Travel and Accommodation	Mastercard	104.35	AP Mastercard O RF8354 W ack -Nap-Akid-Amended flight-LGNZ Conferenc	
5/07/2017	Travel and Accommodation	Mastercard	344.35	AP Mastercard O RF8354 T ack-Nap-Akid-LGNZ Conference with W	
5/07/2017	Travel and Accommodation	Mastercard	17.39	AP Mastercard O RF8354 W ack-Nap-Akid-Seat Allocation LGNZ Conferenc	
1/07/2017	Entertainment	Mastercard	39.22	AP Mastercard O RF8530 Lunch meeting Westshore Workshop with Peter Cowell	
4/07/2017	Entertainment	Mastercard	145.83	AP Mastercard O RF8530 dinner with Peter Cowell on D	
5/10/2017	Entertainment	eeep New Zealand Beautifl	1360	AP eeep NZ Beautifl O RF6682 8 Tickets for NZB awards gala dinner Award dinner x10pax - final	
9/10/2017	Entertainment	awke s Bay A & P Society I	339.13	AP awkes Bay A & O RF8013 C MS A& P WINE TIC ETS SALL Additional 2 tickets B Wine	
19/12/2017	Employee Benefits	Mastercard	1622.25	AP Mastercard O RF6392 Credit Card - SARA A End of ear - thank you gif	
23/12/2017	Employee Benefits	Mastercard	165.22	AP Mastercard O RF6392 Credit Card - LL L Pi a for Staff end of year	



Sensitive Expenditure Policy			
Approved by:	Senior Leadership Team		
Department:	Finance		
Date Approved:	27 March 2017		
Next Review Date:	27 March 2018	DOC ID:	346084
Relevant Legislation:	Local Government Act 2002, Local Authority (Members' Interest) Act 1968, Public Audit Act 2001		
Documents referenced:	NCC Procurement Policy, NCC Motor Vehicle Policy, NCC Recognition Policy, NCC Gifts Received Policy, NCC Credit Card Policy, NCC Conflicts of Interests Policy.		

## Purpose

The purpose of this policy is to provide elected members and Council employees with a clear framework for managing sensitive expenditure. The most fundamental fact applicable to all expenditure by Council is that money used is ratepayers' funds. Consequently, sensitive expenditure needs to be consistent with the standards of probity and prudence that are expected of a public entity and be able to withstand elected members and public scrutiny.

**Definition of sensitive expenditure:** Expenditure by a public entity that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member of a public entity that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by a public entity that could be considered unusual for the entity's purpose and/or functions.

## Policy

### 1. Principles applicable to sensitive expenditure

In order to satisfy the requirements above, the Council expects all employees involved in arranging, making for approving expenditure to:

- do so only for Council purposes (i.e. expenditure is consistent with the Long Term Plan or Annual Plan);
- exercise integrity, prudence and professionalism
- not derive personal financial gain (unless a conflict of interest has been declared and the transaction is managed in according to the procedure agreed in the declaration of the conflict of interest);
- act impartially;
- ensure the expenditure is moderate and conservative in the extent of the given situation;
- ensure the transaction is made transparently
- have read and adhered to this and other relevant Council policies (particularly the Conflicts of Interest Policy);
- Are appropriate in all respects

The above principles and Council policies should be applied comprehensively (i.e. no single principle or policy should be excluded)

**2. Deciding when sensitive spending is appropriate**

- 2.1. For all expenditure, consideration needs to be given to FBT requirements.
- 2.2. In deciding what appropriate sensitive expenditure is, elected members and employees need to take account of both individual transactions and total value of sensitive expenditure.
- 2.3. Even when sensitive expenditure decisions can be justified at the item level, the combined amount of spend on a category of expenditure may be such that, when viewed in total, the entity could be considered extravagant and wasteful.

**3. Responsibilities of the Mayor, Councillors and Directors**

- 3.1. To be truly effective, this sensitive expenditure policy, procedures and other controls must be embedded in the Council's values, philosophy practices and business processes. When this occurs, everyone at Council becomes involved in the proper and prudent management of sensitive expenditure.
- 3.2. Overall responsibility for this policy rests with the Mayor, Councillors and the Senior Leadership Team (SLT). This group is required to make it clear to employees what is and is not 'acceptable sensitive expenditure' and model these behaviours to the highest standard.

**4. Good controls and judgement**

- 4.1. While the good controls at Council will assist with good sensitive expenditure conditions, good judgement will also be required. This is because it is not possible or desirable to attempt to set rules for every possible situation that may arise. In the absence of a specific rule for a given situation, the Mayor, Councillors and SLT are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.
- 4.2. The SLT, Mayor and Councillors are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of this policy should not be included as part of the employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

**5. General controls for reimbursement**

- 5.1. All claims must be submitted promptly after the expenditure is incurred. Except in exceptional circumstances this means within one month.
- 5.2. Sensitive expenditure will only be reimbursed if it is deemed reasonable, actual and has been incurred directly in relation to Council business.
- 5.3. Valid, original GST compliant invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements and Eftpos receipts do not constitute adequate documentation for reimbursement.
- 5.4. All claims must clearly state the business purpose of the expenditure where it is not clear from the supplier documentation supporting the claim.
- 5.5. All claims must document the date, amount, description, and purpose for minor expenditure (<\$20) when receipts are not available.
- 5.6. Wherever possible, Councils preferred suppliers are to be used (refer NCC's Procurement Policy.)

**6. Approval for sensitive expenditure**

- 6.1. Approval for sensitive expenditure must be:
  - Given only when the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met.
  - Given before the expenditure is incurred, whenever practical.
  - Made only when budgetary provisions and delegated authority exist.
  - Given by the person senior to the person who will benefit or might be perceived to benefit from the sensitive expenditure, wherever practical.

- 6.2. Expenditure which is incurred (but not explicitly approved by Council) by elected members will be reviewed by the Mayor for compliance with this policy.
- 6.3. Expenditure by the Mayor which is incurred (but not explicitly approved by Council) will be reviewed by the Chairperson or the Deputy Chairperson of the Audit and Risk Committee for compliance with this policy. A report of all sensitive expenditure by the Mayor will be provided to Audit and Risk Committee meetings.
- 6.4. In the case of the SLT and other staff credit cards, the Chief Executive shall approve expenditure.
- 6.5. In the case of the Chief Executive, the Mayor shall approve expenditure. A report of all sensitive expenditure by the Chief Executive will be provided to Audit and Risk Committee meetings.

#### ***Specific Areas of Expenditure***

##### **7. Credit cards**

Using credit cards is not a type of sensitive expenditure. However, they are a common method of payment for such expenditure. Employees issued with Credit Cards need to refer to NCC's Credit Card Policy (Doc ID 224194)

##### **8. Private Vehicles**

- 8.1. Council will not pay for travel by private motor vehicle where travel by other means is more practical and cost effective. Pre-approval is required in all instances where reimbursement from Council is being claimed. Where possible, a council vehicle is to be used.
- 8.2. Where the use of a private vehicle is approved, mileage reimbursement is available for travel in the Napier/Hastings area. The Napier City Council Vehicle log form needs to be completed and signed by a Manager. Reimbursement rate is determined by the Inland Revenue.
- 8.3. Use of a private vehicle outside of the Napier/Hastings area needs approval from a Director. Reimbursement for such travel will be the rate determined by the Inland Revenue.
- 8.4. Any fines (parking or Traffic offences) incurred while using a private vehicle on Council business are the responsibility of the driver.
- 8.5. The vehicle owner must ensure that they have appropriate insurance cover for the vehicle while it is being used on Council business.

##### **9. Rental Cars/Taxis**

- 9.1. Rental cars are only available for business conducted outside the district. Council requires the most economical type and size of rental car be used, consistent with the requirements of the trip.
- 9.2. Any fines (parking or traffic offences) incurred while using a rental vehicle are the responsibility of the driver.
- 9.3. Rental cars cannot be used utilised when Council vehicles are available.
- 9.4. Private use of a rental vehicle is only permitted in exceptional circumstances and requires the approval of a Director or the Chief Executive. All additional costs as a result of the private use are the responsibility of the employee or elected member.
- 9.5. Council expects the use of Taxis to be moderate and cost effective relative to other transport options. Wherever practicable, shuttle or bus services are to be used in lieu of taxis.

##### **10. Use of Council Motor Vehicles**

- 10.1. Council vehicles (except those provided explicitly under an Employment Agreement) are not available for private use. Full details on the provision of and use of Council vehicles are contained in the Council's Motor Vehicle Policy (Doc ID 218460).



**Travel and Accommodation Expenses****11. Travel and Accommodation - General**

- 11.1. Elected members and Council staff may need to incur travel and accommodation costs while conducting Council business elsewhere in New Zealand or overseas. Expenditure should be economical and efficient, having regard to purpose, distance, time, urgency and personal health, security and safety considerations.
- 11.2. The use of communications technology while on Council travel e.g. Mobiles, telephones, email and internet access should be moderate. Reasonable private use to clear email and communicate with family members is permitted.
- 11.3. Elected members, SLT members and other employees, with the express approval of the mayor, Chief Executive or SLT respectively, may undertake private travel before, during or at the end of Council travel provided there are no additional costs to Council and the private travel is incidental to the business purpose of the travel.
- 11.4. As a general principle, travel cost for accompanying spouses, partners or other family members are a personal expense and will not be reimbursed by Council. In those rare circumstances where the involvement of a spouse directly contributes to a clear business purpose and pre-approval has been obtained, the Council may contribute to all or part of the additional costs.

**12. Air Travel - General**

- 12.1. To every extent practicable, air travel is to be booked well ahead of the travel date so the expenditure is as cost-effective as reasonably possible.
- 12.2. Air travel is to be booked through the appropriate administration support who are to ensure competitive prices are obtained.
- 12.3. Discounted economy or economy class (or a discount airline if applicable) is to be the first choice for journeys where the uninterrupted flight time is 5 hours or less. Council will generally only accept an upgrade to business class/premium economy if there is:
  - a) no additional cost to Council; or
  - b) the cost was covered by the person travelling; or
  - c) where the distance or hours travelled, work schedule on arrival, or personal health, safety or security reasons make business class/premium economy reasonable.
- 12.4. Under no circumstances will a person be authorised to travel first class.
- 12.5. The cost of stopovers will only be reimbursed where they are preapproved and have a clear business purpose.
- 12.6. Council payment for membership of airline travel clubs e.g. Koru Club requires the express approval of the Chief Executive. Membership must be supported by a clear business purpose and be reviewed every two years.
- 12.7. Loyalty rewards from air points (or other loyalty schemes) accruing to elected members or employees carrying out their official duties may remain with the relevant elected member or employee provided the use of airlines supplying air points does not result in Council incurring additional costs.

**13. International Travel**

- 13.1. Any proposed international travel on Council business, or for training or personal development of the Chief Executive at the cost of Council, must receive prior approval from Council including details of estimated cost and the expected benefit to the organisation and its ratepayers.
- 13.2. International travel undertaken for the purposes of training and personal development of employees (other than the Chief Executive), must be approved by the Chief Executive with the overall cost approved through the annual or long-term plan process.
- 13.3. Any person travelling internationally on Council business must provide a report to the Mayor or Chief Executive on their return detailing the benefits of the trip.

**14. Accommodation**

- 14.1. To the extent practicable, accommodation is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible. This must take into account the location of the accommodation relative to the event, the standard of the accommodation (which should be modest) and security issues.
- 14.2. The use of “5 star” or “luxury” accommodation requires the express approval of the Chief Executive (in the case of employees) or the Mayor (in the case of the Chief Executive and elected members), prior to the booking being confirmed. In the case of the Mayor, expenditure is to be approved by the Chairperson or Deputy Chairperson of the Audit and Risk Committee.
- 14.3. Wherever possible, use is to be made of Council’s preferred suppliers and negotiated corporate rates. Any exceptions will require express approval from a Director.
- 14.4. Council will not provide reimbursement when an employee chooses to travel to and stay in private accommodation.
- 14.5. Other costs, such as parking, taxis etc. will be met on an “actual and reasonable” basis on production of receipts and where these costs are in line with the rest of this policy, in particular clause 9.5.
- 14.6. Accommodation check out times must be observed and Council will not meet any additional costs as a result of the employee failing to check out on time except in the case of extenuating circumstances.

**15. Meals and incidental costs**

- 15.1. Reasonable meal costs will be met when an employee is required to be away from home for 12 hours or more. The total cost is not expected to exceed \$100 per person per day or other such amount as is set from time to time by the Chief Executive. Separate meal expenses will not be met where a meal has been provided as part of the meeting, conference, training etc. One to two glasses of wine is allowed with your meal.
  - 15.1.1. When an employee is travelling outside Napier for work purposes and who will be away from their normal workplace for more than 5 hours, reasonable and actual meal costs up to a maximum of \$35 per person per day will be reimbursed on presentation of original receipts. Separate meal expenses will not be met where a meal has been provided as part of the meeting, conference training etc.
- 15.2. Charges for minibars/videos from hotel accommodation are the responsibility of the employee.

***Entertainment and Hospitality*****16. Entertainment and Hospitality**

Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to catering, such as meals and alcohol. It also includes non-catering related items such as Council funded entry to sporting or cultural events.

- 16.1. The principles of a justified business purpose, moderate and conservative expenditure, should be applied.
- 16.2. Council expenditure on entertainment and hospitality should be limited to the following business justifications:
  - Building relationships
  - Representing the organisations
  - Reciprocity of hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality.
  - Recognising significant business achievement
  - Building revenue

- 16.3. Given the many non-commercial functions of Council, there will only be limited justification for expenditure under some of the five purposes of entertainment and hospitality above, except in commercial business units.
- 16.4. Supporting the Council's internal organisational development may, in occasional circumstances, also be a legitimate business purpose for moderate expenditure.
- 16.5. All entertainment and hospitality expenditure must be pre-authorised by the Mayor or Chief Executive where practical and always supported by clear documentation. This documentation must identify the date, venue, costs, recipients and benefits derived and/or reasons for the event.
- 16.6. The most senior person present (with delegated authority) should approve and confirm the expenditure as being appropriate. Refer also to Council's Receiving Gifts and Hospitality policy (Doc ID 223396).

#### ***Goods and Services Expenditure***

#### **17. Disposal of Surplus Assets**

As part of normal business, council will from time to time dispose of surplus assets. Typically this is when assets have become obsolete, worn out or surplus to requirements. Council's disposals are intended to be transparent and fair.

- 17.1. To ensure transparency, fairness and the best value for Council, the disposal of assets which have become obsolete, worn out or surplus to requirements, shall normally be conducted on the open market or by way of trade-in on a replacement asset.
- 17.2. Without the express prior approval of SLT, the Chief Executive or Mayor, no surplus assets with a market value of more than \$500 per item will be sold directly to elected members, employees or their friends, acquaintances or family.
- 17.3. For assets with a value under \$500, the following principles shall apply:
  - Employees involved in selling the asset shall not benefit from the disposal
  - Sales must maximise the return to the Council; and
  - Be sold at no less than the market value determined by an appropriate valuation e.g. Trade Me

#### **18. Loyalty reward scheme benefits**

Loyalty reward schemes provide a benefit to the customer for continuing to use a particular supplier of goods and services. Generally, the rewards tend to be given in the name of the individual who obtains the goods and services, regardless of who has paid for them.

- 18.1. Except in the case of Airline loyalty rewards (covered under section 12.7 of this policy) and loyalty schemes such as Fly buys etc. Council treats loyalty rewards accruing to employees carrying out their official duties as property of the Council.
- 18.2. Where a reward/prize is obtained by chance and without inducement, it may be retained by the individual, otherwise it would be the property of Council. E.g. a reward is offered to select one supplier over another.
- 18.3. Exceptions are prizes received from competitions at training or conference events or through membership of professional bodies which are the property of the individual. However, when their value exceeds \$100 they are to be disclosed to a Manager and in the Gifts register in accordance with the NCC's Receiving Gifts and Hospitality Policy.
- 18.4. Council requires employees leaving the Council with unpaid loyalty rewards, to transfer the benefits to Council or buy the unapplied rewards from Council at the market rate. Where neither of these is practical, arrangements are to be made with the supplier to cancel the unapplied rewards.

#### **19. Private use of Councils assets**

- 19.1. Any physical item owned, leased or borrowed by Council is considered an asset for the purpose of this policy. This includes plant items, tools, photocopiers, mobiles, means of accessing the internet, and stationery.

19.2. The principles of transparency, moderate and conservative expenditure, are particularly relevant. Private use for personal purposes will only be permitted in limited circumstances and with approval from a Director.

19.3. The costs to Council of private use will be recovered, unless it is impractical or uneconomic to separately identify those costs.

#### **20. Private use of Council suppliers**

20.1. The private use of Council's official procurement processes is not permitted. Council will not enable employees or elected members to obtain goods or services from a supplier on the same or similar basis to Council except in the limited way provided for below. This is to ensure that they may not receive preferential access to goods and services, and potentially a preferential price, which is not available to the public.

20.2. Staff may however, make moderate use of any access to goods or services through Council's suppliers only under the approved Staff Discount scheme. All transactions are directly with suppliers and on a cash sale basis only. Staff may not use Council purchasing privileges on behalf of any third party. This includes family members or friends.

20.3. Employees are able to purchase goods from the Council store at the Austin Street depot. Payment for goods is deducted from the employees pay on completion of a Staff Purchase Sheet.

20.4. In rare circumstances a Council order may cover expenditure with a personal component e.g a travel or accommodation booking. In this case payment to Council for the personal component must be made on the earlier of the confirmation of costs or receipt of the invoice from the supplier.

#### **21. Council Use of Private Assets**

21.1. Council may decide that reimbursing for use of Private Assets is appropriate for reasons such as cost, convenience or availability. Council may also decide to do this in circumstances where it would not fully use an asset of the same type if it acquired it directly. Examples include private motor vehicles, private mobiles and private computers or BYOD (buy your own device).

21.2. Insurance for the private asset being utilised is the responsibility of the employee.

21.3. To reduce the risk of the Council paying reimbursement costs that benefit the employee or elected member, pre-approval by a Director is required. In assessing the request particular attention is to be paid to the principles of a justified business purpose and preserving impartiality and integrity.

21.4. Reimbursement will be set at actual and reasonable costs. All claims require supporting documentation.

21.5. Employees must not approve or administer payments to themselves for the Council's use of their private assets.

#### ***Employee Support and Welfare Expenditure***

#### **22. Clothing**

22.1. Other than official uniforms and health and safety related clothing, staff will not be clothed at the Council's expense when they are engaged in normal business activity.

#### **23. Care of dependants**

23.1. The Chief Executive may authorise in exceptional circumstances the reimbursement of actual and reasonable costs in relation to the care of dependants. Some possible examples are when the employee is unexpectedly required to perform additional duties at very short notice, or a dependant unexpectedly requires additional care that the employee cannot provide because of the essential nature of their duties at the time. In all other instances care of dependants is to be treated as a personal and private expense of the employee.

#### **24. Financing Social Club Activities**

24.1. Council may make a prudent and reasonable monetary contribution to the Council Social Club. The contribution may be a grant or subsidy for a specific event or item.

**25. Farewells and retirements**

- 25.1. Expenditure on farewells, long service and retirements includes spending on functions, gifts and other items and should not be extravagant or inappropriate to the occasion. Refer to the NCC Recognition Policy.

**26. Sponsorship of staff and others**

- 26.1. Staff taking part in an activity that is not part of their job, such as a sporting event, may be sponsored by their entity through the provision of, or payment for goods and services (for example a t-shirt or entry fee)
- 26.2. Sponsorship should have a justified business purpose, which could include both publicity for the entity and its objectives, and organisational development. The cost to Council must be moderate and conservative.
- 26.3. In normal circumstances, sponsorship will be provided through a social club rather than directly to the staff member.
- 26.4. Sponsorship of people who are not staff must be undertaken in a manner that is transparent. It is also preferable that, if non-staff are sponsored, the sponsorship is of an organisation they belong to, rather than directly to the individual.

**27. Professional Memberships**

Membership to a professional body is sensitive expenditure due to its personal nature.

- 27.1. Payment of professional fees by Council on behalf of an employee must be:

- Approved by the Director or Chief Executive in the case of employees. In the case of the Chief Executive or elected members, the Mayor is required to give approval;
- clearly relevant to the performance of the employee's duties and responsibilities;
- for the employee alone and is not to cover members of their family or other persons;
- for no longer than one-year in duration unless significant discounts are available and it is reasonable to expect a two year membership to be an advantage to the Council;
- for the benefit of the Council and are not intended to be a personal benefit to employees, and accordingly are not liable for Fringe Benefit Tax;
- refunded directly to the Council if the membership is cancelled

***Other types of expenditure*****28. Donations and Koha**

A donation or a koha is a payment (in money or by way of goods or services) made voluntarily and without the expectation of receiving goods or services in return.

- 28.1. Council requires donations to be:

- Lawful in all respects;
- Disclosed in aggregate in the Council's annual report;
- Made to a recognised organisation by normal commercial means (not to an individual);
- Not in cash (except as a koha. Amounts under \$250 to be approved by a Director);
- Non-political (i.e. politically neutral).

- 28.2. The amount given on behalf of Council should reflect the occasion and the prestige of Council in its relations with Tangata Whenua. Amounts over \$250 are to be approved by the Chief Executive.

**29. Communications technology**

- 29.1. Communications technology – such as mobiles, telephones, email and internet access, are widely used in the Council workplace. While some personal use of this technology is unavoidable, excessive use incurs costs, including lost productivity to Council.
- 29.2. Council's policies on the use of communications equipment are contained within Councils IT Acceptable Use Policy (Doc ID 216222) .

**30. Gifts given**

- 30.1. A gift is usually given as a token of recognition of something provided by the recipient. Gifts given to employees are covered in the Recognition Policy (Doc ID 220599).

**31. Gifts received**

- 31.1. The receiving of a gift is not strictly sensitive expenditure however; it is nevertheless a sensitive issue. Refer to the Gifts and Benefits Policy (Doc ID 223396).

## 8. AUDIT ARRANGEMENTS FOR YEAR ENDING JUNE 2018

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	433369
<i>Reporting Officer/s &amp; Unit:</i>	Caroline Thomson, Chief Financial Officer

### 8.1 Purpose of Report

To outline the audit arrangements for the audit of the Napier City Council for the year ending 30 June 2018.

#### Officer's Recommendation

- a. That the Committee resolve that the audit arrangements for the year ending 30 June 2018 as set out in the audit arrangement letter from Audit New Zealand is received.

#### Committee's Recommendation

That the Council resolve that the officer's recommendation be adopted.

### 8.2 Background Summary

Napier City Council's auditors, Audit New Zealand, have identified the key areas (both financial and non financial) that will be the focus of the audit for the year ending 30 June 2018. These are set out in the audit arrangement letter to be tabled at the meeting.

The final audit is scheduled to begin on 13 August 2018 and is expected to last two weeks on site.

### 8.3 Attachments

- A Audit Arrangement Letter for the year ending 30 June 2018 - TO BE TABLED [↓](#)

Placeholder for Attachment 1

ITEM 8/18 Audit Arrangements for Year Ending June 2018.DOC

Audit Arrangement Letter for the year ending 30 June 2018 - TO BE TABLED





# PUBLIC EXCLUDED ITEMS

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

## AGENDA ITEMS

1. Internal Audit Data Analytics - Management Actions

The general subject of each matter to be considered while the public was excluded, the reasons 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 were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Internal Audit Data Analytics - Management Actions	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.

# AUDIT AND RISK COMMITTEE

## Open Minutes

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Meeting Date: Thursday 7 December 2017

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Time: 1pm – 1.10pm

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Venue Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
Napier

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Present: John Palairet (In the Chair), Mayor Bill Dalton, Geoff Foster,  
Councillor Kirsten Wise, Councillor Claire Hague

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In Attendance: Chief Executive, Director Corporate Services, Director City  
Infrastructure, Director Community Services, Manager Asset  
Strategy, Manager Business Transformation and Excellence,  
Manager People and Capability [Item 1]

Stephen Lucy – Audit New Zealand

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Administration: Governance Team

## Apologies

Nil

## Conflicts of interest

Nil

## Public forum

Nil

## Announcements by the Mayor

Nil

## Announcements by the Chairperson

Nil

## Announcements by the management

Nil

## Confirmation of minutes

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Councillors Hague / Wise

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That the Minutes of the meeting held on 12 October 2017 were taken as a true and accurate record of the meeting.

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Carried

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## Notification and justification of matters of extraordinary business

(Strictly for information and/or referral purposes only).

## Transfer of items

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Councillors Hague / Wise

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That the Committee

- a. Transfer the following papers from the Public Excluded to the Open agenda of this meeting:
  - Item 2 – Health and Safety Report 31 October 2017
  - Item 3 – Audit and Risk Meeting Schedule 2017-18
  - Item 6 – Napier City Council Investments and Debt Report
  - Item 9 – Audit and Risk Charter Review

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Carried

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# AGENDA ITEMS

## 2. HEALTH AND SAFETY REPORT 31 OCTOBER 2017

<b>Type of Report:</b>	Information
<b>Legal Reference:</b>	N/A
<b>Document ID:</b>	340075
<b>Reporting Officer/s &amp; Unit:</b>	Adele Henderson, Director Corporate Services
<b>Reason for Exclusion</b>	Section 7(2)(d) Avoid prejudice to measures protecting the health and safety of members of the public.

### 2.1 Purpose of Report

To table to the Committee the Napier City Council Health & Safety report as at 31 October 2017 for their review.

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#### At the Meeting

The Manager People and Capability spoke to the report noting:

- There has been one lost time injury this quarter
- The intention is to provide systems that will allow for real time reporting via a variety of devices
- There remains some education needs in identifying what is a 'near miss' and ensuring that they are reported
- It is now possible to begin identifying trends from the reporting; to date there have been no expected trends observed.
- There have been improvements in the Health and Safety practices of our contractors as they work through the SiteWise programme.

Committee's recommendation

Councillors Wise / Hague

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That the Committee

- a. Receive the Napier City Council Health and Safety report as at 31 October 2017.

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Carried

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### 3. AUDIT AND RISK MEETING SCHEDULE 2017-18

<b>Type of Report:</b>	<i>Operational and Procedural</i>
<b>Legal Reference:</b>	<i>N/A</i>
<b>Document ID:</b>	<i>424601</i>
<b>Reporting Officer/s &amp; Unit:</b>	<i>Adele Henderson, Director Corporate Services</i>
<b>Reason for Exclusion</b>	<i>Section 7(2)(g) Maintain legal professional privilege.</i>

#### 3.1 Purpose of Report

To consider the proposed timetable of meetings for the Audit and Risk Committee in 2018, as detailed below.

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#### At the Meeting

It was agreed that the proposed June meeting will be moved to mid-July as The Chair will be away during the month of June.

Committee's recommendation

Councillors Wise / Hague

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That the Committee

- a. Receive the proposed timetable of meetings for the Audit and Risk Committee for 2018.

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Carried

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### 6. NAPIER CITY COUNCIL INVESTMENT AND DEBT REPORT

<b>Type of Report:</b>	<i>Information</i>
<b>Legal Reference:</b>	<i>N/A</i>
<b>Document ID:</b>	<i>340069</i>
<b>Reporting Officer/s &amp; Unit:</b>	<i>Adele Henderson, Director Corporate Services</i>
<b>Reason for Exclusion</b>	<i>Section 7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</i>

#### 6.1 Purpose of Report

To consider the snapshot report on Napier City Council's Investment and Debt as at 31 October 2017.

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#### At the Meeting

The report was taken as read.

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Committee's recommendation

Councillor Wise / Mr Foster

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That the Committee

- a. Receive the snapshot report on Napier City Council's Investment and Debt as at 31 October 2017.

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Carried

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## 9. AUDIT AND RISK CHARTER REVIEW

<b>Type of Report:</b>	<i>Information</i>
<b>Legal Reference:</b>	<i>N/A</i>
<b>Document ID:</b>	<i>426002</i>
<b>Reporting Officer/s &amp; Unit:</b>	<i>Adele Henderson, Director Corporate Services</i>
<b>Reason for Exclusion</b>	<i>Section 7(2)(g) Maintain legal professional privilege.</i>

### 9.1 Purpose of Report

To present and make recommendations on amendments to the Audit and Risk Committee Charter and Terms of Reference.

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#### At the Meeting

The proposed amendments were taken as read and agreed to be logical recommendations by the Committee.

### DECISION OF COUNCIL

Mayor Dalton / Mr Foster

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That the Committee

- a. Receive the report titled Audit and Risk Charter Review.
- b. Recommend to Council that the amendments to the Audit and Risk Committee Charter and Terms of Reference be approved.

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Carried

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# PUBLIC EXCLUDED ITEMS

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

1. Update on Water Supply- Drinking Water Quality Improvements
4. Audit NZ - Management Letter 2016/17
5. Risk Management Report December 2017
7. Internal Audit Data Analytics
8. Tax Risk Governance Framework

The general subject of each matter to be considered while the public was excluded, the reasons 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 were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Update on Water Supply- Drinking Water Quality Improvements	7(2)(f)(ii) Maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
4. Audit NZ - Management Letter 2016/17	7(2)(g) Maintain legal professional privilege	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority

		is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
5. Risk Management Report December 2017	7(2)(e) Avoid prejudice to measures that prevent or mitigate material loss to members of the public	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
7. Internal Audit Data Analytics	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
8. Tax Risk Governance Framework	7(2)(e) Avoid prejudice to measures that prevent or mitigate material loss to members of the public	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority



		is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
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The meeting moved into committee at 1.10pm