NOTICE OF MEETING

Notice is hereby given of the Meeting of the Risk and Assurance Committee to be held in the Council Chamber, First Floor, Civic Administration Building, 101 Esk Street, Invercargill on Tuesday 20 December 2022 at 8.30 am

Mr B Robertson (Chair)
Mayor, W S Clark
Cr R I D Bond
Cr T Campbell
Cr G M Dermody
Mr R Jackson
Cr D J Ludlow
Cr I R Pottinger
Cr L F Soper

CLARE HADLEY
CHIEF EXECUTIVE

Risk and Assurance Committee - Public

20 December 2022 08:30 AM

Agenda Topic — Page

1. Apologies

2. Declaration of Interest
   a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.
   b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.

3. Public Forum

4. Risk and Assurance – Terms of Reference (A4193146) 4

5. Risk and Assurance Committee Annual Work Programme (A4217720) 9

   5.1 Appendix 1 - Risk and Assurance - Annual Work Programme FY23 (A4157893) 10

6. Health, Safety, and Wellbeing Update (A4218158) 12

   6.1 Appendix 1 – Worker Engagement, Participation, and Representative Guidelines (A4218174) 14

   6.2 Appendix 2 – Health and Safety Reporting Template (A4100781) 26

7. Update on Annual Report (A4219528) 28

   7.1 Appendix 1 - Letter from Audit New Zealand (A4219537) 29

   7.2 Staff Response to Audit NZ Regarding Audit Sign off Delay (A4217995) 35

8. Public Excluded Session

Public Excluded Session

Moved , seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

a. *Health and Safety - Continuous Improvement Update*
b. *Protected Disclosure - Investigation*

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
a. Health and Safety – Continuous Improvement Update	**Section 7(2)(i)** Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7
b. Protected Disclosure - Investigation	**Section 7(2)(a)** Protect the privacy of natural persons, including that of deceased natural persons **Section 7(2)(c)** Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment	**Section 48(1)(a)** That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

RISK AND ASSURANCE COMMITTEE – TERMS OF REFERENCE

To:	Risk and Assurance Committee
Meeting Date:	Tuesday 20 December 2022
From:	Michael Morris – Manager Governance and Legal
Approved:	Michael Day - Group Manager - Finance and Assurance
Approved Date:	Thursday 15 December 2022
Open Agenda:	Yes

Purpose and Summary

This is the first meeting of this Committee for the 2022-2025 term. It is an opportune time to review, refine or refresh the Terms of Reference for this Committee.

Recommendations

That the Risk and Assurance Committee:

1. Receive the report titled "Risk and Assurance – Terms of Reference".

Recommend to Council:

1. The following changes to the Terms of Reference be incorporated into the Governance Statement.

Background

The Risk and Assurance Committee operates under a Terms of Reference that is published in the Governance Statement.

At the start of each term of Council it is always best practice to review the Terms of Reference to ensure that they meet the needs and expectations of this term's Council.

The Terms of Reference

1. General
   a. The Committee shall meet at least five times a year to coincide with key dates in the financial reporting and audit calendar.
   b. Recommend to Council an appropriate enterprise risk management strategy and monitor the effectiveness of that strategy, including the advancement of any projects or programmes of work focussing on the appropriate management of risk.

c. Monitor Council's external and internal audit processes and the resolution of any issues that are raised.

d. Assist in any investigations of potentially inappropriate actions by Council staff or elected members, including any allegations of fraudulent activity, bribery or corruption.

e. Monitor compliance with laws and regulations.

f. Oversee the preparation of and review key formal external accountability documents such as the Long Term Plan, Annual Plan and Annual Report in order to provide advice and recommendations in respect to the integrity and appropriateness of the documents and the disclosures made.

g. Provide a forum for communication between management, internal and external auditors, and the governance level of Council.

h. Ensure the independence and effectiveness of Council's internal audit processes.

i. Support measures to improve management performance and internal controls.

2. Audit

a. Identify and recommend to Council, the external auditor's remuneration and the terms of their engagement.

b. Confirm consulting services and related fees provided by the external auditors.

c. Enquire of management and the external auditors about significant risks or exposures and assess the steps management has taken to minimise such risk to Council.

d. At the commencement of the audit cycle, consider in consultation with the external auditors and recommend to Council:

- The audit scope and plan.
- The process of the audit to ensure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.

e. Consider and review with the external auditors, at the conclusion of the annual audit:

- The adequacy of Council's internal controls, including computerised information system controls and security, and any related significant findings and recommendations together with management's responses.
- The annual Financial Statements.
- The audit of the annual Financial Statements.
- The Auditor's Report.
- Any significant changes required in the audit plan.
- Any serious difficulties or dispute which management encountered during the course of the audit.
- Any other matters related to the conduct of the audit.
- Significant findings during the audit process and management's responses.
- Any matters considered appropriate, without the Chief Executive or other Council staff present in the meeting.
- Any difficulties encountered in the course of the audit including any restrictions on the scope of the work.
- Any changes required in the planned scope of the audit plan.
- The audit management letter prior to presentation to Council.
- The Annual Report including the Financial Statements and recommend to Council for approval and adoption.

f. Meet with the external auditors at any time to consider any exceptional matters of audit significance that arise at times not already scheduled.

g. Oversee the preparation of and review key formal external accountability documents such as the Long Term Plan, Annual Plan and Annual Report in order to provide advice and recommendations to Council with respect to the integrity and appropriateness of the documents and the disclosures made.
h. Review of the effectiveness of the annual audit and Long Term Plan audit.
i. Monitor the effectiveness of the external auditor's performance and their independence and objectivity.
j. Consider the appropriateness of Council's internal audit function (if any) including:
    - In conjunction with the Chief Executive and the Group Manager Finance and Assurance agree on the scope of any three-yearly and annual internal audit work programmes and assess whether resources available to Internal Audit are adequate to implement the programme.
k. Monitor the delivery of any internal audit work programme including the review of any internal audit reports.
l. Assess whether any significant recommendations of any internal audit work programme have been properly implemented by management. Any reservations the Internal Auditor may have about control risk, accounting and disclosure practices should be discussed by the Committee.

3. Financial
    a. Review and approve Council systems of internal control, and changes thereto with senior management to ensure adequate financial control is maintained during the year.
    b. Monitor the adequacy of measures taken by Council management to secure and safeguard Council assets and the economical and efficient use of resources.

4. Risk Management

Council is responsible for setting the tolerance to risk and risk culture of Council. The Chief Executive is charged with implementing appropriate risk management systems within Council.

While the responsibility for risk lies with Council, oversight of the processes to manage risk within Council is delegated to the Risk and Assurance Committee. Council receives periodic reporting on those areas of risk identified by the Committee, management must develop, implement and monitor a risk management process.

The primary objectives of the risk management system of Council are to ensure:

a. The safeguarding of assets.
b. All major sources of potential opportunity for harm to Council (both existing and potential) are identified, analysed and treated appropriately.
c. Business decisions throughout Council appropriately balance the risk and reward trade-off.
d. Regulatory compliance and integrity in reporting are achieved.
e. Council and senior management understand the risk profile of Invercargill City Council.
f. Council undertakes an annual review of strategy and operations to update its risk profile.
g. Development of suitable risk management practices throughout the organisation.
h. To monitor compliance with ethics, policies and rules of Council and staff.
i. To receive and review the Conflicts of Interest Registers.

j. To direct and supervise investigations into any matters within the Committee's scope, including but not limited to, effectiveness of internal controls and cases of employee fraud or misconduct.

k. To undertake post-investment reviews of major transactions or capital investments with the aim of assessing the adequacy of the analysis undertaken before decisions were made to proceed with those transactions or investments, so that Council can learn from those experiences and improve its analytical capabilities and reporting processes.

Other Matters

Review the effectiveness of the system for monitoring Council's compliance with relevant laws, regulations and associated government policies.

Review the systems and processes Council has in place to prevent fraud, bribery, and corruption, and assist in any investigations related to these matters.

Review whether a sound and effective approach has been followed in establishing Council's business continuity planning arrangements.

Review the development of the financial strategy and infrastructure strategy as required for the Long Term Plan.

Engage with internal and external auditors on any specific one-off audit assignments.

Consider matters referred to the Committee by the Chief Executive, Council or other Council committees.

The Chief Executive and any internal or external auditors will have direct access to the Committee Chairperson for the purpose of raising concerns about matters within the functions and responsibilities of the Committee.

Employees of the Council are advised:

Under certain limited circumstances they may communicate to the Chairperson of the Risk and Assurance Committee regarding the potential fraud or misappropriation, weakness in internal control, or the adequacy or accuracy of information being provided within the organisation to senior managers or to Council. Such communication (which shall be in writing) shall be treated as confidential. Communications should explain where the matters have previously been discussed with an employee's manager, and if not, why the employee has chosen to report directly to the Risk and Assurance Committee.

ICHL and Group

To periodically meet and receive an update from the board of ICHL on its risk management processes and risk profile.

To be briefed on its annual report and results of its annual external audit prior to the Committee approving the Council and Group's annual report.

5. Authorities

    a. The Committee will make recommendations to Council on all matters requiring a decision. The Committee does not have the power or authority to make a decision in Council's name or on its behalf.
    b. The Committee is authorised by Council, at the expense of Council, to consult with such outside legal or professional advice and services as it considers necessary for carrying out its responsibilities, provided the Committee takes every step to minimise cost to the Council. Such requests will be made through the Chief Executive.
    c. To deal with any other matter requested of the Committee by Council or any of its other Committees.

6. Review of Committee

    a. The Committee will undertake an annual review of its objectives and responsibilities and the extent to which they have been achieved and/or discharged.
    b. Council and any other person Council considers appropriate may also be engaged to review the Committee's objectives and responsibilities.

7. Reporting Procedures

    a. After each meeting the Chair will report the Committee's recommendations and findings to Council.
    b. The minutes of all meetings of the Committee will be presented to Council and to such other persons as Council directs.
    c. The Chair will present an annual report to Council summarising the Committee's activities during the year and any related significant results and findings.

Attachments

There are no attachments to this report.

RISK AND ASSURANCE COMMITTEE ANNUAL WORK PROGRAMME

To:	Risk and Assurance Committee
Meeting Date:	Tuesday 20 December 2022
From:	Michael Day - Group Manager - Finance and Assurance
Approved:	Michael Day - Group Manager - Finance and Assurance
Approved Date:	Thursday 15 December 2022
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

This paper outlines the work programme for the Risk and Assurance Committee for 2023. A work programme provides clarity that the key risks and issues will be presented to the Risk and Assurance Committee, and allows for good planning to ensure that matters are considered, are scheduled, and can be monitored.

Recommendations

That the Committee:
1. Receive the report "Risk and Assurance Committee Annual Work Programme".
2. Approve the Risk and Assurance Annual Work Programme for 2023.

Background

The draft work programme as attached is for the Risk and Assurance Committee to confirm the work programme ahead of the new-year.

Next Steps

The work programme will form the basis of our ongoing work in the Risk and Assurance space.

Attachments

1. Risk and Assurance – Annual Work Programme FY23 (A4157893)

Risk and Assurance and Finance and Projects Committees	Author	Dec-22	Mar-23	May-23	Jul-23	Sep-23	Nov-23
R&A Committee Work Plan							
Determine Risk and Assurance Committee Work plan	GM Finance and Assurance	✓					
Confirmation of Terms of Reference for the Committee at commencement of new Triennium	Governance Manager	✓					
Development of 'Organisational Risks'	Quality Manager		✓				
Risk Management Update / Quarterly Risk Report (Including H&S, Cyber, LTP Delivery)	Quality Manager, (Information Services Manager, People and Capability Manager, Strategy and Policy Manager)		✓	✓		✓	✓
Risk Update from ICHL (include ICL)	GM Holdco		✓				
Finance Risk Report (Procurement (adherence to Delegation Register, Insurance, related parties, Sensitive expenditure and Tax)	Finance Services Manager (Procurement Manager)		✓	✓	✓		✓
Group Risk Discussion with GMs (Public Excluded) - Infrastructure - Finance and Assurance - Customer and Environment - Leisure and Recreation - Governance/Executive - Human Resources	Quality Manager		✓	✓		✓	✓
Confirmation of Internal Audit Programme	Quality Manager				✓		
Internal Audit and Improvement Programme Update (Includes all Audit Actions) (Public Excluded where required)	Quality Manager		✓	✓		✓	✓
Litigation Matters Update	Governance and Legal Manager		✓	✓		✓	✓
Review of Performance and Effectiveness of the Audit and Risk Committee	R&A Independents				✓		
External Audit and External Accountability							
Annual Report - Interim Audit findings, Fraud Questionnaire	Finance Services Manager				✓		
Annual Report Risks and Issues Report Recommendation to Council that they adopt Annual Report	Finance Services Manager	✓				✓	

Council Reports	Author	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Annual Plan Assumptions / Update	Strategy and Policy Manager			✓			✓						
2024 Long Term Plan update - Assumptions / Risks / Controls (Where required)	Strategy and Policy Manager	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Audit Arrangements Letter – Annual Report	Finance Services Manager						✓						
Annual Report - Review of Accounting Policies, Key Accounting Estimates and Update on Asset Revaluation Results	Finance Services Manager						✓						
Annual Report – Audit NZ Management Report	Finance Services Manager	✓									✓		

Finance and Projects Work Plan	Author	Nov-22	Feb-23	Apr-23	Jun-23	Aug-23	Oct-23	Nov-23
Finance Report (Treasury/Debtors, Procurement and Sensitive expenditure, Tax)	Finance Services Manager (Procurement Manager)	✓	✓	✓	✓	✓	✓	✓
Quarterly Performance report (Council as a whole report)	Strategy and Policy Manager	✓	✓		✓	✓		✓
Strategic Capital Report	GM Infrastructure	✓	✓	✓	✓	✓	✓	
Business Enhancement Programme Report	GM Finance and Assurance		✓	✓	✓	✓	✓	✓

HEALTH, SAFETY, AND WELLBEING UPDATE

To:	Risk and Assurance Committee
Meeting Date:	Tuesday 20 December 2022
From:	Peter Patton, Manager – Quality, People and Capability
Approved:	Steve Gibling - Group Manager - Leisure and Recreation
Approved Date:	Wednesday 14 December 2022
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

This report details the main areas of Health, Safety and Wellbeing focus within ICC since 1 September 2022 and provides an update on the work undertaken to date. Incident and near miss information will be provided in the March 2023 update.

Recommendations

That the Risk and Assurance Committee:
1. Receives the report 'Health, Safety, and Wellbeing Update'.
2. Note the summary of work undertaken to date.

Background

This report has been prepared for the Risk and Assurance Committee to ensure that it is kept informed of the high level activities being dealt with by the Health, Safety and Wellbeing team (HS&W team).

Health and Safety – Terminology

Previously a question was raised regarding the term – Near Miss. While this is not a term noted by Worksafe NZ in their list of definitions and acronyms it is a commonly used term in the Health and Safety sector meaning:

- Near Miss – An incident which did not result in injury, illness, damage or other loss, but potentially could have.

As opposed to an – Incident:

- Incident – Any unplanned event or occurrence resulting in, or having a potential for injury, ill-health, damage or other loss.

Definitions - The University of Auckland

Issues

The HS&W team, along with Steve Gibling, Group Manager – Leisure and Recreation and Joanna van Turnhout, Consultant from Tailored Health and Safety Limited have been reviewing and updating a number of key ICC HS&W documents for approval by the ELT. These include the Worker Engagement, Participation and Representation Guidelines (Appendix 1) and the Health and Safety Reporting Template (Appendix 2), which were approved by ELT 14 November 2022.

Recruitment

Recruiting for the vacant Health, Safety & Wellbeing – Manager and Coordinator roles are proving difficult in the current market. Both positions to be re-advertised remain open until February 2023.

COVID 19

The COVID Response Team continue to monitor the impact of COVID on our staff and provide support to Managers to ensure our critical services continue to be delivered. There has been a noted increase in the number of reported positive cases and this is being managed internally by management with teams activating their Business Continuity Plans as/when required.

Next Steps

The Health and Safety Team continue to work with stakeholders to ensure that all identified actions are completed, regular audits are undertaken and the ongoing improvements are continued. Recruitment for the vacant HS&W positions is a priority and is ongoing.

Attachments

1. Appendix 1 – Worker Engagement, Participation, and Representative Guidelines (A4218174)

2. Appendix 2 – Health and Safety Reporting Template (A4100781)

Worker Engagement, Participation and Representation Guidelines 2022

Invercargill CITY COUNCIL

WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES

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WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES

Introduction

Invercargill City Council (ICC) as the PCBU is required to engage with workers who carry out work for the business or undertaking and workers who are, or likely to be, directly affected by health and safety matters. To be consistent with this duty ICC has practices that provide reasonable opportunities for workers to participate effectively in workplace health and safety.

This procedure is part of the Councils Health and Safety Management Plan and establishes the elements of the Councils worker engagement, participation and representation requirements.

Abbreviations

CE	Chief Executive
ELT	Executive Leadership Team
HSC	Health and Safety Committee, referring to the Corporate Health and Safety Committee
HSR	Health and Safety Representative
GHSC	Group Health and Safety Committee

WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES

1. Engagement Practices

All workers are encouraged to be consulted with and engaged, and permitted to express their views, raise health and safety issues and to contribute to the decision-making process.

Engagement requires sharing the relevant information with our workers in a timely manner. We will give our people opportunities to express their views and opinions and to contribute to the decision-making process. We will take our people's views into account and keep them updated of the outcome of all engagement practices.

Generally, engagement is required when;

- Hazards and risks are identified, or
- Decisions are made about elimination or minimisation of identified risks
- Reviewing the adequacy, or facilities, for workers
- Proposing changes that affect workers health or safety
- When making decisions about procedures for engaging workers, monitoring health of workers, monitoring conditions of the workplace and providing information and training for workers.
- When making decisions about procedures for resolving health and safety issues
- When developing worker participation practices, including work groups
- When carrying out any other activity included in a regulation

Continual Improvement

Worker engagement, participation and representation is a legislated requirement for all PCBU's, it also provides genuine opportunities for the development of continual improvement by identifying unknown risks or hazards or identifying previously unidentified risk areas.

At Council opportunities for engagement are always possible in the following situations but not limited by these.

1.1 Planning

- During Corporate and Group Health and Safety Committee meetings
- During weekly toolbox or team meetings
- During the development of a Standard Operating Procedures
- During engagement with a WorkSafe Inspector to assist with a dispute
- During another PCBU's assessments of risk, such as inductions, on site risk and hazard review
- During selection of appropriate PPE
- During the purchasing decisions of new plant or equipment, or for modifications of existing plant or equipment
- When deciding what appropriate training is required
- When scheduling workplace audits and inspections

1.2 Reviewing

- Previous Corporate and Group Health and Safety Committee Minutes
- Reviewing relevant incident information, for the risk rating and the suggested corrective actions
- Reviewing near-miss or hazard reports, for the identified risk and the suggested corrective actions
- Reviewing and approving assigned and completed corrective actions
- During the review of a Standard Operating Procedure
- During involvement with a WorkSafe Inspector
- From findings within internal or external audits and inspections

During the annual Health and Safety Committee performance review.

WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES

2 Participation Practices

The Council shall ensure that workers shall be given reasonable opportunities to participate effectively to improve workplace health and safety, having regard for;

- the number of workers,
- the different workplaces,
- the likely risk,
- the nature of the work,
- employment contracts, and
- the willingness of the workers.

2.1 Communication methods

The Council shall ensure that the communication methods used are appropriate to the audience range and shall consider literacy, language, diversity and levels of health and safety knowledge.

The HSC shall annually review the communication methods used to share health and safety information. The HSC shall address;

- What information needs to be shared
- How the information is currently shared
- How the information is presented, in language, style and tone
- How well the information is understood
- How the committee can make communication easier to access and understand

Any recommendations for improvement shall be proposed to the ELT by the HSC.

2.2 Evidence of Worker Engagement, Participation and Representation

Evidence of worker engagement, participation and representation includes, but is not limited to;

- Minutes from Health and Safety Committees
- Involvement in finding corrective actions or solutions to raised issues
- Evidence of workers reviewing safety planning documentation, such as SOPs
- Communication between workers and external sources of occupational health and safety information, such as WorkSafe Inspectors
- Involvement in purchasing and modification suggestions
- Participation in the selection of PPE with the inclusion of compatibility and reasonable comfort
- Involvement and participation in inspections and audits with subsequent recommendations for improvement

The HSC and the GHSC's are considered the main example of showing evidence of worker participation practices.

WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES

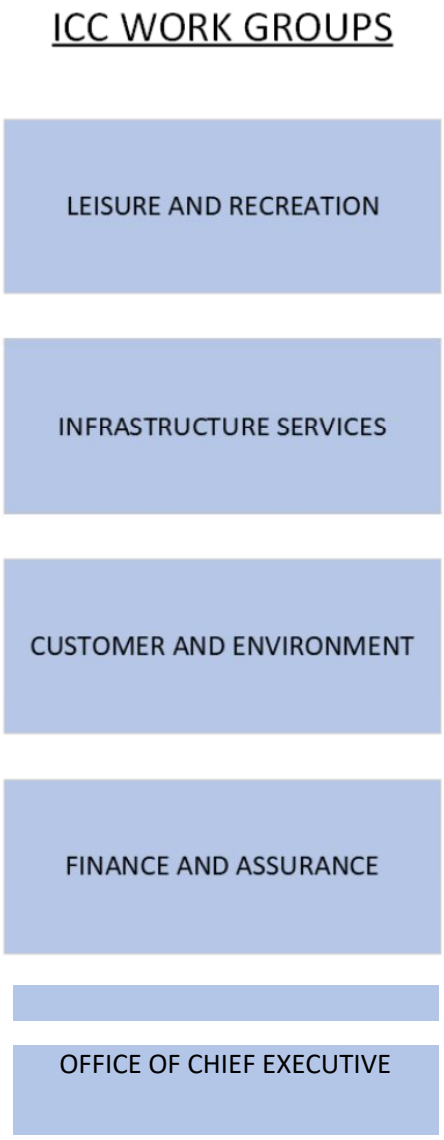
3 Health and Safety Representatives (HSR)

HSRs are workers elected by other workers to represent the views and concerns of the workers within their own Work Group.

3.1 Work Groups

A work group is aligned with our structure as an organisation. It is a group of workers within the same type of business, who have similar health and safety interests and concerns. Each HSR belongs to a work group and must be accessible to the workers within that work group.

Each work group will decide which HSR represents them at the Corporate Health and Safety Committee. At least one HSR should represent their work group at the Corporate Health and Safety Committee, work groups may choose to rotate that HSR representative.



WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES

Each work group shall determine and ensure that it keeps the minimum number of HSRs in its work group, which is a ratio of 1 HSR to every 19 workers.

CEO – 7
Customer and Environment – 93 (5 HSR)
Finance and Assurance – 68 (4 HSR)
Infrastructure – 58 (3 HSR)
Leisure and Recreation – 194 (10 HSR)
Total: 420

If groups are realigned then changes will need to be made to the guidelines.

3.2 HSR Numbers

The minimum number of HSRs in one work group is 1 HSR to every 19 workers. When the number of workers divided by 19 does not equal a whole number, then the next whole number must be used.

The number used to calculate the HSRs required must;

i. Be the actual number of workers, and
ii. Include part-time workers, and
iii. Exclude volunteer workers, and
iv. Include any temporary or seasonal workers when the workers requested a HSR, and
v. Not be the Full Time Equivalent (FTE) figure., it must be the actual number of workers considering the points above

3.3 HSR Elections

Any worker may ask for an H&S representative within their work group as we are an organisation over 20 people we are required to hold an election of that HSR

- A new work group is identified and a HSR is required

3.4 Eligibility of HSRs

To be eligible to stand as a HSR;

1. The worker must be a member of that work group, and
2. The worker must be willing to act as a HSR, and
3. The worker must work regularly enough to carry out their duties

A worker may nominate themselves, or be nominated by workers in their work group, to be the work groups HSR.

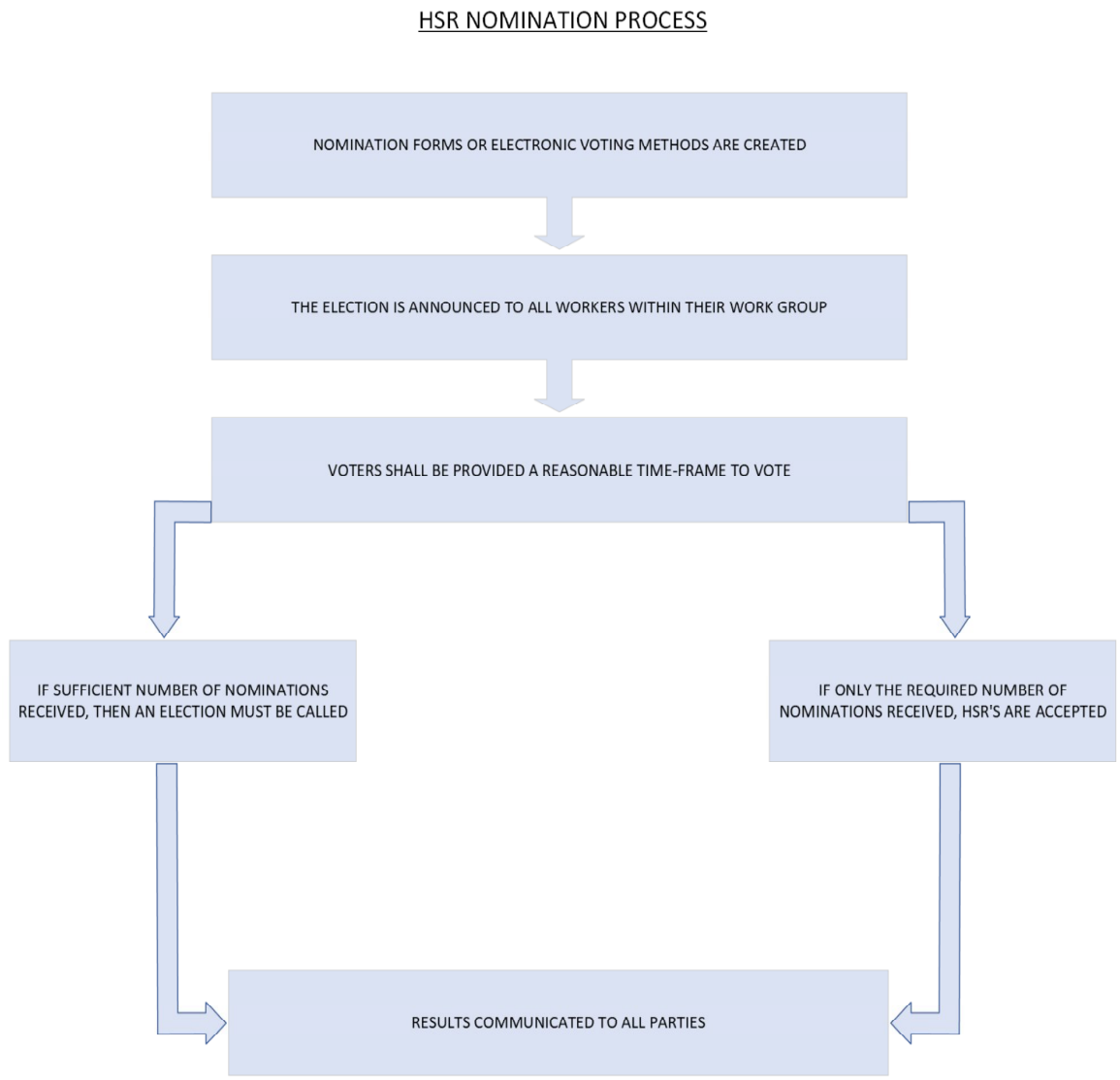
3.5 Eligibility to vote for HSRs

To be eligible to vote for a HSR the voter must be a worker and work within the work group.

3.6 Election process

HSRs may be elected every 2 years within a work group. The nomination process must not be conducted by a candidate. The nomination process is;

WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES



A secret ballot may be used if requested by a candidate, a work group member or by the Council.

3.7 Interference

No person may interfere with the nomination and election process, the Council shall ensure that there is no unreasonable delays in the process.

3.8 Term of HSR

A HSR may hold a term for no longer than 3 years, or a lesser period if agreed by the members of their work group. A HSR may re-elect for any number of terms, and if the work group agrees, that HSR may remain until a successor has been elected for them.

3.9 Resignation of HSR

There are four situations where a HSR may resign from their role;

1. A HSR may resign from their position by giving notice to their work group.
2. If a HSR no longer works in that work group they cease to be a HSR for that work group.

3. A HSR may be removed from a work group by the Regulator (WorkSafe NZ).
4. The work group may agree by a majority vote that the HSR should no longer represent that work group.

3.10 Keeping HSR information relevant

The Council shall retain up to date contact information for the elected HSRs in their work groups. This is through the health and safety committee members' poster which includes the HSRs photograph, name, job title, contact details and which work group they represent. The poster is updated electronically at each change in HSR and annually in the printed format.

3.11 HSR Training

HSRs are entitled to 2 days training per year between 1 April and 31 March. That training may include;

- External HSR, initial, additional or transitional training, and
- Any other relevant training opportunity in agreement with the Council

A HSR must complete initial training and complete NZQA unit standard 29315, which is the prescribed training under the Regulations, before they are able to issue provisional improvement notices or directing unsafe work to cease.

When a HSR requests to use their annual training entitlement, the Council shall respond no later than 3 days after receiving the request for training from the HSR. All training fees and reasonable costs shall be paid for by the Council.

3.12 Obligations to the HSRs

The Council shall comply with its obligations to the HSR, which are;

- To consult, confer and allow the HSR as much time as is reasonably necessary to complete their role
- To provide information required relating to hazards within their work group
- Allow HSRs to be present at interviews between workers, Inspectors, with the Council and with the Councils representatives
- To provided necessary resources, facilities and assistance
- To allow HSRs access to the workplace
- To permit a HSR to accompany an Inspector
- Respond to all HSR recommendations, and either adopt the recommendations or provide a written statement to the HSR setting out the reasons for not adopting the recommendations
- To pay the HSR their normal pay for completing HSR duties

However, the Council shall not allow private information to be shared without the workers consent and may refuse access to a workplace for a HSR upon reasonable grounds.

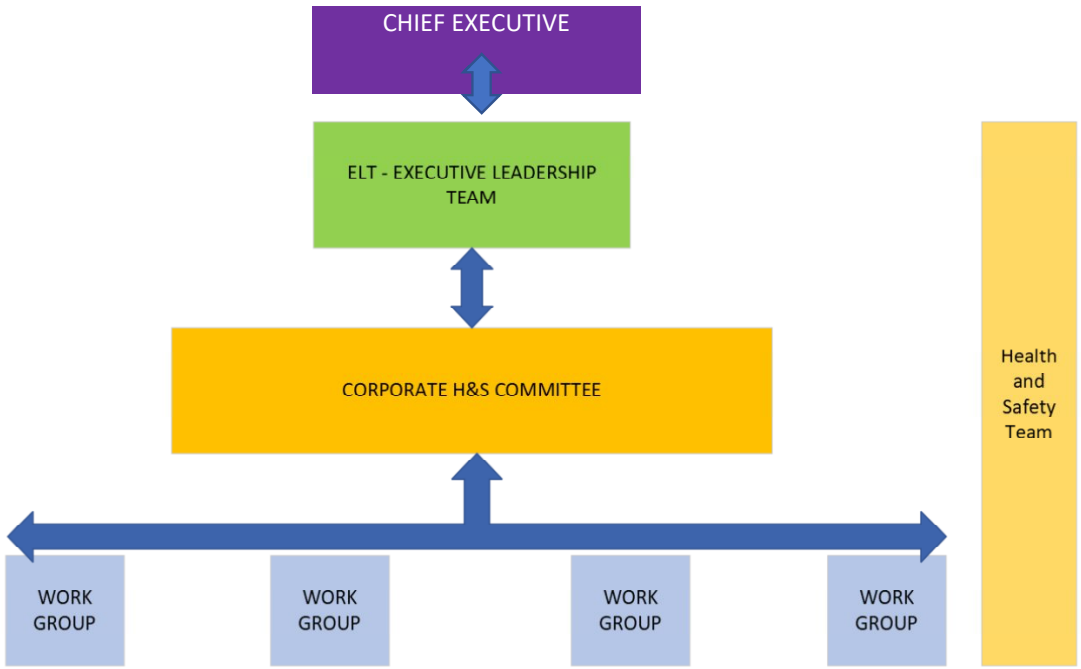
The Council is not required to provide financial assistance to any HSR.

4 Health and Safety Committees (HSC)

4.1 Structure of the HSC

To facilitate continual improvement, ICC has implemented a tiered system to ensure adequate opportunity for all workers to be involved in workplace health and safety.

WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES



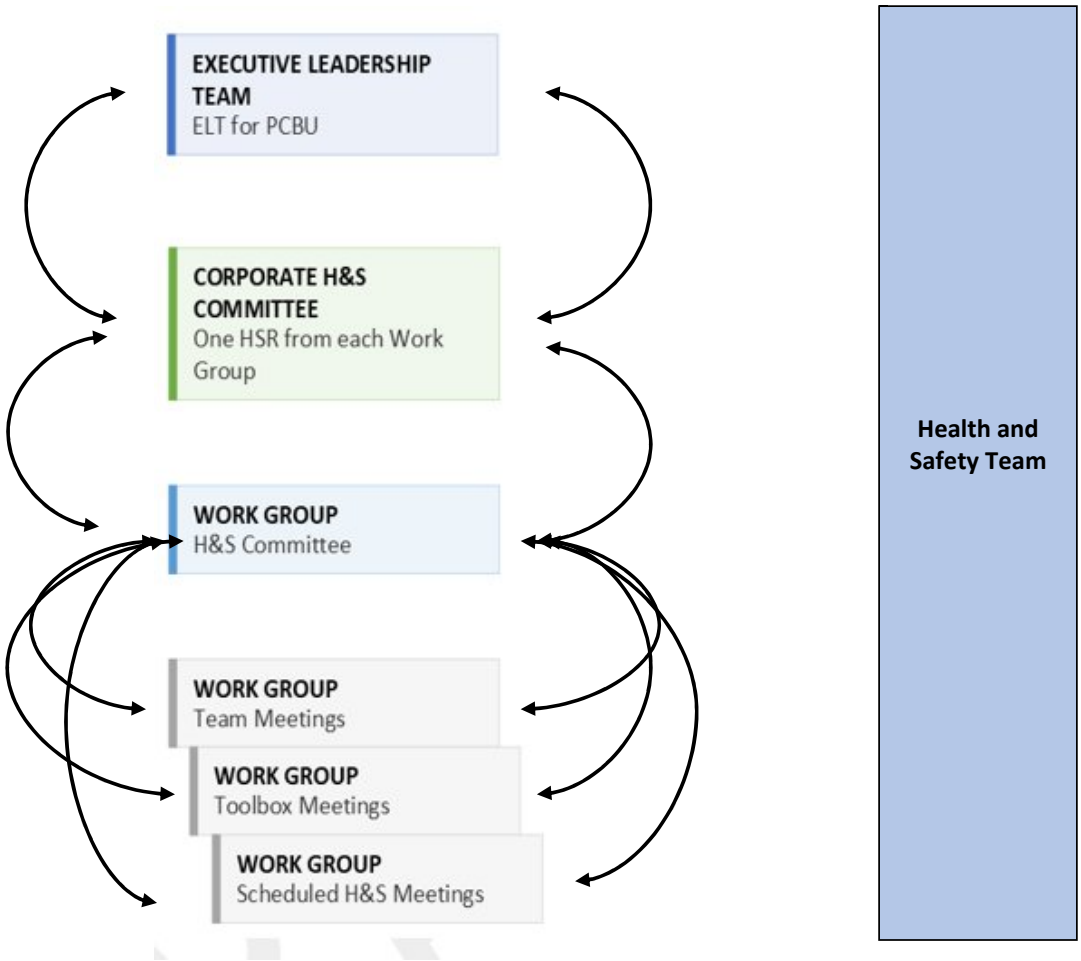
Each work group is a collaboration of departmental meetings, team meetings, toolbox meetings and/or scheduled health and safety meetings. These Group Health and Safety Committees (GHSC) are independent to the Health and Safety Corporate Committee and provide information into the HSC.

Each GHSCs is represented at the Corporate Health and Safety Committee, which in turn is directly connected to the Executive Leadership Team which provides organisational leadership.

The Health and Safety Team holds an advisory function and shall support the structure of the HSC. The Health and Safety Team shall provide assurance reports to the ELT which summarise and confirm the HSC Minutes.

The HSC includes the ELT Chairperson.

WORKER ENGAGEMENT, PARTICIPATION AND REPRESENTATION GUIDELINES



4.1 Functions of the HSC

HSC's bring together workers and management to develop and review health and safety policies and practices for the workplace. The main functions of an HSR are to:

- Make it easy for the business and workers to cooperate on ways to ensure workers' health and safety.
- Assist in developing standards, rules and policies or procedures for work health and safety.
- Make recommendations relating to work health and safety.
- Carry out other tasks agreed between the business and the HSR.

The HSC Agenda includes matters to be included annually in the HSC. Each HSC meeting shall be minuted.

4.2 Obligations of the HSC

The Council shall allow sufficient time to consult about health and safety matters, and allow each member of the committee to spend as much time, as is reasonably necessary to attend meetings or carry out duties. The HSC must provide adequate information to the committee, which shall include information about;

- Hazards, and
- The health and the workers

The HSC may make recommendations to the ELT, these recommendations must either be;

- Accepted by the ELT, or

- Responded to within a reasonable time, in writing as to why the recommendations are not being accepted

Privacy must be upheld by the HSC, no information can be shared without an individual's consent, unless the information is in a format which excludes any individual identifier, or information which may foreseeably identify an individual.

4.3 Membership of the Group Health and Safety Committees (GHSC)

Each Group Health and Safety Committee (GHSC) varies in membership based on the size, structure and complexity of the work group. Each GHSC may alter its membership and structure of its meetings, provided that the GHSC is adequately represented at the HSC.

- One Manager from each GHSC must be present in the GHSC meetings.
- The nominated or elected HSR(s) from each GHSC must be present at the committee meetings, work group representatives may be alternated.
- The GHSC shall decide by majority vote who will represent them at the HSC.

4.4 Membership of the HSC

The HSC must include eligible members and;

- The ELT Chair who is appointed by the ELT and is authorised to make decisions on behalf of the Council, the ELT Chair reports back to the ELT
- At least half of the members of the committee must be workers who represent the workers within their work group, and

4.5 Regularity of meetings

The HSC must meet at least once every 3 months, as well as at any other reasonable time if requested by the majority of the committee.

The WGM shall vary and be based upon each work groups size and risk levels. Departments with greater workplace risks and hazards may schedule weekly team health and safety meetings whereas other Departments with reduced risk levels may schedule monthly health and safety meetings.

5 Related Documents

ICC-HSW-PRC-HS100 Health, Safety and Wellness Toolkit
ICC-HSW-INF-01 HSR Induction Booklet
ICC-HSW-INF-02 HSC Agenda Schedule
ICC-HSW-FRM-01 Health and Safety Reporting Template

Health and Safety Reporting template

The Health, Safety and Wellbeing Policy states that "Health and safety will take priority over business objectives. We all have a responsibility for health and safety, taking all practical steps to prevent injuries and maintain wellbeing".

Our role as staff is to *arrive safe and go home safe* and the following proposed changes to our health and safety structure will support us on continuing to live to these expectations.

Leadership and employee involvement

What has gone well this week / month / quarter in regards to our health and safety approach?

What incidents and near misses have been identified and reported in the previous period (Month)

Incident / Near Miss	Date	Brief summary

What changes or improvements have we made as a result of the above notifications?

What training has been undertaken for staff in the past period?

Who	What	When	Outcome
Who attended?	What training was it? E.g., • First Aid Courses • Other Training • Spill Kit Training: • Emergency evacuation	When did it happen	What risk/s does this training manage?
Has there been any H&S training completed, feedback or needs identified in the last month"			

A4100781

Risk Management:

What risks or hazards have been identified and what controls can we put in place to mitigate these?

Details	Corrective Action	Communication
What is the new hazard or risk? • *Speed within Depots* • *Depot Signage* • *Sun safe – Slip, Slop, Slap*	What controls can we utilise (Eliminated / Isolated / Minimised)	How do we formalise / communicate / record this?

What is one of our top risks and are our current controls still effective?

Top Risk	Inherent risk	Current Controls	Residual risk
What is it?	What is it?	What are they and are we happy these are still working?	Are we happy with the residual risk – Yes or No. If no, what needs to change?

Action	Description – what happened	Outcomes – what is the end result
Have there been any checks or audits completed in the last month (*this can include first aid kits, plant or equipment used, work station assessments, etc.*)		
Number of H&S Meetings		
Any safety documents or processes (eg. Job Safety Analysis - JSA, Risk Register, Training, Checklists) reviewed by workers in the last month		
Any initiatives/good ideas raised in work area?		

UPDATE ON ANNUAL REPORT

To:	Risk and Assurance Committee
Meeting Date:	Tuesday 20 December 2022
From:	Patricia Christie – Manager, Financial Services
Approved:	Clare Hadley - Chief Executive
Approved Date:	Thursday 15 December 2022
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

This is a cover report to table the Letter from Audit New Zealand with regard to deferring the signing of the Annual Report for the year ended 30 June 2022.

Recommendations

That The Risk and Assurance Committee:

1. Receive the report Update on Annual Report.
2. Note the letter from Audit New Zealand.

Attachments

1. Appendix 1 – Letter from Audit New Zealand (A4219537)

Appendix 1
A4219537

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

13 December 2022

Level 3, 335 Lincoln Road
Addington
PO Box 2, Christchurch 8140

The Council
Invercargill City Council
101 Esk Street
Invercargill 9840

Tēnā koutou Councillors

Decision to defer signing of the audit report for the year ended 30 June 2022

Further to our recent discussions with management and the independent members of your Audit and Risk Committee, we have been requested to formally outline the reasoning for deferring signing of the audit report to 2023. This letter sets out those reasons and provides context to our decision. We also outline the plan for completion in 2023.

Throughout 2022, we have met monthly with management and the two independent members of your Audit and Risk Committee, Bruce Robertson and Ross Jackson. These engagements have focussed on ensuring a 'soft landing' for audit completion through considering risks to annual report preparation and audit completion. These engagements have been a proactive and valuable means to raise risks and determine actions required to achieve our shared goal.

Throughout the year, these discussions have recognised the need for both preparers and auditors to have sufficient time to prepare a quality annual report and complete a quality audit. The above premise requires good quality and timely preparation, proactive issue resolution, close management of third-party providers (such as valuers), and both preparers and auditors to have appropriate resource.

Our ability to complete the audit has been significantly impacted by the accumulation of several issues which we outline further below. The accumulation of these issues means that we now do not have sufficient time to complete a quality audit of the City Council and its group. For us to be able to complete a quality audit for the City Council and its community, we need quality information in a timely manner in order to give us the necessary time to complete the work. We have not received that in relation to several significant matters.

Accumulation of matters leading to audit deferral

The below matters have necessitated additional time being spent and diverted our time from completing other necessary areas of the audit. These matters and their accumulated effect are the key reasons which have led to our decision to delay signing of the audit report.

Good quality and timely preparation

- ***We have identified a high volume of errors in the consolidation process.*** This reflects the consolidation process is currently a very manual exercise, which requires close control and thorough quality review. We have experienced continual errors arising from poor version control in the input of subsidiary financial statements, manual input errors, and issues with the model causing balances not to calculate correctly. This has necessitated considerable extra time being spent in this area. To exemplify this, we commenced working with the consolidation on 7 November 2022 and have received the latest version (version 3) on 8 December 2022. The extended period has meant this work has needed to be handed over to another staff member, as the staff member assigned moved to another assignment.

- ***There was a lot of time taken to receive satisfactory Property, Plant and Equipment reconciliations.*** We requested information be corrected because additions of property, plant and equipment did not reconcile on 24 November 2022 (this should reconcile before being provided for audit). Subsequent information and requests entailed with this were eventually resolved on 8 December 2022, although the staff member assigned to complete the work had moved off the audit.

- ***There have been multiple resubmissions of the City Council's Commitments disclosures***. We commenced our work on the commitments disclosure on 8 November 2022. This has been a protracted process by which we have observed errors relating to using incorrect expiry dates for leases, omitting renewals from disclosures, non-consideration of payments made against contracts, completeness of contracts included, and manual calculation errors. We received a correct listing on 6 December 2022. This has resulted in considerable additional audit effort in this area.

- ***There has been a high volume of misstatements we have identified during the audit***. To date we have identified 190 misstatements, comprising of misstatements to the financial statements, disclosures, and the statement of service performance. This level of error is higher than desirable and results in us spending more time checking errors have been corrected appropriately.

Proactive issue resolution

- ***There are complex accounting issues arising from group audits***. Specifically, the substantive implications of an impairment to a joint venture within Invercargill City Holdings Limited (ICHL). We received the City Council's paper on accounting for this issue on 5 December 2022. We considered the City Council's position and have rapidly submitted our own paper on the issue for internal consultation. Where complex issues such as this arise, audit standards require us to consult appropriately on significant and complex judgements. We need sufficient time to consider and consult on matters of this complexity in order to make quality judgements.

Close management of third-party providers

- ***An expert's report on the City Council's compliance with Part 4 and Part 5 of the Drinking Water Standards was submitted late***. We required the report by 29 November 2022, it was received on 7 December 2022. The team member assigned to complete this work finished on the audit prior to the report being submitted.

- ***There has been a lack of responsiveness by valuers to queries concerning property, plant and equipment valuations.*** Of most consequence has been the delay by the land and buildings valuer to respond to us for two weeks, for which their then delayed initial response was to refuse to provide us with information. We are yet to receive a response from the valuer, who has continued since this point, to negotiate providing only some of the required information.

These matters have led to the decision to delay signing of the audit report. To delay signing is not something we had hoped for nor is it something we have considered lightly. I acknowledge the communication of my decision to defer could have been handled differently, however it is a necessary one to ensure a quality audit is provided.

I would also like to stress that we were sufficiently resourced to complete the audit within the timeframe agreed. Our resource planning does not plan for accumulated issues of this volume and expects quality and timely preparation and issue resolution. This did not occur. It would not be fair nor prudent for us to allocate further resource in 2022 to react to these matters in an environment where we are experiencing an auditor shortage. Such action would not result in completion of your audit and could have consequential impacts to successful delivery of other audits where good quality preparation has occurred. We also need to prioritise the well-being of our staff ahead of a 'complete the audit at all costs approach'.

In my view, there is a need to review the annual report preparation process, specifically to ensure internal quality review processes are performed well, and well in advance of our visit. This is with the view to reducing the time spent on the audit which has resulted in excessive unbudgeted time in recent years. We will need to have a conversation in the New Year about recovering a portion of our cost overruns.

The current position is not a sustainable one for either party and we need to be accountable and take ownership of our respective responsibilities. The annual report remains the responsibility of the City Council, including all internal control activities to ensure the financial statements are free from material misstatements. Our responsibility is to audit the annual report and express an opinion on the fair presentation of said report. These responsibilities are clearly outlined in our Audit Engagement Letter. I would be happy to discuss our respective responsibilities with you.

Next steps

We remain committed to completing the audit as soon as possible in the New Year, however this relies upon the City Council playing its part, which includes at a minimum ensuring that supporting information reconciles to the financial statements and that we receive the necessary information from the City Council's third-party providers. In Appendix 1, we outline the work that is still to be

completed as at 12 December 2022. We will liaise further with management around availability of staff in the new year to ensure this aligns with our resourcing. We expect to be able to complete the audit in mid to late February.

Nāku noa, nā

Dereck Ollsson
Director

Appendix 1: Status of work remaining on the audit

Section	Date started the section	Status	Description of issue
Consolidation	7 November	In Progress	Please see above section. Waiting on version 4 consolidation with misstatements corrected.
Property, plant and equipment	23 November	In Progress	Please see above section. Waiting on additions sample to be returned. Waiting on client to confirm when they are free to have a discussion around the controls.
CCO section of the annual report	7 November	In Progress	Awaiting on Great South information.
Review of annual report	7 November	In Progress	Please see above section. Waiting on version 4.
Land and Buildings valuation	14 November	Still outstanding	Initial work commenced on 14 November with the first query sent to valuer on 22 November; valuer indicated he was unable to reply within one day. Followed up on 29 November. No response from valuer. Escalated to management on 29 November. Advised the valuer was on leave and would prioritise on her return on 5 December. The valuer will not release the soft coded worksheets claiming they are QV's intellectual property. Sample size extended and sent on 5 December. The valuer requested a reduction in sample size. Audit responded on 6 December. Discussed telephonically with Patricia on 7 December. No response from the valuer. Audit followed up on 8 December.
Drinking water	Not started	In progress	The drinking water report from external supplier was provided for audit on 8 December. Communicated to client in meeting of 16 November that the latest we could wait for the report without it affecting audit completion 29/30 November.

Section	Date started the section	Status	Description of issue
Biological assets	5 December	In Progress	Awaiting response from valuer. Requested on Monday 5 December; valuer indicated that he can only respond next week due to conflicting priorities.
Income tax		Not started	Cannot commence until audit field work is completed due to moving numbers within the annual report.
Reporting and completion sections		Not started	Cannot commence until audit field work is completed.
Investment property		In Progress	Minimal work completed due to assigned staff member working on the consolidation.
Review of ICHL group return		Not started	Cannot commence until ICHL clearance to Invercargill City Council received.
Funding Impact Statements (FIS)		In Progress	Please see above section.
Statement of cashflows		Not started	Cannot commence until audit field work is completed due to moving numbers within the annual report.

15 December 2022

Dereck Ollsson
Audit NZ

Via email: dereck.ollsson@auditnz.parliament.nz

Kia ora Dereck

Thank you for the letter of 13 December 2022 to our councillors outlining your reasons for delaying the sign off of our Annual Report audit. This will be considered at the Risk and Assurance Committee meeting on 20 December 2022 together with this response. After discussion with the Committee Chair our preference is for you to address the Committee in person in early 2023 to discuss the audit with our elected members.

We entered this audit process with a clear commitment from you to our councillors that you would work to achieve a smooth process in 2022. Our Committee Chair and fellow independent have given time to the regular governance meetings. We have worked to get the Annual Report signed off within the statutory deadline, notwithstanding your inability to confirm the required resources early on.

Accumulation of Matters Leading to Audit Deferral

At the 24 November 2022 governance meeting I asked the question whether there was anything outstanding that would prevent the signing of the annual report on 20 December - to which your reply was 'nothing'. From the issues outlined in your letter those issues were very real at 24 November, and should have been highlighted immediately.

Good Quality and Timely Preparation

It is disappointing the extent and severity of the issues were not communicated on a timely basis to Patricia and myself. This denied us any opportunity to put remedial actions in place. I cannot help but feel this seems like a repeat of last year. It is unacceptable that the first time we were provided with a list of outstanding areas was appendix 1 to your letter. This was not shared with us ahead of the letter being sent. Our comments to those points are detailed in Appendix 1 to this letter.

The *quality of consolidation* seems an odd place to start as the fact this was commenced prior to key points in the Council audit even being started, and subsidiary audits still continuing, meant there was a high risk of rework.

The project planning and sequencing of work in our opinion has contributed significantly to the current position. The short interim audit (4 days) and the lack of staff consistency between last year to this and even interim to final audits has meant a lot of re-education and rework and the duplicate provision of information. This falls directly on my team and impacts on their wider workload.

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The work plan for the full audit was never shared with us upfront, with just the next week's resourcing and audit areas provided on a Thursday. Not having the 'big' picture has meant we cannot upwards manage audit delivery.

Proactive Issue Resolution

Complex accounting issues arising from group audits: We are fully aware technical accounting issues can arise during an audit, as is the case with the ICL valuation. We received the draft valuation on 24 November 2022. This required some minor changes before being shared with ICHL audit team on 28 November and discussed with them on 30 November. As a result of that discussion the Council team pulled together a technical paper on the ICC Group treatment of the impairment which was provided on 5 December. At the operational and governance meetings on 7 and 8 December you advised this paper was still being considered and your own technical paper being developed. Your letter now indicates that your technical paper has been submitted. As this impacts closing the final aspects of the audit, we request this be expedited and we receive advice on of the outcome of the technical assessment – preferably before the Christmas close down.

Close Management of Third Party Providers

The requirements of an external expert to satisfy Drinking Water Standards was not made clear to us early on, resulting in delays in obtaining a provider.

In sequencing the work, I feel that leaving key material sections to the end of the process was a high risk approach which has challenged the relationships we have with these suppliers. Asking valuers to turn audit queries around in 24 hours is not acceptable. We believe the requests to external parties where possible should have been made at the start of the audit process. I refer to the valuations for investment property, forestry and land and buildings.

This would also have provided more flexibility when those external parties were hit by COVID which has impacted their ability to turn around audit requests.

Impact on Organisation

The audit process has a significant impact on both the finance staff and our organisation. The amount of resource required to answer questions means that finance business as usual is often put on hold. This is impacting our 2023/24 Annual Plan, response to the Three Waters reforms and the 2024-34 Long Term Plan and the ability to deliver our business enhancement programme work which needs to be caught up on in the coming months.

There is also a negative effect on our staff. Our lead accountant on the 2021 audit left the organisation in early 2022 and in their exit interview squarely put the reason for leaving as the audit process. We can see that the 2022 audit is having a similarly negative impact on our staff.

All these points indicate that the level of communication and collaborative working necessary for a successful and efficient audit are still not present in the ICC audit. I compare this with my own previous experiences, and my observations of how issues with other audits completed within the ICC Group are approached. I feel we do not see the foundation of a relationship built on trust and cooperation.

Your letter indicates that you intend to seek additional costs for the audit. This is something we will challenge strongly. This needs to be put aside while we complete the process for 2022. We are committed to working with your audit team to complete the audit in late January and early February to allow adoption on 21 February 2023. To achieve this a greater level of operational communication is required to ensure that the remaining items stay on track. I trust we have that commitment from you and all of your audit team.

If you have any questions regarding this please do not hesitate to contact Patricia or myself.

Yours sincerely

Michael Day
GROUP MANAGER – FINANCE AND ASSURANCE

Appendix 1: Status of work remaining on the audit – Council comment

Section	Date started the section	Status	Description of issue	Council comment
Consolidation	7 November	In Progress	Please see above section. Waiting on version 4 consolidation with misstatements corrected.	Now that Council are aware of the issue further work is being done and Audit NZ are requested to stop audit work to allow us to ensure a better quality product.
Property, plant and equipment	23 November	In Progress	Please see above section. Waiting on additions sample to be returned. Waiting on client to confirm when they are free to have a discussion around the controls.	Further additions sample was provided 14 December which is currently being worked on. Phone call between Patricia and auditor regarding controls the project managers have in relation to WIP was held on 13 December.
CCO section of the annual report	7 November	In Progress	Awaiting on Great South information.	Great South Annual Report was provided on 12 December. Note CCOs only needed to be signed by 30 November so starting this section on 7 November was pre-emptive.
Review of annual report	7 November	In Progress	Please see above section. Waiting on version 4.	Version 4 will be provided in the new year

Section	Date started the section	Status	Description of issue	Council comment
Land and Buildings valuation	14 November	Still outstanding	Initial work commenced on 14 November with the first query sent to valuer on 22 November; valuer indicated he was unable to reply within one day. Followed up on 29 November. No response from valuer. Escalated to management on 29 November. Advised the valuer was on leave and would prioritise on her return on 5 December. The valuer will not release the soft coded worksheets claiming they are QV's intellectual property. Sample size extended and sent on 5 December. The valuer requested a reduction in sample size. Audit responded on 6 December. Discussed telephonically with Patricia on 7 December. No response from the valuer. Audit followed up on 8 December.	ICC will follow up progress with QV. Note that QV valuer has been away with COVID.
Drinking water	Not started	In progress	The drinking water report from external supplier was provided for audit on 8 December. Communicated to client in meeting of 16 November that the latest we could wait for the report without it affecting audit completion 29/30 November.	Drinking water report author also got COVID causing the delay in supply of the report.
Biological assets	5 December	In Progress	Awaiting response from valuer. Requested on Monday 5 December; valuer indicated that he can only respond next week due to conflicting priorities.	Noted that information was required to be obtained from both our forestry valuer and forest management company rather than being asked for up front.

Section	Date started the section	Status	Description of issue	Council comment
Income tax		Not started	Cannot commence until audit field work is completed due to moving numbers within the annual report.	Agree should not be looked at until the end
Reporting and completion sections		Not started	Cannot commence until audit field work is completed.	Agree
Investment property		In Progress	Minimal work completed due to assigned staff member working on the consolidation.	Agree should not be looked at till the end note that both revaluation and income from investment properties appear to still be untouched.
Review of ICHL group return		Not started	Cannot commence until ICHL clearance to Invercargill City Council received.	Noted that there are two outstanding issues
Funding Impact Statements (FIS)		In Progress	Please see above section.	Issue raised with Natasha to be discussed.
Statement of cashflows		Not started	Cannot commence until audit field work is completed due to moving numbers within the annual report.	Agree

Other areas where an update is required:

- SSPs – note that this section was only started late in the audit and there were a number of misstatements provided which are currently being worked through.
- Payroll – Is this section complete? We note that there were a number of late questions as a result of rework required.