



AGENDA AND SUPPORTING PAPERS

FOR COUNCIL'S RISK AND ASSURANCE COMMITTEE MEETING

TO BE HELD

Via Zoom, and will be live streamed via Council's

Facebook page: <https://www.facebook.com/WestCoastRegionalCouncil>.

MONDAY, 30 AUGUST 2021

COMMENCING AT 10.30 a.m:

Committee Members

Cr Debra Magner (Chair)
Cr Stuart Challenger
Cr Brett Cummings
Cr Laura Coll McLaughlin
Cr John Hill
Cr Allan Birchfield
Cr Peter Ewen

Heather Mabin (Acting CEO)
Kim Hibbs (People & Capability Manager)
Neil Selman (Acting CSM)
Nichola Costley (Strategy & Coms Manager)



RISK & ASSURANCE COMMITTEE

AGENDA (*Rarangī Take*)

10.30 a.m

Monday, 30 August 2021

1. Welcome (*Haere mai*)
2. Apologies (*Nga pa pouri*)
3. Declarations of Interest
4. Confirmation of Minutes (Whakau korero) – 21 June 2021
5. Matters Arising
6. Notification of Extraordinary and Urgent Business (He Panui Autaia hei Totoia Pakihi)
7. Questions (*Patai*)
8. Chairman's Report – Verbal Update (*Nga Purongo-a-Tumuaki me nga Kaunihera*)
9. Risk
 - a. Item 1 – Risk register verbal update
 - b. Item 2 – AF8 Presentation, by Caroline Orchiston
 - c. Item 3 – Health & Safety – Telarc Audit Report
10. Long-term Plan
 - a. Item 1 - Long-term Plan Consultation Process - Verbal Update
11. Acting Corporate Services Manager
 - a. Item 1 – Quarterly Financial Report, 30 June 2021
 - b. Item 2 – RSHL Statement of Intent
12. General Business
 - a. Item 1 – Transport Audit

H. Mabin
Acting Chief Executive

THE WEST COAST REGIONAL COUNCIL

**MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE,
HELD ON 21 JUNE 2021, AT THE OFFICES OF THE WEST COAST REGIONAL COUNCIL,
388 MAIN SOUTH ROAD, GREYMOUTH, COMMENCING 10.33 AM**

PRESENT:

D. Magner, S. Challenger, B. Cummings, L. Coll-McLaughlin

IN ATTENDANCE: zoom

H. Mabin (Acting Chief Executive Officer), N. Selman (Acting Corporate Services Manager) via Zoom, K. Hibbs (People and Capability Manager), T. Jellyman (Executive Assistant), P. Hibbs (Information Technology), Cr Ewen, Cr Hill.

Cr Magner read the prayer

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST: There were no declarations of interest.

CONFIRMATION OF MINUTES OF MEETING HELD 1 APRIL 2021

Moved (Challenger/ Coll McLaughlin)

That the minutes of the meeting held 1 April 2021 be confirmed as correct.

Carried

MATTERS ARISING

There were no matters arising.

CHAIR AND COUNCILLORS' REPORTS:

Cr Magner provided a verbal report on the meetings she has attended since the last meeting. These included several meetings with H. Mabin and Cr Birchfield. Cr Magner also participated in a conference call with Sam Naylor, R. Mallinson and H. Mabin regarding the Annual Report 2020.

Moved (Coll McLaughlin / Challenger) *That the report is received.*

Carried

RISK REGISTER – VERBAL UPDATE

H. Mabin reported that there is no update as a new framework is to be developed and a new risk policy would be rolled out across Council. The first workshop is to be held on 7 July and will be combined with Council and the Executive Leadership Team. H. Mabin advised that the policy will then be developed and

a second workshop, involving Council will be held in August. Following this a new risk register will then be developed and implemented.

Moved (Cummings / Challenger) *That the verbal update regarding the Risk Register update is accepted.*

Carried

LONG TERM PLAN PROGRESS REPORT

N. Selman provided a verbal update and stated that work is continuing with AuditNZ. He stated that AuditNZ have advised that they are challenged resource wise and in view of the statutory deadline of 30 June for all Long Term Plans to be completed by they are directing their resources to Council's who will make the deadline. N. Selman advised that Council's LTP will not be completed by 30 June and therefore AuditNZ will not be directing any resources to Council until post 30 June.

N. Selman advised that staff are currently working through outstanding items which are due to Audit NZ by COB on Wednesday.

N. Selman stated that he is hoping to have the Consultation Document to the Council meeting scheduled for 13 July.

Moved (Coll McLaughlin / Challenger) *That the verbal Long Term Plan Progress Report is received.*

Carried

ACTING CORPORATE SERVICES MANAGER, CORPORATE SERVICES REPORT ITEM 1 – QUARTERLY FINANCIAL REPORT

N. Selman advised that the financial result is inflated by significant capital contributions income received in relation to LiDAR and the Infrastructure Reference Group projects. He stated that capital contributions from central government and other funders are spent on our fixed asset register and this does not represent a fair reflection for how Council is performing. N. Selman advised that this surplus is not all profit as there will be adjustments coming through and the portion of this income that is related to capital contributions will be included in the next financial report. It was noted that there is likely to be a surplus in the year end result but this is more so generated from capital contribution income rather than operating performance.

Moved (Cummings / Challenger) *That the Audit and Risk Committee receives this report.*

Carried

ITEM 2 – DELEGATION OF AUTHORITY – JBWERE INVESTMENT PORTFOLIO

H. Mabin introduced Tom Phillips and Phil Borkin from JBWere to the meeting. H. Mabin advised that due to the pending retirement of R. Mallinson, and herself in an interim role, the signatories for fund investments need to be updated. It was noted that R. Mallinson's signatory will remain in place until 27 August. Discussion took place on the Statement of Investment Policy and Objectives (SIPO) and it was confirmed that Council does need to have two signatories in place but JBWere can act on the basis of any individual who has signed up to the SIPO process.

Discussion took place on futureproofing this process and it was agreed that this would be covered off when the Delegations Manual is revised. H. Mabin stated that given the magnitude of the investment portfolio Council would always be involved in these decisions. Cr Magner agreed with having two signatories for transactions. It was agreed that H. Mabin would bring a paper to the next Council meeting to cover these matters.

Moved (Challenger / Cummings)

That the committee:

- *Approve the removal of Michael Meehan as a Council Officer on JBWere's Statement of Investment Policy and Objectives; and*
- *Approve the inclusion of Heather Mabin as a Council Officer on JBWere's Statement of Investment Policy and Objectives; and*
- *Note that Robert Mallinson will be a Council Officer on JBWere's Statement of Investment Policy and Objectives until 27 August 2021.*
- *Approve the inclusion of Chair Allan Birchfield and Cr Debra Magner, Chair of the Risk and Assurance Committee on JBWere's Statement of Investment Policy and Objectives.*

Carried

ITEM 3 – DELEGATION OF AUTHORITY – LOCAL GOVERNMENT FUNDING AUTHORITY

H. Mabin spoke to this report and advised that currently Council does not have any signatories in place with LGFA. H. Mabin advised that she will put a paper to Council to adopt the delegation as per the recommendations and will also arrange for placement in the revised Delegations Manual.

Moved (Coll McLaughlin / Challenger)

That the Committee resolve to recommend that Council:

- *Approve the inclusion of Heather Mabin as a West Coast Regional Council signatory with LGFA; and*
- *Approve the inclusion of Chair Allan Birchfield as a West Coast Regional Council signatory with LGFA; and*
- *Approve the inclusion of Cr Debra Magner, Chair Risk and Assurance Committee as a West Coast Regional Council signatory with LGFA.*

Carried

Item 4 – Investment portfolio, 31 May 2021, Tom Philips JBWere presentation

JBWere provided an update on the investment portfolio. Mr Phillips introduced Mr Borkin (Chief Strategist) to the meeting. Mr Phillips provided an update on how the investment portfolio is tracking and likely to track over the next 12 months. Mr Phillips shared his screen to the meeting. He stated that the main fund has a total return for the year of around \$1.2M (in percentage terms is just under 12%) which is well ahead of the benchmark which is 8%. Mr Phillips stated that it has been a very strong year for the portfolio. Mr Phillips stated that the catastrophe funds were reintroduced in December last year and this is now fully invested. He explained the status of the main fund and advised that this is overweight with equities and underweight with fixed interest. Mr Phillips spoke extensively to his presentation. He displayed the summary page and stated that there is a strong return market and strong economic recovery now. Mr Phillips stated that post Covid, we are now seeing a strong recovery with strong economic growth at the moment.

Mr Borkin addressed the meeting and stated that the market has been in a very strong return environment especially with equity markets. He stated that the main rationale for this is that we are now in a very strong economic recovery. Mr Borkin stated that those economies that have handled their Covid outbreaks well, like New Zealand, or countries who are now quite well advanced with vaccine rollouts such as the UK and USA. Mr Borkin stated this is the strongest growth the global economy has experienced in a number of years. He stated that the New Zealand economy has done better than expectations, because it handled Covid well, commodity prices high and expected to remain high, this will be good for export prices. Mr Borkin stated that construction is doing well, households have built up savings and are still spending. He stated that this is despite the majority of borders being shut for the majority of the world. He stated that the Reserve Bank is now saying that there is less need for us to continue to provide stimulus. Mr Borkin

stated that interest rates are low and are expected to stay low for a number of years yet. He provided further information and offered to answer questions.

Mr Borkin stated that JBWere are comfortable with the current makeup of the portfolio and the asset allocation of the portfolio.

Cr Magner thanked JBWere for their presentation. JBWere offered to answer questions either now or via the Acting Chief Executive.

Moved (Cummings / Challenger) *That the Committee receives this report.*

Carried

The meeting closed at 11.14 a.m.

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Chairman

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Date

Report to: Risk & Assurance Committee	Meeting Date: 30 August 2021
Title of Item: Health and Safety Audit Report	
Report by: Jamie Coburn - Health and Safety Advisor	
Reviewed by: Kim Hibbs – People and Capability Manager	
Public excluded: No	

Report Purpose

The purpose of this report is to provide the Council with an update on the Health and Safety ISO 45001 External Audit.

Report Summary

The Attached audit report provides full details of the Audit findings which are summarised below.

Draft Recommendations

For Council to note the report.

Issues and Discussion

The Council currently holds the ISO 45001 Occupational Health and Safety Management System certification. To maintain this certification an annual audit was completed on the 27 -29 July by an external auditor.

From the audit it was identified that the following items need to be improved:

Four Minor Non-Conformance

- **Evaluation of Emergency Response Plan/s** -after the occurrence of all emergency situations ensure that a post evaluation is carried out (e.g. after site emergency lock down in May).
- **Conduct internal audits** for each department to evaluate whether the health and safety system is effectively implemented and maintained.
- **Health Monitoring** - Establish and implement a process for health monitoring.
- **Testing & Tagging** - Need to ensure this is carried out for all departments addressing all mobile electrical items

Opportunities of Improvement

The auditor identified nine opportunities of improvement.

Considerations

NIL

Attachments

Telarc Health & Safety Management System Report.



Management System Assessment Report

West Coast Regional Council

27 July 2021



MANAGEMENT SYSTEM ASSESSMENT REPORT

Company:	West Coast Regional Council	
Address:	388 Main South Road Paroa Greymouth New Zealand	
Type of Assessment:	Review Visit 1	
Management Representative:	James Coburn	
Management System Standard:	ISO 45001:2018	
Assessment Due Date & Frequency:	29 May 2021	12 – monthly
Actual Date(s) of Assessment:	27 July 2021	
Assessment Team:	Pouya Valakia	
Client No:	15169	WPF No: 107757
Registration No:	526	Expiry: 29/07/2023
Report prepared by:	Pouya Valakia	
Report Technical Review by:	NA	
Non-conformances to be cleared by:	07/09/2021	Cleared on: 10/08/2021
Report issued/version:	30/07/2021 / V2	

Scope Statement:

The management of natural and physical resources, resource consent on the discharge of contaminant to land, air or water; water quality and quantity and pest control within the region.

ASSESSMENT OBJECTIVES

The purpose of this assessment was to determine the capability and effectiveness of your organisation's management system and commitment to ensure continual compliance with customer, statutory and regulatory requirements; meeting its specified objectives; and conformity of the management system to stated criteria. Where applicable the assessment identified areas for potential improvement of the management system.

EXECUTIVE OVERVIEW

Assessment Outcome

This was the first surveillance audit against the ISO 45001. The Health and Safety team has done a series of actions and corrective actions in response to previous assessment findings, specifically regarding hazardous substances and the procurement process. The organisation outsourced the quarry operation to MBD Contracting Ltd. This contractor was the "Quarry Operator" for "Quarrying Operation". MBD Contracting Ltd. is a certified organisation against ISO 45001 by Telarc. Although the organisation considered the extent of the documented information for the OH&S management system based on the competence of workers and the risks of activities, such as VCS, the volume of some documented information such as the "Health and Safety Management Plan" could be reduced to manage changes more effectively. As the risk associated with the VCS is higher than other areas, the organisation should consider these risks while planning, implementing and improving its management system. For instance, setting health and safety objectives for VCS, having a health and safety committee member from the field, and incident & accident data analysis for VCS. In conclusion, the health and safety management system has been maintained and improved effectively. However, four NCs - which need formal actions - and nine OIs were found and reported in this document.

AREAS THAT REQUIRE ATTENTION

Non-conformances

NC 1.	TELARC Non Conformance
<p>Type: Minor Observation: As per ISO 45001, clause 8.2, the organisation shall evaluate the performance of its emergency response plan after the occurrence of emergency situations. However, after a couple of actual emergency situations, such as Lockdown (11 May 2021) and West Coast flooding (Jul 2021), the records of performance evaluation were not evident. Non-conformance: The organisation did not evaluate its emergency response plan after the occurrence of emergency situations.</p> <p><i>Clause of the standard</i> ISO 45001, CI 8.2.d</p>	
<p>Approved action plan:</p> <p>The Council will evaluate performance and as necessary, revising the planned response, including after testing and in particular, after the occurrence of emergency situations</p> <p>Part of this process will be for the H&S Advisor with the support of H&S Committee members to also review the documented procedures in the Emergency Management Plan to ensure it references records of performance and evaluation.</p> <p>Will review the emergency events which occurred recently evaluating and documenting. (Note: Post discussions were held about the events but were not documented.</p> <p>Will have this in place by November 21 PVK, 10.08.2021</p> <p>Actions taken: Results to be reviewed at the next audit.</p>	
<p>Response Status: Minor NC - Actions to be taken as per approved action plan. Results to be reviewed at the next audit. Certification can be continued.</p>	

NC 2.	TELARC Non Conformance
<p>Type: Minor Observation: Although the organisation has different methods to review and evaluate its health and safety management systems (internal audit), such as the 2021 management system assessment (29.03.2021 and 15.07.2021), these approaches did not evaluate whether the health and safety management system was effectively implemented and maintained. Non-conformance: The organisation did not conduct internal audits to evaluate whether the health and safety management system is effectively implemented and maintained.</p> <p><i>Clause of the standard</i> ISO 45001, CI 9.2.1.b</p>	

Approved action plan:

The Council (WCRC) shall conduct internal audits at planned intervals (minimal annually) to provide information on whether the Occupational, Health and Safety management system is effectively implement and maintained.

Will provide training for individual/s where required for those that will be carry out these scheduled audits.

The Manager (with the support of a H&S Committee member) shall be responsible for the internal audits to be completed for each of their department/teams.

An overall internal audit will be carried out for the Council site/s on an annual basis to ensure information on whether the Occupational, Health and Safety management system is effectively implement and maintained.

PVK, 10.08.2021

Actions taken:

Results to be reviewed at the next audit.

Response Status: Minor NC - Actions to be taken as per approved action plan. Results to be reviewed at the next audit. Certification can be continued.

NC 3.	TELARC Non Conformance
<p>Type: Minor</p> <p>Observation:</p> <p>The health monitoring records relevant to hazards that could affect employees' health were not evident. For instance, as per page 101 of the health and safety management plan, noise is identified as a hazard. However, the records of the audiometer, including pre-employment and regular audiometry, were not evident.</p> <p>Non-conformance:</p> <p>The organisation did not establish and implement a process for health monitoring.</p> <p><i>Clause of the standard</i></p> <p>ISO 45001, CI 9.1.1</p>	
<p>Approved action plan:</p> <p>The West Coast Regional Council is currently in the process of implementing a health monitoring process (including pre-employment).</p> <p>To assist with this process the H&S Advisor will sought the assistance of an external provider (with the support of each department Manager and their H&S Committee member) to determine the health monitoring requirements for each department and each of their teams.</p> <p>From this we will develop a documented health monitoring system specifically for the Council</p> <p>The plan is to have this implemented by the first quarter of 2022</p> <p>PVK, 10.08.2021</p>	

Actions taken:

Results to be reviewed at the next audit.

Response Status: Minor NC - Actions to be taken as per approved action plan. Results to be reviewed at the next audit. Certification can be continued.

NC 4.	TELARC Non Conformance
<p>Type: Minor</p> <p>Observation:</p> <p>While the organisation uses the test and tag method as a hazard control measure for portable electric equipment and tools, some extension cords and tools with expired tags or without tags at the VCS's depot were evident.</p> <p>Non-conformance:</p> <p>The organisation did not fully implement its planned operational controls.</p> <p><i>Clause of the standard</i></p> <p>ISO 45001, CI 8.1.1.b</p>	
<p>Approved action plan:</p> <p>Testing & Tagging</p> <p>Currently following (H&S Advisor) up on quotes from a provider to carry out testing and tagging to ensure our equipment is in safe order for use as well as meeting the minor non-conformance requirement.</p> <p>Organising for Health and Safety Committee member from each department to assume responsibility for their department/teams and make sure that mobile pieces of electrical equipment is captured during the testing and tagging process i.e. (but not limited to):</p> <ul style="list-style-type: none"> • Extension leads • Multi boxes • Electrical Tools i.e. drills, bench grinders etc <p>Lap Top adapters/leads</p> <p>PVK, 10.08.2021</p> <p>Actions taken:</p> <p>Results to be reviewed at the next audit.</p>	
<p>Response Status: Minor NC - Actions to be taken as per approved action plan. Results to be reviewed at the next audit. Certification can be continued.</p>	

Opportunities for improvement

- OI 1** *It is suggested that the organisation considers highlighting the scope of the H&S management system in the H&S management plan.*
- OI 2** *It is suggested that the organisation considers having a link between determined interested parties, internal and external issues and its strategic plan.*
- OI 3** *It is suggested that the organisation considers adding "reporting on the performance of the H&S management system to top management" to the H&S advisor responsibilities.*
- OI 4** *It is suggested that the organisation considers identifying hazards relevant to Rafting and Kayak & Wader River Safety accurately.*

- OI 5** *It is suggested that the organisation considers establishing a systematic approach to include all required management review inputs - based on ISO 45001 - in its management review process. E.g., new legislation and changes in internal and external issues.*
- OI 6** *It is suggested that the organisation considers developing the SID platform to review the effectiveness of corrective actions.*
- OI 7** *It is suggested that the organisation considers conducting specific data analysis regarding VCS incidents and accidents.*
- OI 8** *It is suggested that the organisation considers applying the WORKSAFE hazardous substance calculator.*
- OI 9** *It is suggested that the organisation considers establishing a systematic approach for compliance evaluation against “Health and Safety at Work (Mining Operations and Quarrying Operations) Regulations 2016”.*

RECOMMENDATION

The recommendation from this assessment, for the standard(s) and scope detailed on page 2 of this report, is that your certification continues.

Assessment recommendations are always subject to the Telarc Certification Authority for review and final decision.

AUDIT HISTORY

NC1. There is a requirement for the Top Management (i.e. Council) to conduct a review of the Council's H&S Management Plan which has not been happening.

Objective evidence of management review was checked and reported in the "Performance Evaluation section". PVK, 30/07/2021

NC2. A review of the Council's worker training records and processes revealed a number of discrepancies including training processes not being implemented (e.g. section 2.2.1), incomplete records, lack of a Training Needs Analysis (as described in the H&S plan), records missing (e.g. inductions, SOP training), lack of training in some areas, and expired records (e.g. H&S Rep training). There is present a library of SOPs but there is no records available to show that relevant workers have received training or informed of their content.

Objective evidence of training was checked and reported in the "Competence and awareness section". PVK, 30/07/2021

NC3. Within the H&S plan there is prescribed a process for the engagement of subcontractors, including a centralised register of approved subcontractors. A review of the records shows that a number of these processes are not occurring, that a centralised approved contractor register has not been maintained and that some divisions within the council are engaging subcontractors without utilising this process.

Objective evidence of contractors evaluation was checked and reported in the "Procurement section". PVK, 30/07/2021

NC4. A selection of 2020 incidents were sampled for completion. Of the two examples selected, a number of corrective actions were identified to mitigate a repeat of the events. When questioned further it was identified that most of the corrective actions have not been implemented or records were not available to show completion, even though the incidents were closed out.

Objective evidence of accident investigation was checked and reported in the "Improvement section". PVK, 30/07/2021

NC5. When questioned about the Council's management of Hazardous Substances on site, it was identified that the Council and its subsidiary VCS have not maintained a Hazardous Substances Register, have not kept their SDS manual up to date, or provided training for all those workers handling Haz Substances on the risks associated with handling chemicals.

Objective evidence of Hazardous substance management was checked and reported in the "Operation section". PVK, 30/07/2021

NC6. The Council has actively managed their Headquarters Building at Paroa with detailed building evacuations, appointed floor wardens and records of emergency evacuations conducted. In terms of their field emergency plans, there has not been the same level of effort put into practising or conducting familiarisation exercises.

Objective evidence of Hazardous substance management was checked and reported in the "Emergency response section". PVK, 30/07/2021

Conformance Data

This table summarises the performance of your system using the terminology of the Annex SL system:

Major NC	Minor NC	Compliant
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Aspect\Audit Date	ST2 05/2020	RV1 07/2021	mm/yyyy	mm/yyyy
<i>Context of the organisation</i> (interested parties & scope)	Compliant	Compliant		
<i>Leadership</i> (commitment, policy, roles & responsibilities);	Major NC	Compliant		
<i>Planning</i> (risks & opportunities, objectives and plans);	Compliant	Compliant		
<i>Support</i> (resources, HR – competency, awareness, comms, docs)	Minor NC	Compliant		
<i>Operations – Product & Services</i> (planning, control & records)	Major NC	2xMinor NC	2 x Minor NC	
<i>Performance Evaluation</i> (monitor/measure, audit, review)	Compliant	2x Minor NC		
<i>Improvement</i> (including non-conformance & corrective actions)	Minor NC	Compliant		
Compliance with certification conditions (cert mark, ST&C, etc.)	Compliant	Compliant		

SPECIFIC AUDIT INFORMATION

Context of Organisation

As per section 0.2 of the Health and Safety Management Plan, the WCRC helps West Coast communities, businesses, industries and other groups in the region to live and work with our natural resources. Their work guides and supports the sustainable development of the West Coast through the management of air, land, water and coastal resources. They also co-ordinate Civil Defence, transport and economic development and are committed to creating a community that encourages discussion, self-expression and mirrors the values and mission of the West Coast Regional Council, including being responsible, effective and respectful. Section 2.3 of the manual addresses the key interested parties such as :

- OSPRI
- H&S Committees
- New Zealand Transport Association (NZTA)
- Grey District Council, Westland District Council & Buller District Council

In addition, internal and external issues are determined in section 0.2 of the manual, for instance :

- Working conditions
- Working time arrangements;
- New knowledge on products and their effect on health and safety
- Liaise with all organisations that we have dealings with, i.e. contractors, subcontractors, suppliers, partners and providers, as well as recognising new technologies, new laws and the emergence of new occupations

For further information, please refer to OI 1 and OI 2.

Leadership

The new top management reviewed the health and safety management policy statement without an amendment. The top management is a member of the Health and Safety Committee. The committee meetings are not conducted without the top management attendance. Section 3.2 of the manual details health and safety responsibilities and authorities, including employees, visitors and contractors. The top management approved this manual. The organisation uses different approaches for consultation and participation of workers, such as health and safety committee meetings, the VCS toolbox meetings, health and safety boards and management team meetings. **For further information, please refer to OI 3.**

Sources of evidence/audit trails

- Interview with CEO
- Health and Safety Management Plan / Rev1 / Authorised by CEO / Next review July 22
- Health and Safety Policy / 04.02.2021 / Available at the organisation website for the interested parties / Addressed to all ISO 45001 requirements
- Health and Safety Committee Annual General Meeting / Date: Feb 2021 / Agenda :
 - Election of the chairperson and Nomination for committee
 - H&C policy, objectives and activity schedule
- Quarterly H&S committees / 3 Feb 2021 and 13 May 2021
 - H&S advisor report to the committee
 - VCS top management is the member of this committee

Planning

As per the annual Health and Safety management programme 2021, the H&S objectives were planned based on the SMART approach, such as:

- General workplace safety improvement plan
- E-learning modules
- Drug and alcohol policy

➤ Legislation register

As per the Health and Safety Hazard / Risk register, hazards were identified, assessed - 5x5 matrix- and appropriate operational controls were planned. In addition, some hazards were identified through SOPs, and the organisation applied the JSA approach for the abnormal tasks/jobs. For further information, please refer to OI 4.

Sources of evidence/audit trails

- Health and Safety Hazard / Risk register
 - Exposure to extreme weather / Inherent Risk: High (12) / Residual Risk: Medium (8)
 - Stress / Inherent Risk: High (12) / Residual Risk: Medium (6)
 - Laboratory / Inherent Risk: Medium / Residual Risk: Low
 - Helicopter and fixed wing aircraft / Inherent Risk: High (10) / Residual Risk: Medium (5)
 - Working around water ways / Inherent Risk: High (10) / Residual Risk: Medium (8)
- Remote piloted aircraft system (Drone) / Section 3.6 of the manual
- Brush cutter SOP13/ 31 Mar 2021

Support

Competence and awareness

WCRC has developed a Health and Safety Training Needs Analysis Matrix to deliver and maintain awareness and/or competency-based training associated with the Health and Safety Management System and the organisation's managed workplace Health and Safety risks. All new workers must undertake relevant induction training for the role they are performing. As a minimum, induction training must include reference to the significant health and safety risks identified in the workplace. In addition, the organisation has developed the SID platform for managing the training process.

Sources of evidence/audit trails

- Training Spreadsheet 2021
- JH / schedule for hazardous substance training / Nov 2021
- RB / Pest management units 20779 and 20784 / 25.06.2008
- CB / Drone training records / Cert # : NZL 30510 / Date: 24 May 2019
- JL / Drone training records / Cert # : NZL 30514 / Date: 24 May 2019
- IM / chain saw SOP (SOP1, Next review Nov 21)
- RS / Brush cutter (SOP3)

Communication

Sections 12 and 17 of the Health and Safety Management Plan detail the control of documented information. The organisation uses its intranet to manage documented information and make it available for all users. Based on samples taken during the audit and reported in this document, the organisation maintained and retained required documented information effectively.

Operations – Processes

VCS

VCS team is a West Coast business specialising in pest control and environmental management. The team relocated to the Paroa building. However, the Jacks Road Depot is still used as the main warehouse for storing hazardous substances and equipment. At the time of the audit, eight people were working in the field. **For further information, please refer to NC4 and OI 8.**

Sources of evidence/audit trails

- VCS – Paroa
 - CD / New field operator / Induction date : 28.06.2021
 - Hazardous substance risk register sheet
 - VCS's SOP18 / Ground laid 1080/ V4, Next review Jul 2022
 - SDS / Cyanide 50 paste for possums / Issue : 16.05.2018
 - Location compliance certificate / Cert # 100161-L1123 / Expiry date : 04 June 2024

- Tool box meeting / 26 July 2021
- DW / Certified handler / Certificate #: WIC CHC0324-0305 / Class 6.1 A and B / Expiry date : 19 Mar 2024
 - KC / Certified handler / Cert# WIC CHC01261127 / Expiry 26 Jan 2026
- VCS records of achievement
 - KC / prepare and use toxins to control rural pets-animals / Unit St. # 29337
- Notification of temporary storage for a pest control operation or pesticide application / Date: 10.11.2020
 - Substance : Sodium fluoroacetate / 6.1 / Qty. : 103,800 Kg
- T Croft Ltd. / Subcontractor Pre-qualification checklist
- Heliventures/ Subcontractor Pre-qualification checklist
- NS / First aid certificate / Valid until : 8.09.2021
- Internal audit checklist (Fortnightly) / Date : 8.06.2021
- CD / OSH forklift certificate / Expiry 10.09.2023
- VCS – Depot (Jacks Rd.)
 - All access gates to the depot were locked and secured.
 - Appropriate signage at the entrance of the depot and store were evident.
 - Toxin store :
 - Glyphosate G360 / SDS issue date: Oct 2020
 - A spill kit was available
 - Cyanide stored in the hazardous substance locker
 - Fire extinguisher / Nov 2020
 - First aid kit was available, including an eyewash kit
 - 0.15% 1080 pellets / SDS revised : March 2019
 - Hazardous substance register was available
 - Tracking record for Cyanide tubes / Toxin and tracking register
 - Product: 1080 / tracking sheet

Procurement

As per table 10a of the manual, all contractors are categorised into four main levels including:

- Level 1 Visitor (Low Risk)
- Level 2 General Work (Low - Moderate Risk)
- Level 2a General Work (Moderate Risk)
- Level 3 - High-risk task (Major Works)

The table details the induction type, supervision required, process required and document references. In addition, the organisation established H&S criteria for evaluating and re-evaluating the contractors. The contractor evaluation process has the following steps:

- Prequalification document review and data gathering
- Prequalification checklist to evaluate the contractor based on the provided documents and information.

Sources of evidence/audit trails

- Taylors contracting company ltd. / Level 2 / Engineering services
 - Contractor pre-qualification application / Date 14.05.2021
 - Pre-qualification checklist / Date: 20.05.2021
- OCS cleaning LTD / Induction record for (AL) / Date 12.05.2021
- MBD Contracting ltd. / Operating three active quarries including : Okuru quarry, Camelback quarry and Inchbonnie quarry
 - Pre-qualification documents / Date: 22.02.2021
 - Pre-qualification checklist / Date:23.2.2021
 - Okuru, Camelback and Inchbonnie Quarry Management and Operation Request for Tender 2019-1

- MBD Contracting Ltd ISO 45001 certificate / Telarc Registered / No. 584 / Expiry Date: 16 December 2023 / Scope: Providing major earthworks, sea foreshore and river protection, operation of quarries, State Highway and local Council road treatments, subdivisions, retaining walls, driveways and section dig outs.
- Inchbonnie Quarry / 2019 – 2022 Quarry Development Plan
- Inchbonnie site audit / Date: 02.09.2020 / Inspector : JE
- WORKSAFE acknowledgement of appointment of manager / Date: 15 May 2019 / CG from MBD contracting / Inchbonnie quarry
 - CG Certificate of Competence / A Grade Quarry Manager / Cert # 1718 / Expiry: 2026
- Inchbonnie Quarry / Name of operator: MBD Contracting Ltd / QUARRY AND ALLUVIAL MINE OPERATIONS NOTIFICATION AND REPORTING FORM- WORKSAFE / Cert # :11.01.2021
- Camelback quarry / 2019 – 2022 Quarry Development Plan
- WORKSAFE acknowledgement of appointment of manager / Date: 19 Aug 2020 / CG from MBD contracting / Camelback quarry
- Camelback quarry site audit / 02.09.2020
- Okuru site audit / 23.02.2021

Emergency Response

As per the emergency management plan (Rev1, Next review: Mar 2022), the following emergency situations were identified, and appropriate response plans were prepared.

- Earthquake
- Tornado
- Tsunami
- Bomb threat
- Pandemic
- Lockdown
- Threatening of violent behaviour

In addition, a completed WORKSAFE emergency template details the other emergency situations for the Jacks Rd., such as spill and fire. **For further information, please refer to NC1.**

Sources of evidence/audit trails

- Evacuation drill / 18.02.2021
- Desktop exercise / Oil spill / 18 Feb 2021
- VCS / Emergency response plan / Annual testing / 20.05.2021 / Covered: fire, spill, LPG leak and CPR

Performance Evaluation (Measuring & monitoring/Internal Audit/Management Review)

The health and safety advisor prepared monthly health and safety reports as input for health and safety committee meetings. The annual H&S activity schedule detailed a variety of site audits/assessments. In addition, the organisation reviews the H&S management system through the following approaches :

- Quarterly H&S committee meetings - The CEO is a committee member
- Quarterly Council meetings
- Annual H&S Committee general meeting
- Executive meeting (weekly)

For further information, please refer to NC2 &3 and OI 5 & 9.

Sources of evidence/audit trails

- Health and safety committee annual general meeting / Date: 3 Feb 2021
- Quarterly H&S committee meeting / 3 Feb 2021 and 13 May 2021
- H&S advisor report to the committee / Feb and May 2021
- 2021 H&S activity schedule
- Site audit / assessment / 4 Feb 2021

- 2021 management system assessment / 29.03.21 and 15.07.21
- H&S responsibilities checklist 2021 / 5 May 21
- Workplace inspection checklist 2021 / 10 May 2021
- Quarterly workplace observation/audit / 12.05.2021

Improvement (Complaints/NC/OI)

Section 13 of the manual details the NON – conformance / Incident and Action management. In addition, the organisation uses the SID platform and an incident register for managing NCs and events. In the case of VCS incidents or accidents, the H&S report should be sent to OSPRI. **For further information, please refer to OI 6 and 7.**

Sources of evidence/audit trails

- Incident register 2021
- LTI/MTI / Event date : 3.03.2021 / VCS / Investigation report was observed
 - Tool box meeting / Date 8.03.2021
- LTI/MTI / Event date : 18.06.2021 / VCS / Investigation report was observed
 - Training records of the injured person was checked
- MTI / Event date : 03.02.2021 / VCS / Investigation report was observed

ASSESSMENT OPENING & CLOSING MEETING

The assessment commenced with an opening meeting and concluded with a closing meeting. The objectives of the assessment and the subsequent findings were discussed and questions answered.

Attendees

Attendee Name	Role	Opening	Closing
Heather Mabin	Acting CEO		✓
Jamie Coburn	H&S advisor	✓	✓
Pouya Valakia	Assessment Coordinator	✓	✓

REPORT CONSIDERATIONS

Have there been any deviation from the original assessment plan or any significant issues impacting the client and its operation?	No	If Yes, indicate change within the "Executive Summary"
Have there been any significant changes that affect the management system of the client since the last audit took place?	No	If Yes, then indicate within the "Executive Summary" and/or the "Context" section of the Report
If the audit was more than one programme was it conducted as a combined or integrated audit?	N/A Single Program	If applicable, indicate this on Page 2 in the "Type of Assessment" section
Was the organization effectively controlling the use of marks and/or any other reference to certification?	Yes	If No, indicate this within the "Performance History" table and raise a non-conformance – possibly Major depending of severity
Does the management system of the organization continue to meet the applicable requirements and meet the expected outcomes?	Yes	If No, detail the information within the "Executive Summary"
Does the scope of certification continue to be appropriate to the activities/products/services of organization?	Yes	If No, document the information within the "Context" section of the Report as well as the Executive Summary and on the "Telarc Use Only" page for action
Were the objectives of the visit as defined in the Audit Programme/Plan fulfilled during the visit?	Yes	If No, detail reasons within the "Executive Summary"
If ISO 45001 Safety standard being audited, management legally responsible for occupational health and safety, are to attend the closing meeting. Justification in case of absence shall be recorded. Ref IAF MD22 G9.4.7.1 Justification for key personnel non-attendance at Audit Closing Meeting	Yes	If No, Justification is required to be detailed here

NEXT ASSESSMENT

Our scheduling team will contact you to confirm the date of the next assessment.

During that assessment we will cover the standard items included in the Telarc Review Visit (RV) schedule, including the general requirements of: management review, internal audit processes, improvements made to the system, non-conformities, complaints, and the corrective action process.

ASSESSMENT PLANNING

1. Audit Plan for the next audit

Location: Paroa, Greymouth	
Day 1 9:00am	Entry meeting with Executive Management Team to include: <ul style="list-style-type: none"> • Confidentiality • Confirmation of Audit Plan and scope, site visits • Categorisation of findings e.g. Major, Minor, Opportunity for improvement • Brief of business activities since last visit and changes. • Confirmation of Non-conformance close out from previous assessment
9:30am	Management of the Health and Safety (45001) program including: Context Of Organisation: <ul style="list-style-type: none"> • Scope of the organisation • Needs and Expectations of workers and interested parties. • OHS Management Plans
	Leadership and Worker Participation <ul style="list-style-type: none"> • Health & Safety Policy, Leadership commitment • Management Role Responsibility and authorities • Objectives and Targets • Risks and Opportunities • Objectives and how to achieve them • Consultation and participation of workers
	Planning and Support <ul style="list-style-type: none"> • Hazard/Risk assessment, • Identification and control of hazards and risks. • Training and Competence • Internal and External communications • Documented information, creating, updating, and control.
12:00pm	Lunch Break
12:30pm	Operational performance including: <ul style="list-style-type: none"> • Operational planning and hazard control • Management of Change • Emergency Preparedness and Response
	Performance Evaluation including: <ul style="list-style-type: none"> • Internal Audit programme • Monitoring, measurement, analysis, and evaluation of the OHS system. • Management Review
1:30pm	Improvement including: <ul style="list-style-type: none"> • Incident Investigations, • Corrective and Preventative Actions • Continual Improvement
4:30pm	Summary of first audit day

Location: Paroa, Greymouth	
Day 2 9:00am	Site visit to a VCS operation to be advised by Client Aspects to be reviewed on site amongst other: <ul style="list-style-type: none"> • Planning and resourcing, • Hazard Management, • Emergency response • Suppliers and Sub contractors • Operational controls • Training and competency • Worker communication, consultation and participation Non Conformance Management
12:30pm	Lunch Break
1:00pm	Site visit to a Science team operation to be advised by Client Aspects to be reviewed on site amongst other: <ul style="list-style-type: none"> • Planning and resourcing, • Hazard Management, • Emergency response • Suppliers and Sub contractors • Operational controls • Training and competency • Worker communication, consultation and participation Non Conformance Management
4:30pm	Summary of Day 2

Location: Paroa, Greymouth	
Day 3 9:00am	Initial Meeting to cover any aspects not addressed from the previous day.
10:00am	Quarry Management to be confirmed by the client: Aspects to be reviewed on site amongst other: <ul style="list-style-type: none"> • Planning and resourcing, • Hazard Management, • Emergency response • Suppliers and Sub contractors • Operational controls • Training and competency • Worker communication, consultation and participation • Non Conformance Management
12:30pm	Lunch Break
1:00pm	Site visit to an operational Quarry to be advised by the Client

BACKGROUND INFORMATION

This report relates to the assessment undertaken by Telarc to determine the status and level of compliance of the management system against its internal requirements and those of the nominated Standard/s and scope indicated at the beginning of this Report. Unless stated otherwise this assessment covers a sample only of the management system.

The assessment was carried out in accordance with internationally recognised management system auditing practices defined in ISO 17021 and is subject to Telarc Limited (Telarc) Standard Terms and Conditions available from www.telarc.co.nz. In particular

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West Coast Regional Council

compliance with all legal requirements, including those relating to the Health and Safety at Work Act, is the responsibility of your organisation. Any comment relating to legal requirements, such as Health and Safety, does not represent an exhaustive report on your compliance with such legal requirements.

Please note that this report is subject to independent review and approval. Should changes to the outcomes of this report be necessary as a result of the review, a revised report will be issued and will supersede this report. The report is in two sections:

Executive Overview

This section gives a brief summary of the assessment including comments regarding system compliance (strengths), weaknesses, opportunities for improvement and instances of non-conformance that require correction.

Specific Audit Information (including the detail of any findings that require action)

This section identifies the key aspects of your system; and the operational processes, sites and activities which have been assessed; comments positively on aspects; and summarises any instances of major and minor non-conformance, and any opportunities for improvement that have been identified.

Please read this following section as it includes instructions for responding to this report:

Please note: Follow-up activities may incur additional charges.

Definitions and action required with respect to assessment findings

Major Non Conformance:

Based on objective evidence, the absence of, or a significant failure to implement and/or maintain conformance to requirements of the applicable standard. Such issues may raise significant doubt as to the capability of the management system to achieve its intended outputs.

NOTE: The "applicable Standard" is the Standard which Telarc are issuing certification against, and may be a Product Standard, a management system Standard, a food safety Standard or another set of documented criteria.

Action required: This category of findings requires Telarc to issue a formal NC; to receive and approve client's proposed correction and corrective action plans; and formally verify the effective implementation of planned activities. Correction and corrective action plan should be submitted to Telarc as required. Follow-up action by Telarc must 'close out' the NC or reduce it to a lesser category within 30 days or as otherwise agreed with the Assessment Coordinator for recertification assessments.

If significant risk issues (e.g. safety, environmental, food safety, product legality/quality, etc.) are detected during an assessment these shall be reported immediately to the Client and more immediate or instant correction shall be requested. If this is not agreed and cannot be resolved to the satisfaction of Telarc, immediate suspension shall be recommended.

In the case of an already certified client, failure to close out NC within the time limits means that suspension proceedings may be instituted by Telarc. Follow-up activities may incur additional charges.

Minor Non Conformance:

This is a non-conformity that does not affect the capability of the management system to achieve the intended results.

Action required: Telarc requires the client to formulate a corrective action plan for approval at the time of the assessment and will follow up the client's corrective action at the next planned assessment. Lack of client attention to such issues implies that a corrective action system is not working effectively, and could result in a Major NC being raised at a later date.

Opportunity for Improvement (OI):

A documented statement, which may identify areas for improvement however shall not make specific recommendation(s).

Action required: Client may develop and implement solutions in order to add value to operations and management systems. Telarc is not required to follow-up on this category of assessment finding.

TELARC TRAINING & SUPPORT SERVICES

Training courses: <https://telarc.org/training-and-courses>

General information: info@telarc.co.nz

Customer services call free on 0800 004 004

TELARC USE ONLY

CLIENT CHANGES & CERTIFICATION RECOMMENDATION FORM

COMPANY NAME DIVISION (if Applicable)	West Coast Regional Council
ACTION AREA:	CHANGES REQUIRED:
SCOPE OF CERTIFICATION Goods or services supplied under the control of the management system constituting the applicant's scope of certification.	No changes
CLIENT DETAILS Contacts, client addresses, site details, etc. updated NB: Accounts need to be advised of changes in client details, contact and address details for updating accounts records.	No changes
ANZSIC CODES ANZSIC classification code assigned to client. 60600 OHSMS ISO 45001 - Australia & New Zealand 7865M Pest Control Services 8113M Local Government Administration	No changes
NUMBER OF PERSONNEL Record the number of personnel at each site visited. Update number of personnel in ELK if required:	No changes
AUDIT FREQUENCY NB: Changes in audit frequency need to be approved by the appropriate Programme Specialist or Management Team.	No changes
AUDIT TIME AND/OR SAMPLING Changes in audit time or site sampling need to be updated in the audit planning calculator and reflected in the Elk fee profile.	No changes
COMPLIANCE STANDARD Advise changes to the standard or opportunities for extending scope or programs.	No changes
OTHER CERTIFICATIONS HELD OR PLANNED	No changes
<p>RECOMMENDATION & DECLARATION To be completed by Assessment Coordinator</p> <p>I confirm that the organisation has been assessed in accordance with Telarc policies and procedures for compliance with the nominated standard(s); that all instances of Major Non Conformance reported have been resolved; and that appropriate action has been taken with regards to all other registration conditions.</p> <p>I declare that I, and so far as I am aware, the audit team, have no conflict of interest nor have I or they acted as a consultant for this client in the last two years. I also confirm that I, and so far as I am aware all members of the audit team, have not been subject to an approach to accept a bribe or other attempt to influence the results of this audit or the contents of this audit report, nor has anyone asked for or solicited any bribe, gift or other material benefit in order to alter the findings of this audit report.</p> <p>I therefore recommend that registration be continued, granted or transitioned.</p>	
Assessment Coordinator: <i>Pouya Valakia</i>	Date: <i>10 August 2021</i>
<p>For IA, RA, scope extensions, and scope reductions, email Manager - Certification to request an Independent Review for the certification or recertification decision. When any major nonconformity has not been resolved and the recommendation is to suspend or the withdrawal of certification, do not sign the above but e mail the Manager-Certification to request an independent review to determine whether certification can be maintained.</p>	

Report to: Audit and Risk Committee	Meeting Date: 30 August 2021
Title of Item: Quarterly Financial Report	
Report by: Neil Selman, Acting Corporate Services Manager	
Reviewed by: Heather Mabin, Acting Chief Executive	
Public excluded? No	

Report Purpose

The report presents Council's draft financial statements to 30 June 2021

Report Summary

The draft financial result for the year to 30 June 2021 presents a surplus of \$2.5M. This surplus includes \$1.9M of funding grants received as capital contributions for the purpose of building regional flood protection infrastructure along with an improved investment return of \$0.5M.

Draft Recommendations

It is recommended that Council resolve to:

Receive the draft Statement of Financial Performance for the year ended 30 June 2021 and the draft Statement of Financial Position as at 30 June 2021

Issues and Discussion

Current situation

In reviewing the attached quarterly financial statements note the following operating factors:

The River, Drainage, Coastal Protection division's income includes \$1.9M of capital funding. This capital funding is not ordinary income as it must be spent on flood protection Infrastructure Projects.

The investment portfolio has performed well this year generating a return of \$1,519,934 exceeding the budgeted return of \$1,114,180 by \$477,413.

Investment Portfolio Performance Summary

Opening Balance as at 1 July 2020	10,191,604
Annual Income	1,519,934
Deposits	2,272,000
Withdrawals	(350,000)
Closing Balance as at 30 June 2021	\$13,633,538

The draft VCS business unit surplus of \$983K, compares with the budgeted surplus of \$521K. This represents a favourable variance to the budget of \$462K. This area will be reviewed in detail as part of the end of year process.

The draft resource management area has an actual deficit of \$3.348M compared with a budgeted deficit of \$4.164M. This is a favourable variance of \$816K. This variance is made up from a number of different cost areas including consent processing, regional planning and biosecurity.

In presenting these financials it is important to note that they are draft and therefore only indicative as to what the year end result will be.

The following end of year accounting processes and transactions will be completed prior to the financial reports being completed and presented to audit:

- Transfer of the Greymouth Floodwall
- Revaluation of the Infrastructure Assets, including the Greymouth Floodwall
- Review of the Quarry assets and liabilities
- Review of the provision for Doubtful Debts

Considerations

Implications/Risks

There are no issues within this report which trigger matters in this policy.

Significance and Engagement Policy Assessment

There are no issues within this report which trigger matters in this policy.

Tangata whenua views

There are no matters in this report which require consideration under this heading.

Views of affected parties

There are no matters in this report which require consideration under this heading.

Financial implications

Current budget

Future implications

Legal implications

This report and the associated recommendations comply with the appropriate statutory requirements placed upon the Council.

Attachments

- Statement of Financial Performance for the year ended 30 June 2021
- Statement of Financial Position as at 30 June 2021

**The West Coast Regional Council
Draft Statement of Financial Performance
For the 12 Months ended 30 June 2021**

	ACTUAL Year to Date	BUDGET	BUDGET Annual	% ACTUAL vs BUDGET
REVENUES				
Emergency Management	1,270,612	1,166,890	1,166,890	109%
General Rates and Penalties	3,503,526	3,484,000	3,484,000	101%
Hydrology & Floodwarning Services	17,000	-	-	-
Investment Income	1,591,593	1,114,180	1,114,180	143%
Regional Land Transport	102,213	109,000	109,000	94%
Resource Management	1,093,656	1,468,929	1,468,929	74%
River, Drainage, Coastal Protection	3,735,286	1,794,407	1,794,407	208%
VCS Business Unit	5,051,489	4,925,850	4,925,850	103%
Warm West Coast	59,177	6,750	6,750	877%
	16,424,552	14,070,006	14,070,006	117%
EXPENDITURE				
Emergency Management	1,352,328	1,147,494	1,147,494	118%
Governance	866,420	642,132	642,132	135%
Hydrology & Floodwarning Services	1,000,913	1,051,096	1,051,096	95%
Other	147,341	74,926	74,926	197%
Regional Land Transport	186,957	154,484	154,484	121%
Resource Management	4,441,805	5,633,781	5,633,781	79%
River, Drainage, Coastal Protection	1,863,109	1,796,288	1,796,288	104%
VCS Business Unit	4,068,092	4,404,952	4,404,952	92%
Warm West Coast	2,845	3,386	3,386	84%
	13,929,810	14,908,539	14,908,539	93%
OPERATING SURPLUS/(DEFICIT)	2,494,742	(838,533)	(838,533)	(298%)

BREAKDOWN OF SURPLUS / (DEFICIT)	Net Variance ACTUAL vs BUDGET YTD	ACTUAL	BUDGET Year to Date	ANNUAL BUDGET
Rating Districts	52,608	940,880	888,272	888,272
Quarries	28,236	65,860	37,624	37,624
Investment Income	477,413	1,591,593	1,114,180	1,114,180
VCS Business Unit	462,499	983,397	520,898	520,898
General Rates Funded Activities	2,331,966	(995,979)	(3,327,945)	(3,327,945)
Warm West Coast	52,968	56,332	3,364	3,364
Other	(72,415)	(147,341)	(74,926)	(74,926)
TOTAL	3,333,275	2,494,742	(838,533)	(838,533)

Variations to Surplus / Deficit per above

Net Contributors to General Rates Funded Surplus / (Deficit)	Net Variance ACTUAL vs BUDGET YTD	ACTUAL	BUDGET Year to Date	ANNUAL BUDGET
Emergency Management	(101,112)	(81,716)	19,396	19,396
Hydrology & Floodwarning	67,183	(983,913)	(1,051,096)	(1,051,096)
Rates	19,526	3,503,526	3,484,000	3,484,000
Representation	(224,288)	(866,420)	(642,132)	(642,132)
Resource Management	816,703	(3,348,149)	(4,164,852)	(4,164,852)
River, Drainage, Coastal Protection	1,793,214	865,437	(927,777)	(927,777)
Transport Activity	(39,260)	(84,744)	(45,484)	(45,484)
TOTAL	2,331,966	(995,979)	(3,327,945)	(3,327,945)

Report to: Risk and Assurance Committee	Meeting Date: 30 August 2021
Title of Item: Regional Software Holdings Limited – Statement of Intent	
Report by: Neil Selman, acting Corporate Services Manager	
Reviewed by: Heather Mabin, acting Chief Executive	
Public excluded? No	

Report Purpose

As a council-controlled organisation, Regional Software Holdings Limited, is required under schedule 8 of the Local Government Act 2002, to present its Annual Report, Half Yearly Report and Statement of Intent (SOI) to shareholding Council's.

Report Summary

In this report Council are to receive the Regional Software Holding Limited's (RSHL) final Statement of Intent 2022 - 2024.

Draft Recommendations

It is recommended that Council resolve to:

Receive the Regional Software Holdings Limited's Statement of Intent 2022 – 2024 and to publish the document on its website.

Issues and Discussion

Background

Regional Software Holdings Limited (RSHL) is a council-controlled organisation that was established in 2012 to develop operating software specific to the needs of the Regional Council's throughout New Zealand.

Out of the 16 Regional Council's nationwide, WCRC is one of six that were involved in the incorporation of the company. WCRC took up a 4% (400 of 10,000 shares) shareholding at that time and retains this holding.

The operating software that RSHL developed was named IRIS.

The draft RSHL SOI was presented to the Risk and Audit Committee in April 2021. RSHL received feedback from all shareholding Council's and presented the attached, final SOI, to Council on 24 June 2021.

The final SOI is required to be received by shareholding Council's by 30 June each year.

Current situation

The final version has a single material change from the draft. Section 4 in the draft SOI read:

4 Ratio of Consolidated Shareholder's Funds to Total Assets

It is intended that the proportion of equity to total assets be in excess of 60%.

This section has been amended to read:

4 Ratio of Consolidated Shareholder's Funds to Total Assets

It is intended that for the 2021-22 financial year the proportion of equity to total assets be in excess of 60%. The board will re-evaluate this guideline as part of the debt and funding strategy for IRIS NextGen. A new guideline will be included in the 2022 Statement of Intent.

Also, staff would like to note that the CCO documents will now be published on Council's website as advised by RSHL auditors during their 2020 audit. The RSHL audit report noted:

Updates to sections 64(9)), 66(5) and 67(4) of the Local Government Act 2002 require that each local authority that receives an annual report, half year report and SOI from a Council Controlled Organisation under the relevant section must publish the document on an internet site maintained by or on behalf of the local authority within 1 month of receiving it and must maintain the report on that site for a period of no less than 7 years.

Considerations

Implications/Risks

There are various changes that will impact Council; however, the impact is unknown at this time. These items include:

- The phasing out of Council's core operating software, IRIS and the requirement for WCRC to transition to IRIS Next Gen or an alternate solution.
- The flow on financial implications on WCRC as a shareholder to write down the investment value of IRIS.
- The timing and financial implications of the alternate IRIS Next Gen proposal from RSHL.
- There may be a request for Council to guarantee loans required by RSHL to fund IRIS Next Gen.

Council will continue to work with RSHL on these matters and present more details when known.

Significance and Engagement Policy Assessment

We do not believe that there are issues within this report which will trigger matters in this policy.

Tangata whenua views

There are no matters in this report which require consideration under this heading.

Views of affected parties

There are no matters in this report which require consideration under this heading.

Financial implications

Current budget

CPI increases of Council's current membership contribution.

Future implications

Various changes pending; however, the impact is unknown at this time with no provisional amount included in the LTP budget.

Legal implications

With the changes underway within RSHL, it is likely that they review their ownership structure and propose an alternate structure. If this eventuates then legal advice may be sought to review such a proposal.

Attachments

Regional Software Holdings Limited – Statement of Intent 2022 – 2024

Regional Software Holdings Limited

Statement of Intent 2022/2023/2024

June 2021
Version 1.0

1 Introduction

This Statement of Intent is a declaration of the activities and intentions of Regional Software Holdings Limited (RSHL). The statement outlines the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

RSHL has no subsidiaries or joint ventures.

1.1 Vision

To provide a high-quality shared service for the regional¹ council sector (and associated agencies) that delivers value to customers, shareholders and the sector.

1.2 Mission

Deliver shared solutions to the regional council sector along with collaborative outcomes through sector special interest groups to achieve:

- Consistent, good-practice regional council specific processes and functions
- Value through economies of scale
- Greater influence for the sector with central government through cohesion and collaboration
- Reduced risk through ensuring continuity of supply and control of the destiny of regional council sector specific software

1.3 Nature and Scope of Activities to be Undertaken

RSHL provides a framework for collaboration between the shareholders and across the sector. It supports the procurement or development of shared solutions in a manner that provides greater consistency in how we operate our core processes. RSHL provides a more cost effective alternative than individual councils can achieve on their own.

The company operates by facilitating collaborative initiatives between councils and through managed contractual arrangements. Some councils are both customers of RSHL and providers of service to RSHL.

RSHL activities are currently grouped into three key programmes of work:

IRIS	The IRIS Programme delivers the IRIS software platform to shareholder and customer councils. The IRIS software has been in use for 8 years and is currently in use at 7 councils. The 7 councils actively collaborate on the use of IRIS and the future development roadmap.
------	---

¹ Including unitary authorities

	<p>With the IRIS NextGen Programme underway, the IRIS platform is now in it's sunset phase. (Being managed to retirement/replacement.)</p>
IRIS Next Generation	<p>RSHL and the member councils have determined that the IRIS software platform will need to be replaced within the next 2-4 years.</p> <p>IRIS Next Generation (NextGen) will be cloud based with better online and mobile features. IRIS NextGen will be more efficient for staff and customers.</p> <p>Along with the software solution, we will implement consistent “good practice” processes for the sector.</p> <p>Over the next two years, RSHL will identify:</p> <ul style="list-style-type: none"> • The IRIS NextGen solution • A transition plan for existing users • A growth plan to attract new councils to the program <p>The IRIS NextGen program will require changes to the shareholding and membership arrangements of RSHL. RSHL will implement these changes over the next two years.</p> <p>The budget for 2021/22 and indicative budget for subsequent years reflect the use of debt to fund the development of IRIS NextGen. This approach is seen as the best way to smooth the costs of the new solution over a longer term than would otherwise be the case.</p>
Sector Shared Services	<p>In 2020 the ReCoCo Programme was superseded by the Sector Financial Management System (SFMS).</p> <p>As part of the SFMS RSHL is responsible for the management of the funding for regional sector collaborative programmes.</p> <ul style="list-style-type: none"> • Regional Sector Office • Sector Business Plan • River Managers Programme • ReCoCo Technology Projects • EMaR Programme • Bio Managers Programme • Bio Control Programme <p>The sector has a budget of over \$2.5M for these initiatives. RSHL collects this funding from councils and engages suppliers to deliver services to achieve the outcomes from each of the programmes.</p> <p>ReCoCo is one of the programmes within the SFMS. Under the ReCoCo banner RSHL delivers collaborative technology projects for groups of regional councils under the ReCoCo Programme. The ReCoCo programme is led by the Corporate and Finance Special Interest Group.</p>

The success of IRIS, ReCoCo and the Sector Financial Management System is a key factor in the willingness within the sector to consider a full-fledged shared services organisation.

1.4 Values

In all RSHL decisions and interactions the Board and staff together with council participants who may be working within the RSHL framework will observe the following values and ethos:

- We are forward thinking and innovative
- We are responsive and deliver value
- We are professional and accountable
- We are flexible and open

1.5 Guiding Principles

- The right decision is that which provides the best outcomes for participating councils and the communities they serve.
- Our solutions will be practical, appropriate to the scale of the problem and affordable.
- Where appropriate we will utilise codes of practice and standards produced by industry groups.
- All parties to any decision or interaction will be treated with respect, dignity, integrity, and honesty.

1.6 Possible Opportunities for Growth

RSHL seeks to increase the value delivered to customers, shareholders and the sector.

RSHL has extended its collaboration framework and service delivery beyond the scope of the IRIS software product.

Through the Sector Financial Management System:

- RSHL will continue to deliver collaborative outcomes through the sector special interest.
- RSHL will work alongside the special interest groups to agree and deliver the collaborative work programme. This will operate on a cost recovery basis.
- RSHL will provide a vehicle for delivering shared solutions and services to the sector in order to achieve consistent, good practice regional sector specific processes.

RSHL will attract new councils to participate in defining and procuring the eventual replacement for IRIS – this is the IRIS NextGen project.

Over the next year RSHL expects to support the development of a regional sector shared services organisation, with a shareholding including most regional councils and unitary authorities.

New opportunities will be identified, and priorities set in the Business Plan. Other opportunities may arise and be investigated on a case by case basis. New activities will require explicit Board approval.

The potential market for RSHL to offer products and services is New Zealand Regional Councils and Unitary Authorities.

2 Objectives

The principal objective of RSHL is to deliver on the vision, mission and values.

The secondary objective of RSHL is to:²

- a) achieve the objectives of its Shareholders, both commercial and non-commercial as specified in this Statement of Intent;
- b) be a good employer;
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

3 Board's Approach to Governance

Members of RSHL's Board of Directors are appointed by the shareholders to govern and direct RSHL's activities. The Shareholders Agreement states that each shareholder has the right to appoint one Director, and that person will be the CEO, or a person nominated by the CEO.³ The Constitution allows each Director to appoint an alternative director.⁴ The Constitution also allows the Shareholders to appoint independent directors.⁵ The Constitution requires that the Board collectively must have relevant knowledge and experience of finance, public bodies, management, governance, and IT management.⁶

The Board is the overall final body responsible for all decision-making within the company. The Board is accountable to its shareholders for the financial and non-financial performance of the company.

Directors' behaviour is to comply with Institute of Directors' standards for Code of Conduct. The purpose of the code is to clarify how the Board of Directors shall define and deal with:

- The role and fundamental obligations of the Board
- Independence and conflict of interest, including conflict with management
- Board procedures, including the role of the Chairman and interaction with the General Manager
- Reliance on information and independent advice
- Confidentiality of company information
- Board and Director performance review and development

RSHL will conduct itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders, the provisions of the Local Government Act 2002 and the Companies Act 1993.

4 Ratio of Consolidated Shareholder's Funds to Total Assets

It is intended that for the 2021-22 financial year the proportion of equity to total assets be in excess of 60%. The board will re-evaluate this guideline as part of the debt and funding strategy for IRIS NextGen. A new guideline will be included in the 2022 Statement of Intent.

5 Accounting Policies

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply

² From: Constitution of Regional Software Holdings Ltd, Section 1.1

³RSHL Shareholders Agreement clause 4.1

⁴ RSHL Constitution clause 8.3

⁵ RSHL Constitution clause 8.4

⁶ RSHL Constitution clause 8.6

with New Zealand Generally Accepted Accounting Practice (NZGAAP), the Financial Reporting Act 1993 and the NZ PBE's Tier 2.

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Standards. RSHL is not publicly accountable and expenditure is not higher than \$30 million.

Appendix 1 includes RSHL's Accounting Policies

6 Performance Targets and Other Measures

Performance targets by which the success of the company may be judged in relation to its objectives are:

		2021/22	2022/23	2023/24
Non Financial	Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Applies each year		
	Develop, approve and communicate the product strategy for IRIS NextGen.	Applies in the 2021/2022 year only.		
	Prepare and adopt the annual IRIS major enhancement roadmap by 30 June for delivery in the subsequent year.	Applies each year		
	Major Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year.	Applies each year		
	Budgets for support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager.	Applies each year		
Financial	RSHL will operate within approved budget, with any material variations approved by the Board.	Applies each year		
	Annual charges for shareholders and customers to be at the level approved by the Board and Shareholder Councils based upon the approved operating budget and budgets for major and minor enhancements.	Applies each year		

Growth	Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL.	Applies each year
	Engage with councils in the sector to evaluate options for the eventual replacement of the current IRIS software package. The objective is to identify a solution that can be adopted by an increasing number of councils in the sector.	Applies each year
	Be a service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System (or similar).	Applies every year.
	Be a service delivery vehicle for wider regional council sector and related bodies information management projects (ReCoCo) and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the ReCoCo Advisory Group.	Applies each year
	Work with the RCEOs Group to develop a business case for the Regional Sector Shared Services Organisation. Business Case to be considered by December 2021 to allow for the development of a new Statement of Intent in early 2022.	Applies in the 2021/2022 year only.

7 Distribution of Profits to Shareholders

RSHL does not have an objective to make a profit. It seeks to provide products and services at lower costs, and / or higher levels of service than shareholder councils can achieve on their own.

In order for RSHL to be subject to tax, generally it must meet the business test. Fundamental to this is a profit motive. Given the basis under which this CCO operates is to minimise the costs and generally operate on a cost recovery basis and that a pecuniary profit is not intended and highly unlikely, the lack of a profit motive is real.

The RSHL Shareholders Agreement states “If Operating Expenses for a fiscal year are less than the budgeted amount for such year, the Company will retain the funds for application to Operating Expenses for the subsequent fiscal year”⁷. Therefore there will not be a profit available for distribution.

8 Information to Be Provided to the Shareholders

The company will deliver the following Statements to shareholders:

- Within two months of the end of the first half of the financial year the following unaudited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Service Performance.
- Within two months of the end of the financial year the following audited statements: Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company’s medium to long-term plans.

⁷ Shareholders Agreement, clause 7.4

- The Directors shall approve by 1 March of each year a Draft Statement of Intent for the consideration of shareholders. The Directors must then consider any comments on the Draft Statement of Intent that are made by the shareholders and deliver the completed Statement of Intent to the shareholders by 30 June each year.
- Preparation of a draft Business Plan will begin each November, for the financial year that commences on the following June. This early preparation is to allow Shareholder Councils the ability to include any changes in Annual Fees, or any other form of financial impact, in their budget processes. The Board are to approve the business plan by the end of June prior to the commencement of the new financial year.
- Any new developments which have not been covered in the statement of corporate intent for the year. Including, but not limited to, an update on any outcomes arising from any changes in shareholding, including the effect on individual Council's shareholdings and apportionment of costs.
- Details of possible scenarios that might be foreseen that could result in annual fees increasing above approved budgets.
- Any other information which would normally be available to a shareholder, thereby enabling the shareholder to assess the value of its investment in the company.

9 Procedures for Major Transactions and Other Acquisitions and Disposals

The Company will not enter into major transactions as defined in Section 129(2) of the Companies Act 1993 without the consent of the shareholders.

10 Procedures for Issue of Shares

The RSHL shareholder agreement requires the approval of the Shareholders holding at least of 75% of the shares for "the issuing or acquisition of any Shares or any change to the rights attaching to any Shares"⁸.

11 Activities for Which Compensation Is Sought

Payment of an Annual Fee for IRIS will be sought from all customers of RSHL, which includes Shareholder Councils, for annual support and development fees, as set out in the License Agreement. The IRIS annual support fee also includes funding to cover the cost of running RSHL.

It is noted that other products or services may be delivered by RSHL. Any such services will only be delivered after the Directors have considered each individual business case including the proposed budget and agreed that the proposed service meets the objectives of RSHL.

Any ongoing activities to identify develop or procure additional products or services will be budgeted for in advance, subject to the business case. The subsequent recovery from one or more shareholder or customer councils will be agreed by the Directors on a case by case basis in accordance with the RSHL Constitution.

12 Estimate of Commercial Value of The Shareholder's Investment

The Directors' estimate of the commercial value of the Shareholders' investment in RSHL is equal to the Shareholders' equity in the Company. Reassessment of the value of this shareholding shall be undertaken on or about 30 June each year.

⁸ *RSHL Subscription & Shareholders Agreement* Section 5.1 (b)

The technologies used to develop the IRIS product will eventually reach the end of their useful life. From time to time, RSHL will need to reinvest to ensure the underlying technology remains fit for purpose and current. RSHL will identify the technologies for the next iteration of IRIS and the level of re-investment required. Future statements of intent will provide for this reinvestment. The impact on the residual value of the existing IRIS product will be reassessed at that time.

13 Shareholding

Regional Software Holdings Limited (RSHL) was formed on 17 October 2012. At the time of formation the company issued 10,000 shares to its shareholders based on a previously agreed sizing formula. The following shareholding was agreed:

Shareholder	Percentage	# of shares
Waikato Regional Council	32.75%	3,275
Northland Regional Council	16.75%	1,675
Horizons Regional Council	15.50%	1,550
Taranaki Regional Council	15.50%	1,550
Southland Regional Council	15.50%	1,550
West Coast Regional Council	4.00%	400

14 Proportion of Member Contributions

Member contributions for IRIS and the operation of RSHL will be collected in the following proportions.

Shareholder	Percentage
Waikato Regional Council	36.78%
Northland Regional Council	13.55%
Horizons Regional Council	18.17%
Taranaki Regional Council	13.55%
Southland Regional Council	13.55%
West Coast Regional Council	4.4%
Total	100%

Statement of Intent 2021-2022
Regional Software Holdings Limited
Statement of Financial Performance
For the 12 Months to 30 June

2020/21 Budget	Notes	2021/22 SOI	2022/23 Indicative	2023/24 Indicative
Income				
1,196,928	Members Contribution	1,214,881	1,239,179	1,264,211
1,196,928		1,214,881	1,239,179	1,264,211
<u>Other Income</u>				
600	Interest Received	600	600	600
0	Saas	0	0	0
0	Cognise & Elearning licences	0	0	0
125,163	Council Specific Funding	126,066	128,588	131,185
154,612	User Funding	156,931	160,070	163,303
0	ReCoCo Expense Recovery	75,000	75,000	75,000
1,477,303	Total Income	1,573,479	1,603,437	1,634,299
Expenditure				
<u>Administration costs</u>				
10,322	Administration costs	9,522	9,586	11,148
27,264	Accounting & Technical Support	32,343	32,666	33,308
5,900	Audit & Legal fees	86,534	26,765	27,305
212,815	Datacom Support Services	260,000	263,900	267,859
524,200	Technical Services	646,040	539,581	543,174
22,000	Environment Charges	22,444	22,893	23,356
0	Finance Costs	20,000	40,000	60,000
190,400	Management Fees	145,000	147,900	290,888
158,255	Personnel Costs	176,610	180,142	183,781
16,000	Promotional Costs	8,000	3,000	3,000
30,630	Independent Director's Fees	33,000	33,660	34,340
18,750	Travel & Meeting Costs	18,750	18,750	18,750
125,163	Other Direct Software	126,066	128,588	131,185
1,341,699	<i>Total administration costs</i>	1,584,310	1,447,431	1,628,093
<u>Sundry other costs</u>				
900,438	Depreciation	920,438	992,438	1,139,438
2,242,137	Total expenditure:	2,504,748	2,439,869	2,767,531
Surplus/ (Deficit) from RSHL Activities		(931,269)	(836,432)	(1,133,232)
ReCoCo Activity				
<u>Income</u>				
220,000	Regional Sector Funding	2,551,392	2,551,392	2,551,392
Total Income		2,551,392	2,551,392	2,551,392
<u>Expenses</u>				
	Administration Costs	25,000	25,000	25,000
	Personnel Costs	50,000	50,000	50,000
220,000	Regional Sector Shared Services Expenditure	2,476,392	2,476,392	2,476,392
Total expenditure:		2,551,392	2,551,392	2,551,392
Operating Surplus for ReCoCo Activities		0	0	0
(764,834)	Surplus/(Deficit) before Tax	(931,269)	(836,432)	(1,133,232)
	Income Tax Expenses			
(764,834)	Surplus/(Deficit) after Tax	(931,269)	(836,432)	(1,133,232)

Regional Software Holdings Limited
Statement of Financial Position
As at 30 June

2020/21 Budget	<u>Statement of Financial Position</u>	Notes	2021/22 SOI	2022/23 Indicative	2023/24 Indicative
	ASSETS				
	Current assets				
630,630	Bank Accounts and Cash		899,799	585,805	642,010
	Debtors and Prepayments				
	Non Current Assets				
3,518,909	Property, Plant & Equipment		3,318,471	3,796,034	3,606,596
<u>4,149,539</u>	Total Assets		<u>4,218,271</u>	<u>4,381,839</u>	<u>4,248,606</u>
	LIABILITIES				
	Current liabilities				
0	Creditors and Accrued Expenses		0	0	0
0	Income Received in Advance		0	0	0
	Non Current Liabilities				
0	Borrowings		1,000,000	2,000,000	3,000,000
<u>0</u>	Total Liabilities		<u>1,000,000</u>	<u>2,000,000</u>	<u>3,000,000</u>
<u>4,149,539</u>	NET ASSETS		<u>3,218,271</u>	<u>2,381,839</u>	<u>1,248,606</u>

REPRESENTED BY:

2020/21 Budget		2021/22 SOI	2022/23 Indicative	2023/24 Indicative
	Equity			
5,149,150	Equity	5,149,150	5,149,150	5,149,150
(764,834)	Current Year Earnings	(931,269)	(836,432)	(1,133,232)
(234,777)	Retained Earnings	(999,611)	(1,930,880)	(2,767,312)
<u>4,149,539</u>	Total Equity	<u>3,218,271</u>	<u>2,381,839</u>	<u>1,248,606</u>
		(1)	(1)	0
(0)	Statement of Movement in Equity			
	Opening Equity	4,149,539	3,218,271	2,381,839
	Comprehensive income for the year	(931,269)	(836,432)	(1,133,232)
0	Total Equity	3,218,271	2,381,839	1,248,606

Regional Software Holdings Limited
Statement of Cash Flows
For the 12 Months to 30 June

2020/21 Budget	Notes	2021/22 SOI	2022/23 Indicative	2023/24 Indicative
Cashflows from Operating Activities				
<u>Cash received from:</u>				
374,612	Receipts from customers	2,783,323	2,786,462	2,789,695
1,322,091	Shareholder contributions	1,340,948	1,367,767	1,395,396
600	Interest	600	600	600
	Income Tax Paid (refunded)	0	0	0
1,697,303	<i>Total Operating Receipts</i>	4,124,871	4,154,829	4,185,691
<u>Cash applied to:</u>				
1,561,699	Payments to suppliers	4,135,702	3,998,823	4,179,485
0	Income Tax Paid (refunded)	0	0	0
0	Interest W/holding tax paid	0	0	0
1,561,699	<i>Total Operating Payments</i>	4,135,702	3,998,823	4,179,485
135,604	Net cash from operating	(10,831)	156,006	6,205
Cashflow from Investing Activities				
<u>Cash received from:</u>				
0	Sale of Fixed Assets	0	0	0
0	Investment Maturities	0	0	0
0	<i>Total Investment Receipts</i>	0	0	0
<u>Cash applied to:</u>				
200,000	Purchase of Fixed/ Intangible assets	720,000	1,470,000	950,000
	Investment deposits	0	0	0
200,000	<i>Total Investment Payments</i>	720,000	1,470,000	950,000
(200,000)	Net cash from investing	(720,000)	(1,470,000)	(950,000)
Cashflow from Financing Activities				
<u>Cash received from:</u>				
0	Capital contributions	0	0	0
0	Proceeds from Loan Borrowings	1,000,000	1,000,000	1,000,000
0	<i>Total Financing Receipts</i>	1,000,000	1,000,000	1,000,000
<u>Cash applied to:</u>				
	Capital repaid			
0	<i>Total Financing Payments</i>	0	0	0
0	Net cash from financing	1,000,000	1,000,000	1,000,000
(64,396)	Net increase (decrease) in cash-flow for the year	269,169	(313,994)	56,205
695,026	Opening cash balance	630,630	899,799	585,805
630,630	Closing cash balance	899,799	585,805	642,010
Made up of:				
25,000	Current account	25,000	25,000	25,000
605,630	Auto-call account	874,799	560,805	617,010
630,630		899,799	585,805	642,010

Appendix 1: Accounting Policies

1 General Information

Reporting Entity

Regional Software Holdings Limited (RSHL) is a Council Controlled Organisation (CCO), owned by Waikato Regional Council (32.75%) Northland Regional Council (16.75%) Horizons Regional Council (15.50%) Taranaki Regional Council (15.50%) Southland Regional Council (15.50%) and West Coast Regional Council (4.00%.) RSHL was incorporated on 17 October 2012.

RSHL was primarily incorporated for the purposes of managing the investment and development of IRIS Software, and has designated itself a Public Benefit Entity (PBE), in keeping with the designation of the shareholders.

Public Benefit Entity Simple Format Reporting

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 2 entity. RSHL is not publicly accountable and expenditure is not higher than \$30 million. These financial statements comply with PBE standard.

Basis of Preparation of the Financial Statements

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The financial statements will be prepared on a historical cost basis.

Statement of Compliance

The financial statements of RSHL have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZGAAP).

The financial statements have been prepared to comply with Tier 2 Public Benefit Entity (PBE) Standards. RSHL is not publicly accountable and expenditure is not higher than \$30 million.

These financial statements comply with PBE Standards.

Presentation Currency and Rounding

The prospective financial statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of RSHL is New Zealand dollars.

The reporting period for these prospective financial statements is the year ending 30 June.

2 Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis.

Interest revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Costs associated with maintaining the IRIS software suite are recognised as an expense when incurred.

Bank Accounts and Cash

Cash and cash equivalents include cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are presented as a current liability in the Statement of Financial Position.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Inventories

Inventory is initially recorded at cost. Goods held for sale are subsequently measured at the lower of cost and their selling process. Goods for use or distribution are subsequently measured at cost and written down if they become obsolete.

Goods and Services Tax (GST)

RSHL is registered for GST; these financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expenses calculated using the taxes payable method. As a result no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Software acquisition and development

Costs that are directly associated with the development of the IRIS software suite are recognised as property, plant and equipment.

Depreciation

Depreciation begins when the asset is available for use and ceases at the date that the asset is derecognised. The depreciation charge for each period is recognised through the Statement of Financial Performance.

The carrying value is depreciated on a straight-line basis over its useful life. The useful life and associated depreciation rate for the IRIS software suite is 10 years and 10%. Revising changing to 20% over five years

Where software in this category is replaced, upgraded or determined by RSHL to be of no further operational benefit, a change in value will be recognised through the Statement of Financial Performance. This change in value will be the difference between the carrying value of the original item and its fair value.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, RSHL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Additional Disclosure

The Companies Act 1993 requires disclosure of the amount of donations, audit fees, fees for other services from the auditor, and the number of employees of the company who received remuneration and other benefits above \$100,000 per annum, in brackets of \$10,000.

Note For Information: Requirements for Statement of Intent
Source: Office of the Auditor General
<http://www.oag.govt.nz/2007/corporate-intent/appendix2.htm>

Item	Section
Statement of intent	This document
Coverage over three financial years and updated annually	1 & 8 & 6
Objectives of the group	2
A statement of the board's approach to governance	3
Nature and scope of the activities to be undertaken	1
Ratio of consolidated shareholders' funds to total assets, and the definitions of those terms	4
Accounting policies	5
Performance targets and other measures by which the performance of the group may be judged in relation to its objectives	6
An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders	7
The kind of information to be provided to the shareholders/ shareholding Ministers by the organisation during the course of the next three financial years	8 (Shareholders)
Procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation	9
Any activities for which the board seeks compensation from any local authority, Harbour Board, or the Crown (whether or not the relevant entity has agreed to provide the compensation)	11 (Local authority)
The board's estimate of the commercial value of the Crown/shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed	12 (Shareholders)
Other matters that are agreed by the shareholders/ shareholding Ministers and the board	none (Shareholders)
Annual report should contain information that is necessary to enable an informed assessment of the operations of the parent entity and its subsidiaries, including a comparison of performance with the relevant statement of intent or statement of corporate intent	8 (Plus explanation of material variances)

Report to: Risk and Assurance Committee	Meeting Date: 30 August 2021
Title of Item: Procedural Audit by Waka Kotahi NZ Transport Agency	
Report by: Nichola Costley – Manager Strategy and Communications	
Reviewed by: Heather Mabin, Acting Chief Executive	
Public excluded? No	

Report Purpose

The purpose of this paper is to table the Procedural Audit of the Council under taken by Waka Kotahi NZ Transport Agency.

Report Summary

The procedural audit is carried out under Section 95(1)(e)(ii) of the Land Transport Management Act 2003 to provide assurance that the investment of Waka Kotahi is being well managed and is delivering value for money.

There were no issues or recommendations resulting from the audit.

Draft Recommendations

It is recommended that Council resolve to:

Receive the Procedural Audit of the West Coast Regional Council.

Considerations

Financial implications

The auditor has requested that Waka Kotahi Transport System Policy to reconsider the scrutiny applied to the Total Mobility Scheme which may result in an increased Financial Assistance Rate.

Attachments

Attachment 1: Procedural Audit of West Coast Regional Council



INVESTMENT AUDIT REPORT

Procedural Audit of West Coast Regional Council

Monitoring Investment Performance

Report of the investment audit carried out under Section 95(1)(e)(ii) of the Land Transport Management Act 2003.

TONY PINN

AUGUST 2021

Approved Organisation (AO):	West Coast Regional Council
Waka Kotahi NZ Transport Agency Investment (2018 – 2021 NLTP):	\$ 297,800 (budgeted programme value)
Date of Investment Audit:	25 th May 2021
Auditor(s):	Tony Pinn
Report No:	RAGMI- 2093

Prepared by:



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Tony Pinn, Senior Investment Auditor

Approved by:



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Yuliya Gultekin, Practice Manager Audit & Assurance

5/08/2021

.....
Date

DISCLAIMER

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THIS REPORT, THE FINDINGS, OPINIONS, AND RECOMMENDATIONS ARE BASED ON AN EXAMINATION OF A SAMPLE ONLY AND MAY NOT ADDRESS ALL ISSUES EXISTING AT THE TIME OF THE AUDIT. THE REPORT IS MADE AVAILABLE STRICTLY ON THE BASIS THAT ANYONE RELYING ON IT DOES SO AT THEIR OWN RISK, THEREFORE READERS ARE ADVISED TO SEEK ADVICE ON SPECIFIC CONTENT.

EXECUTIVE SUMMARY

Council has good systems in place for managing the Waka Kotahi financially assisted activities and its Land Transport Programme is very low risk in terms of the Waka Kotahi investment.

Total Mobility is Council's primary activity which is currently funded at 50% financial assistance rate due to not fully meeting the assessment criteria for phase 2 funded at 60%. We have requested Waka Kotahi Transport System Policy to reconsider this given the scrutiny applied to this scheme overall.

There were no issues or recommendations resulting from this audit.

AUDIT RATING ASSESSMENT

Subject Areas		Rating Assessment*
1	Previous Audit Issues	N/A
2	Financial Processes	Effective
3	Total Mobility	Effective
4	Road Safety Promotion	Effective
5	Procurement Procedures	Effective
Overall Rating		Effective

* Please see Introduction for Rating Assessment Classification Definitions

Before being finalised this report was referred to West Coast Regional Council for comment. Its responses are included in the body of the report.

1.0 INTRODUCTION

1.1. Audit Objective

The objective of this audit is to provide assurance that the Waka Kotahi NZ Transport Agency's (hereafter Waka Kotahi) investment in West Coast Regional Council's (WCRC) land transport programme is being well managed and delivering value for money. We also seek assurance that Council is appropriately managing risk associated with the Waka Kotahi investment. We recommend improvements where appropriate.

1.2. Assessment Ratings Definitions

	Effective	Some Improvement Needed	Significant Improvement Needed	Unsatisfactory
Investment management	Effective systems, processes and management practices used.	Acceptable systems, processes and management practices but opportunities for improvement.	Systems, processes and management practices require improvement.	Inadequate systems, processes and management practices.
Compliance	Waka Kotahi and legislative requirements met.	Some omissions with Waka Kotahi requirements. No known breaches of legislative requirements.	Significant breaches of Waka Kotahi and/or legislative requirements.	Multiple and/or serious breaches of Waka Kotahi or legislative requirements.
Findings/ deficiencies	Opportunities for improvement may be identified for consideration.	Error and omission issues identified which need to be addressed.	Issues and/or breaches must be addressed, or on-going Waka Kotahi funding may be at risk.	Systemic and/or serious issues must be urgently addressed, or on-going Waka Kotahi funding will be at risk.

2.0 ASSESSMENT FINDINGS

Our findings relating to each subject area are presented in the tables below. Where necessary, we have included recommendations and/or suggestions.

1. Previous Audit Issues
There were no recommendations relating to the previous audit in October 2018.

* * *

2. Financial Processes	Effective
<p>The reconciliation process between claims for funding assistance and the general ledger was not as transparent as previous audits. However, we were able confirm sufficient qualifying expenditure for the 2018/19 and 2019/20 claims after additional information was provided subsequent to our visit. We acknowledge that the previous Corporate Services Manager was unavailable due to the Long-Term Planning commitments, but we remind Council that going forward the financial records must be easily accessible in order to be able to verify claims for funding assistance.</p> <p>A sample of transactions from the 2019/20 financial year was examined to provide assurance that they were eligible for Waka Kotahi financial assistance and had been correctly charged to the general ledger codes within the land transport disbursement account. All examined transactions were verified correct.</p>	
West Coast Regional Council's comments	We agree that the financial records were not as accessible as they could have been. Council have since recruited new staff into the Corporate Services space who will be able to assist without reliance on the previous Corporate Services Manager who had moved into a new role.

* * *

3. Total Mobility	Effective
<p>Council has good systems in place to manage and monitor the Total Mobility activity. Staff carry out regular checks of users, expenditure etc, all of which were supported by various records requested during the audit.</p> <p>Council is currently meeting Phase one eligibility criteria for Total Mobility at a funding assistance rate (FAR) of 50%. We determined that the only condition not being met for Phase 2 eligibility (at 60% FAR) is the assessment of clients which are carried out by GP's and not a voluntary disability sector agency. Council suggested that new users do not see this as a barrier.</p>	

Given that this audit found no significant issues with the management of our investment in the Total Mobility scheme, we have asked the Waka Kotahi Transport System Policy team to reconsider Council’s eligibility to access the Phase 2 financial assistance rate.

No SuperGold services were funded by Council within the public transport activity.

* * *

4. Road Safety Promotion	Effective
<p>Road safety promotion is administered through the West Coast Road Safety Committee. Council contributes to this programme along with Buller, Grey and Westland District Councils.</p> <p>WCRC’s total expenditure on road safety promotion is small (\$10,500 in 2019/20), but as part of its Annual Plan considerations, Council has decided to no longer fund this activity in the 2021-2024 Regional Land Transport Programme.</p> <p>The road safety promotion activity will continue to be funded and administered by the three district councils in the region.</p>	

* * *

4. Procurement Procedures	Effective
<p>Council procures very few goods and services through its land transport programme, and all are low value. There was no competitive tendering carried out over the two years audited.</p> <p>WCRC’s endorsed Procurement Strategy expires in June 2022.</p>	
West Coast Regional Council’s comments	With WCRC no longer procuring services for Road Safety promotion will there be a requirement to review the Procurement Strategy when it expires?
Auditors Comment	That is correct, the new arrangements will need to be documented when the Procurement Strategy is next due for its 3-yearly review.

* * *

3.0 APPENDICES

APPENDIX A

Audit Programme

1. Previous audit October 2018
2. Final claims for 2018/19 and 2019/20
3. Reconciliation between ledgers supporting final claim and the audited financial statements
4. Transactions (Accounts Payable)
5. Total Mobility Scheme
6. Land Transport Planning
7. Road safety promotion
8. Other issues that may be raised during the audit
9. Close-out meeting

THE WEST COAST REGIONAL COUNCIL

RISK & ASSURANCE COMMITTEE

To: Chairperson, West Coast Regional Council

I move that the public be excluded from the following parts of the proceedings of this meeting, namely, -

Item 1 – Confirmation of Confidential Minutes 21 June 2021

Item 2 - Health & Safety Report - August 2021

Item 3 - Legal Matters

Item 4 – Commercial Property Matters – Verbal Update

Item 5 - Response to Presentation (if any)

Item No.	General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 7 of LGOIMA for the passing of this resolution.
Item 1	Confirmation of Confidential Minutes 21 June 2021		Clause 7 subclause 2 (a)
Item 2	Health & Safety Report - August 2021		Clause 7 subclause 2 (b)
Item 3	Legal Matters		Clause 7 subclause 2 (i)
Item 4	Commercial Property Matters - Verbal Update		Clause 7 subclause 2 (i)
Item 5	Response to Presentation (if any)		Clause 7 subclause 2 (e)

I also move that:

- Heather Mabin, Kim Hibbs, Nichola Costley and Neil Selman be permitted to remain at this meeting after the public has been excluded, because of their knowledge on the subject. This knowledge, which will be of assistance in relation to the matter to be discussed.

The Minutes Clerk also be permitted to remain at the meeting.