

## Meeting of the Risk and Audit Committee

**Date:** 1 May 2024  
**Time:** 9.00am  
**Venue:** Council Chamber  
Hawke's Bay Regional Council  
159 Dalton Street  
NAPIER

## Agenda

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2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Risk and Audit Committee meeting held on 15 February 2024	
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**Subject: Risk Management update**

**Reason for Report**

1. This item and the accompanying enterprise risk report provide the Risk and Audit Committee (RAC) with a quarterly update of Council's risk profile, risk activities and surrounding environment for discussion and awareness.

**Executive Summary**

2. HBRC continues to develop and work on enhancing risk management and systems in place. With the departure of the Risk Manager, HBRC has engaged the services of David Nalder, an experienced Risk Consultant with a background in local and central government. The primary objective of this work has been to:
  - 2.1. Increase the quality, relevance, and awareness of HBRC's risk profile and risk management process at governance, executive and management levels
  - 2.2. More directly link risk to decision making, with explicit linkages between HBRC's purpose and commitments, major areas of uncertainty presenting both upside opportunity and down-side threat, and controls/activities that manage these areas of uncertainty/risk
  - 2.3. Provide a simple and transparent method of describing key areas of risk, consequences related to this, critical controls, assurance, and related monitoring mechanism.
3. A review has been undertaken to validate the strategic risk profile of HBRC by looking at areas of risk identified by other organisations. Specific sources of information were: the Office of the Auditor General's report into risk within local government; Department of Prime Minister and Cabinet's New Zealand national risk register; LGNZ's key risks/issues for local government; and other material such as white papers and thought leadership from external professional services consultancies, including PwC, KPMG, EY, Deloitte, AON, Grant Thornton and others across NZ, Australia and the UK. Pleasingly, common risk themes identified were all reflected within the Enterprise Dashboard (strategic risk profile) or supporting one-page management plans (risk assessments).
4. The delivery of the North Island Weather Events (NIWE) programme (Infrastructure PMO) is critical to the ongoing success of HBRC and this risk/uncertainty has been added to the overarching risk profile for HBRC as a new risk (refer to Risk 22 - Rated moderate). There is significant political pressure being applied to execution timeframes for delivery. Ensuring there is a balance between political pressure, winter weather for construction and community engagement will be crucial to the success of the programme and for mitigating both reputational and financial risks associated with non-delivery.
5. HBRC was the subject of a procurement probity check in March 2024 for the Silt and Debris taskforce. There were no material issues noted in processes supporting the procurement of contractors for the further \$40m funding received in February 2024.
6. An incident report pertaining to Holiday Payments has been escalated through to RAC this quarter and will be considered in public excluded.
7. During March 2024, Hawke's Bay Civil Defence Emergency Management Group's response to Cyclone Gabrielle (the Mike Bush review) was released. The CDEM Group Joint Committee has formally agreed that an independent role will be established to lead the remediation of the

report's recommendations. It is expected that RAC will be provided with the plan and timeline for actions on the recommendations for oversight and awareness only, and that the Joint Committee will be accountable for approving and monitoring the implementation of the work programme for the transformational change required.

## Discussion

### Risk Environment and Sentiment Surveys

8. The one-page Enterprise Dashboard represents the strategic risk profile. This is intended to be a live document with updates to reflect the changing priorities and risks for the organisation. Since the last RAC meeting, this dashboard has been updated to reflect feedback at that meeting and the transition from cyclone recovery to the wider focus on future resilience to extreme weather events. Engagement has been positive across the organisation.
9. Key insights on the dashboard this quarter are:
  - 9.1. The removal of the risk around *Impacts of cyclone and recovery*. This risk was a point in time and reflected the uncertainty at the time of creation of cyclone-related matters such as categorisation, remediation funding, and insurance claim activities. With the closure of Recovery as a separate matter at ELT, this risk has now been replaced with the *Effectiveness of the NIWE Resilience programme*, and a more general *Effectiveness of Emergency Management*.
  - 9.2. The small deterioration (from low to moderate) for *Effectiveness of governance and partnerships*, *Our impact on the environment* and *Effectiveness of infrastructure asset management*. In part, Council officers believe this is due to staff awareness and further consideration of risks since the creation of the dashboard and supporting one-page management plans. In one respect this is positive as it indicates greater clarity and transparency in defining risk and how this is managed and causes officers to reconsider the extent to which there are opportunities to increase rigour around how these areas are managed.
  - 9.3. *Effectiveness of Technology* continues to be of shared concern from ELT and councillors. With the recent appointment of a new Chief Information Officer, renewed attention is being applied to getting the critical controls and infrastructure in place. We expect, over time, this will improve along with considered control improvements across our network and infrastructure. Positive strides have been achieved with the implementation of Techone in particular within the finance team.
  - 9.4. All ELT members and ten councillors have contributed to the sentiment survey this quarter, the results of which will be considered in Public Excluded with the Risk deep dives. Overall, there has been a marked increase in the general level of confidence expressed by councillors since February, although there is a high degree of divergence of views between individual councillors. Insights from this include:
    - 9.4.1. A relatively higher level of concern in the mind of councillors than that of the ELT
    - 9.4.2. A higher degree of alignment of view exists at an ELT level than at Council
    - 9.4.3. Amongst councillors, there were very different viewpoints on common areas of risk/uncertainty – in some cases, the overall level of confidence expressed by individuals in the overall risk statements (i.e. trust and confidence from the community that HBRC enables a healthy environment and a resilient and prosperous community) is much higher than the aggregate of the individual areas of risk that contribute to this. This suggested that councillors are more confident in HBRC's overall performance than the aggregate of the specific aspects that contribute to this performance.

- 9.5. The consultation on the Long Term Plan continues to generate public feedback and in some areas negative sentiment (similar to all local authorities across NZ) due to the national and regional planned rate rises. This is putting pressure on delivery teams (Finance and Governance) and Communication and Engagement teams to ensure our community has appropriate information. In part, this negative sentiment is reflected in uncertainties shown across the councillor sentiment survey by amber ratings for a number of risks, such as those relating to HBRC's groups of activities (e.g. Emergency Management and Transport Management), wider community engagement (effectiveness of communication, consultation and engagement, coordination and connectedness of activity and decision making across HBRC) and ultimate outcomes (we keep our community safe / our impact on the environment).
- 9.6. A number of regulatory settings are currently being reformed by Government with potential impacts on Council's business. These include the reform and replacement of the Resource Management Act (during this term of Parliament), changes to national direction (principally the National Policy Statement for Freshwater Management, the National Policy Statement for Highly Productive Land, and the National Policy Statement for Indigenous Biodiversity), and changes to the consenting processes via the fast track regime currently before Parliament. Additional changes are contemplated to the farm planning system. There is uncertainty about the final shape of reform of which is reflected as a high risk on our risk profile.
- 9.7. Officers have prioritised the Regional Policy Statement as part of Kotahi and have focussed on the vision and values work related to freshwater. These are *no regrets* areas of work. Farm planning work is largely on hold. HBRC continues to work with the regional sector through Te Uru Kahika to provide advice to Government and, where appropriate, HBRC will submit to the select committee on proposed reforms.
10. This quarter, deep dives into the following specific areas of risk/uncertainty will be provided in public excluded time.
- 10.1. Effectiveness of technology
  - 10.2. Impact of external change and reform
  - 10.3. Effectiveness of the investment strategy
  - 10.4. Security, integrity and privacy of information
  - 10.5. Cyber security.
11. A proposed review and deep dive schedule is attached and will be used to present information to RAC going forward.
12. This is intended to give councillors a common understanding of major areas of importance to HBRC (purpose, success and uncertainties/risks tied to success) together with transparency on the control environment underpinning this. This is important to enable RAC to deliver on its governance obligation or ensuring that there is an effective system of risk management and internal control in place.

### **Assurance Activities**

#### ***Organisational Change and Prioritisation Report***

13. Recently Crowe, our external assurance provider, released the final draft report for Organisational Change and Prioritisation. (This was agreed within the Enterprise Internal Audit Plan for 2022-2023.)
14. The scope of the review looked at opportunities to strengthen decision-making to ensure organisational change effectively drives the creation of value while ensuring the organisation is protected from undue risk, e.g., impact on people, compliance, etc, which is sometimes

referred to as 'risk in change'. (The audit did not cover the strategic decision-making process on each individual organisational change initiative and project management process as that was out of scope.)

15. While there was one high priority finding observed (being that staff members interviewed had differing interpretations of what a change initiative is), it is pleasing that the auditors noted that the organisation has the correct tools to enable good project management going forward. The main themes of the findings for corrective action and improvement, include:
  - 15.1. A lack of clear definitions relating to change initiatives
  - 15.2. A lack of formal policies relating to change and project management
  - 15.3. Development of a change management methodology
  - 15.4. Project management requirements
  - 15.5. Prioritisation of activities.
16. Management will address recommendations made with the owner being Group Manager Corporate Services.

#### ***Hawke's Bay Civil Defence Emergency Management Group's response to Cyclone Gabrielle– Mike Bush***

17. This review report was finalised and released in March 2024, with the purpose of the independent review being to assess the operational performance of the Hawke's Bay Civil Defence Emergency Management Group's immediate response to Cyclone Gabrielle, with a particular emphasis on the systems and processes, and roles and responsibilities of Group members and partners.
18. The formal report has now been received. A sub-working group of the Coordinating Executive Group (CEG) has been formed and will provide recommendations on the short-term recommendations and actions to be undertaken to the CEG initially, to then be presented to the Joint Committee along with a recommendation on an appropriate structure to successfully implement the review outcomes for the future. The intention is that this will be presented at the Joint Committee's July meeting, if not earlier.
19. Further recommendations are expected to be relevant to Hawke's Bay Civil Defence Emergency Management from the *Report of the Government Inquiry into the Response to the North Island Severe Weather Events*. At the time of writing of this paper there was no indication of how this report will impact other recommendations and what remediation will be required.

#### ***Ernst and Young – Half Year Financial Statement Review***

20. Ernst and Young, our external auditors are currently onsite performing mid-year controls review as part of the half year Financial Statement audit. This review involved updating understanding of processes and controls as well as testing transactional information for 8 months of the year for certain accounts. No issues have been identified to date.
21. Last year HBRC received a qualified audit opinion, primarily based on the decision by HBRC not to formally value infrastructure assets (due to valuation and impairment work continuing post cyclone with uncertainty). Formal external valuations will be completed this year.

#### ***Probity Check – Silt and Debris Taskforce***

22. A probity check on the contracting for the Silt and Debris taskforce was undertaken in March 2024 in response to concerns raised by the public to government officials pertaining to potential conflicts or inappropriate controls supporting the programme. In offering further funding of \$40m to the Silt and Debris Taskforce, central government requested a probity check be undertaken by McHale Group – a public sector assurance company.
23. While a formal report is yet to be received, initial email correspondence with McHale Group has concluded "From a probity perspective and from HBRC's perspective, the current tender

process is appropriate, justified, and appropriately approved in relation to supporting the response to the original emergency situation. The very tight response timeframe (5 ½ working days plus a weekend) within which companies were required to respond to the tender invitation was justified within the context of emergency procurement although with hindsight, improvements could have been made to the process.”

24. This outcome is positive and further supports other assurance work HBRC has received across the Silt and Debris programmes, in particular the *Agreed-Upon Procedure* work undertaken by PricewaterhouseCoopers in December 2023 specifically looking at how the Silt and Debris Taskforce operated within the boundaries of eligibility criteria and the allocation of jobs within the programme. No material issues were noted in this review.

### Decision-making process

25. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that:
- 25.1. The decisions of the Committee are in accordance with the Terms of Reference and decision-making delegations adopted by Hawke’s Bay Regional Council 30 August 2023, specifically the Risk and Audit Committee shall have responsibility and authority to provide advice and recommend actions, responses and changes to the Council about risk management, assurance activities, governance oversight and internal control matters, including external reporting and audit matters. Specifically this includes:
- 25.1.1. The robustness of Council’s risk management systems, policies, practice and assurance processes. (1.1)
- 25.1.2. Review whether Council management has a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council’s significant risks in place. (2.1)
- 25.1.3. Undertake periodic monitoring of corporate risk assessment, and the internal controls instituted in response to such risks. (2.2)
- 25.2. Because this report is for information only, the decision-making provisions do not apply.

### Recommendations

That the Risk and Audit Committee receives and considers the *Risk Management update* staff report.

### Authored by:

**David Nalder**  
Acting Risk Manager

### Approved by:

**Susie Young**  
Group Manager Corporate Services

### Attachment/s

- 1 Risk management update 1 May 2024 Under Separate Cover

**Subject: Treasury Compliance Report for the period 1 January - 31 March 2024**

**Reason for report**

1. This item provides compliance monitoring of Hawke's Bay Regional Council's (HBRC) Treasury activity and reports the performance of Council's investment portfolio for the quarter ended 31 March 2024.

**Overview of the quarter ending 31 March 2024**

2. At the end of the quarter to 31 March 2024, HBRC was compliant with all measures in its Treasury Policy with the exception of the counterparty risk policy as a result of the management of recovery funds.
3. During the quarter HBRC appointed credit rating agency Fitch to provide a public credit rating for Council and HBRC is expecting an outcome before the end of April. A public notice will be issued by Fitch on the outcome.
4. The effects of Cyclone Gabrielle and its recovery continue to impact both cash balances and borrowing requirements. Additional ongoing borrowing to fund recovery will continue over the next 3-4 years, while proceeds from insurance claims are slower than earlier forecast.

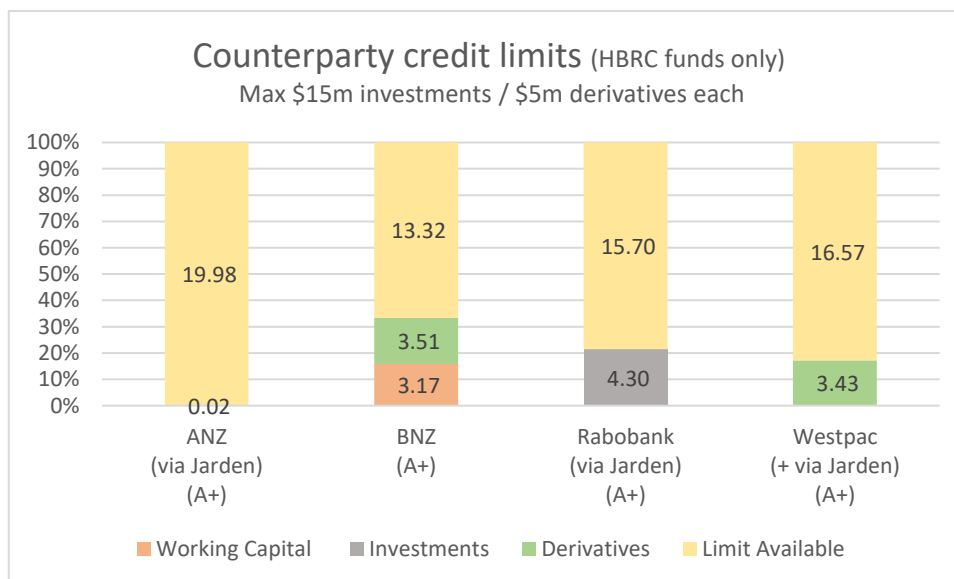
**Background**

5. Council's Treasury Policy requires a quarterly Treasury Report to be presented to the Risk and Audit Committee. The policy states that the Treasury Report is to include:
  - 5.1. Treasury exceptions report
  - 5.2. Policy compliance
  - 5.3. Borrowing limit report
  - 5.4. Funding and liquidity report
  - 5.5. Debt maturity profile Interest rate report
  - 5.6. Investment management report
  - 5.7. Treasury investments
  - 5.8. Cost of funds report, cash flow and debt forecast report
  - 5.9. Debt and interest rate strategy and commentary
  - 5.10. Counterparty credit report
  - 5.11. Loan advances.
6. The Investment Management report has specific requirements outlined in the Treasury Policy. This requires quarterly reporting on all treasury investments plus annual reporting on all equities and property investments.
7. In addition to the Treasury Policy, Council has a Statement of Investment Policy and Objectives (SIPO) document setting out the parameters required for funds under management for the HBRC Long Term Investment Fund and the Future Investment Fund.

- Since 2018, HBRC has procured treasury advice and services from PricewaterhouseCoopers (PwC) who provide quarterly Treasury reporting for internal monitoring purposes.

### Treasury exceptions report and policy compliance

- As at 31 March 2024 all counterparty exposures were within limits.



- There were no Investment Limit breaches in this period relating to funds held by HBRC for its normal activities.
- However, during the quarter to 31 March 2024, there continued to be a number of Investment Limit breaches relating to cyclone recovery funding received from the Crown and held in the Jarden and BNZ Recovery accounts. During this quarter total recovery funds held ranged from ~\$32m to ~\$78m. HBRC continues to mitigate potential risks by Jarden managing their funds across both ANZ and Westpac, meaning funds are split across 3 main registered NZ banks.
- Council officers maintain the view that management of Recovery Funding held on behalf sits outside HBRC's treasury policy for normal operations, and although reported on, does not cause a formal breach to limits.
- This will remain an issue while HBRC works through the Silt and Debris recovery on behalf of the Crown. As HBRC moves into the FRP programme with the Crown we expect to manage cashflow on a monthly basis.

### Funding and Liquidity

- To ensure HBRC has the ability to adequately fund its operations, current policy requires us to maintain a liquid balance of "greater than 10% of existing total external debt". Current liquidity ratio is 13.33% and therefore meets policy.
- The following table reports the cash and cash equivalents on 31 March 2024.

<b>31 March 2024</b>	<b>\$000</b>
Cash on Call	3,192
Short-term bank deposits	—
<b>Total Cash &amp; and Deposits</b>	<b>3,192</b>

- To manage liquidity risk, HBRC retains a Standby Facility with BNZ. This facility provides HBRC with a same-day draw-down option, to any amount between \$0.3-\$10.0m, and with a 7-day minimum draw period.



## Debt Management

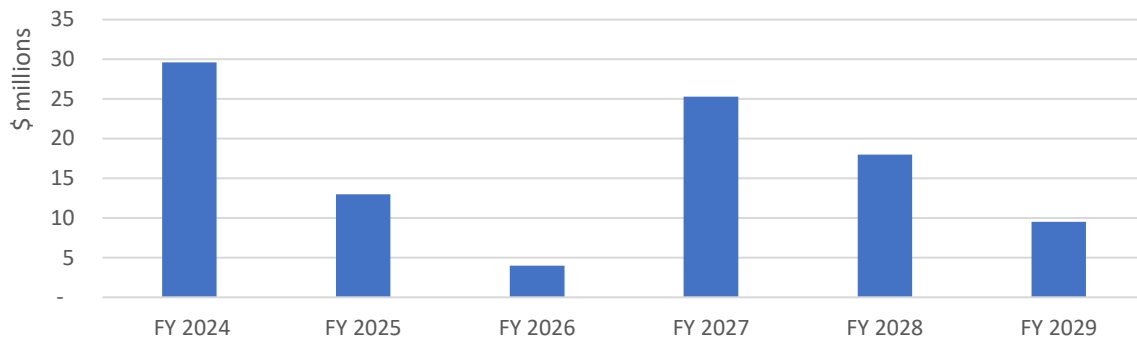
17. On 31 March 2024 the current external debt for the Council group was \$103m which includes \$4.3m of pre-funded debt (\$119.9m including loan from HBRIC).
18. Since Q2 there has been no additional new borrowing. However, during this quarter we have continued to push our short-term borrowing out in anticipating of a credit rating, allowing us to capture lower interest rates.
19. The following summarises the year-to-date movements in Council's debt position.

### Summary of HBRC Debt

	HBRC only \$000	HBRC Group \$000
Opening Debt – 1 July 2023 – excl HBRIC Loan	84,830	84,830
New Loans raised*	84,500	84,500
Less amounts repaid	(66,015)	(66,015)
<b>Closing Debt 31 March 2024 (excluding HBRIC loan)</b>	<b>103,315</b>	<b>103,315</b>
Plus opening balance - loan from HBRIC	16,663	—
<b>Total Borrowing as at 31 March 2024 *</b>	<b>119,978</b>	<b>103,315</b>

\*Includes pre-funding debt of \$4.3m.

### LGFA Debt Maturity Profile as at 31 March 2024



20. Council's debt maturity profile remained compliant, however short-term drawdowns continue to put pressure on the policy limit in the 0–3-year bucket. This is expected to remain high while the credit rating process is underway. We will then look to transition short-term debt out to longer term, utilising any insurance proceeds to minimise future funding. The table below includes our \$10m BNZ overdraft in total debt.

### Funding summary

Bucket (years)	Maturing in period (\$)	Policy	Actual
0 - 3	\$60,265,056	15% - 60%	55%
3 - 7	\$48,683,371	25% - 85%	45%
7 - 15	\$0	0% - 60%	0%
<b>Total</b>	<b>\$108,948,427</b>		<b>100%</b>

### Funding summary

21. HBRC had no new borrowing in Q3 but rolled over \$25m short term borrowing. We anticipate relieving the pressure on the 0–3-year bucket by converting short-term debt to long term after the credit rating process is complete.

22. HBRC officers are currently investigating the options of 'Green Loans' with LGFA, as an alternative to standard bonds. These are available to fund sustainability projects that promote environmental and social wellbeing, or act on climate change and reduce greenhouse gas emissions. Projects that fit these criteria attract lower interest rate charges than standard LGFA bonds.
23. Any insurance or NEMA proceeds will be used to offset further funding requirements anticipated in the new financial year.

### Borrowing limits

24. Council continues to monitor and work within the agreed borrowing limits set by both Council and the LGFA.

Ratio	HBRC	LGFA	Actual to 31 March 2024
Net external debt as a percentage of revenue	<150%	<175%	12.2%
Net interest on external debt as a percentage of total revenue	<15%	<20%	-0.6%
Net interest on external debt as a percentage of annual rates income	<20%	<25%	-1.19%
Liquidity buffer amount comprising liquid assets and available committed debt facility amounts relative to existing total external debt		>110%	179.16%

### Interest rate risk

25. Council currently holds \$50m in fixed rate instruments, hedging 46% of current external debt, and remains compliant to policy. This is based on the draft FY2025-2027 LTP plan.

#### Interest rate summary

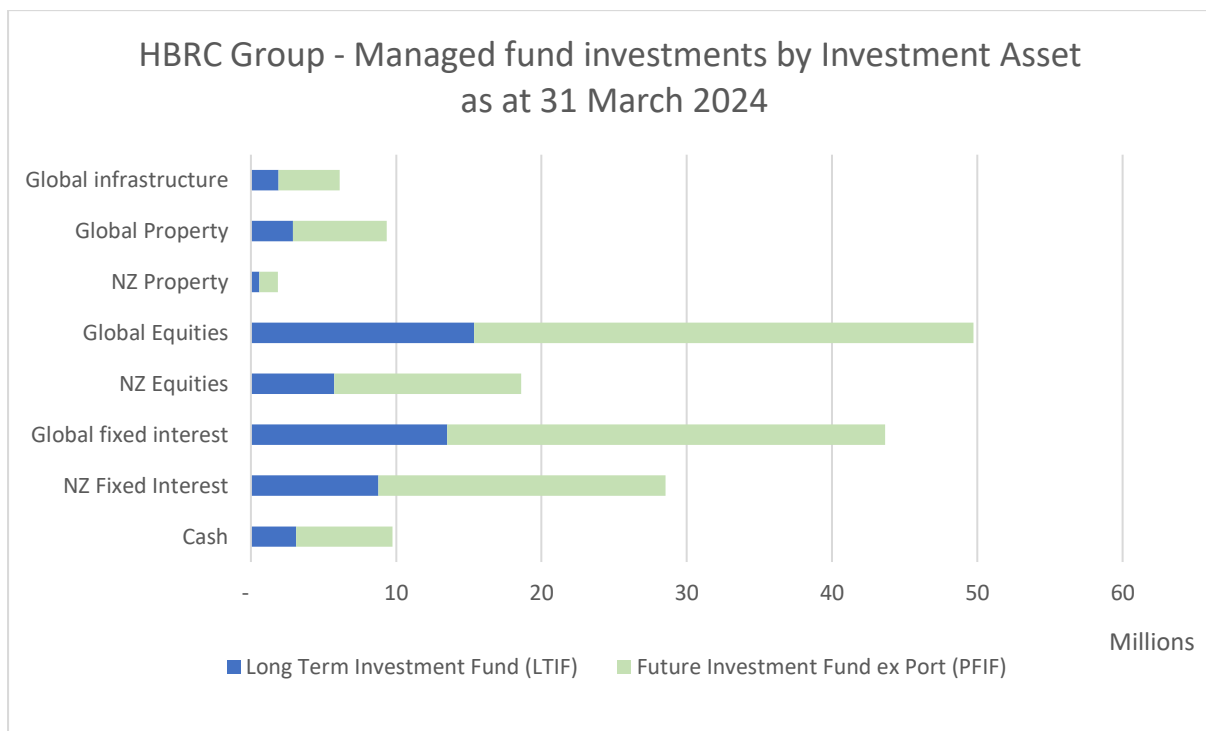
#	Bucket	Min	Max	Actual
1	0 - 12	40%	90%	43%
2	12 - 24	35%	85%	46%
3	24 - 36	30%	80%	48%
4	36 - 48	25%	75%	36%
5	48 - 60	20%	70%	24%
6	60 - 72	0%	65%	15%
7	72 - 84	0%	60%	2%
8	84 - 96	0%	50%	0%
9	96 - 108	0%	50%	0%
10	108 - 120	0%	50%	0%

### Managed funds

26. Total Investment Fund portfolios capital at 31 March 2024 is \$167m. Adjusted for inflation this is \$0.938m below the inflation-adjusted contribution target. No divestments have been made from managed funds this year.
27. Based on results to date, the current fund structures are not sufficient to deliver the returns required to meet Council's requirement. This is being addressed by the updates to the Investment Strategy and the transfer of management of these assets to HBRIC which is currently undertaking an RFP process for new investment managers.

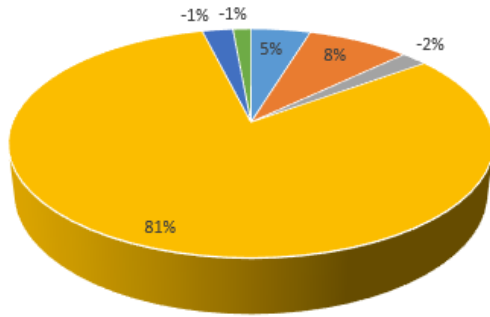
28. Council currently budgets separately for revenue from directly-held managed funds and those held by HBRIC. HBRIC is required to deliver an overall portfolio return by way of an annual dividend agreed through an annual Statement of Intent. The composition between revenues from managed funds and other sources such as Port dividends, is up to the HBRIC board. While the Council budgeted to receive \$10.9m in dividends from HBRIC within the FY 2023-2024, Council has received only \$3.9m to date due to reduced earnings from the Port. It is anticipated the overall dividend will fall short of the Council budget for the year.
29. The following table summarises the fund balances at the end of each period and the graph illustrates the asset allocations within each fund at 31 March 2024.

	30 Sept 2023	31 Dec 2023	31 Mar 2024
Fund Balances HBRC	\$000	\$000	\$000
Fund Balance HBRC	<b>108,038</b>	<b>114,407</b>	<b>118,752</b>
Capital Protected Amount HBRC (2% compounded since inception)	117,124	117,709	118,298
<b>Current HBRC value above/(below) capital protected amount</b>	<b>(9,086)</b>	<b>(3,302)</b>	<b>(454)</b>
<b>Funds Balances (Group + HBRIC)</b>			
Long-Term Investment Fund (HBRC)	47,164	49,975	51,844
Future Investment Fund (HBRC)	60,874	64,432	66,908
<b>Total HBRC</b>	<b>108,038</b>	<b>114,407</b>	<b>118,752</b>
Plus HBRIC Managed Funds (FIF)	44,415	47,138	48,810
<b>Total Group Managed Funds</b>	<b>152,453</b>	<b>161,545</b>	<b>167,563</b>
Capital Protected Amount (2% compound inflation)	166,828	167,662	168,500
<b>Current group value above/(below) protected amount</b>	<b>(14,375)</b>	<b>(6,117)</b>	<b>(938)</b>

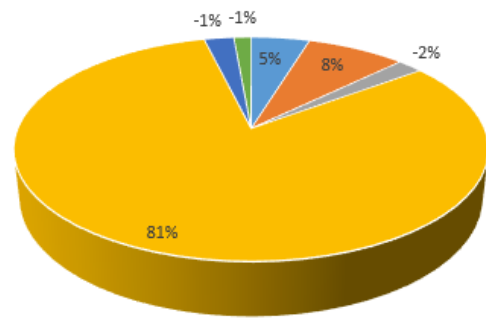


30. Financial markets have continued to rally this quarter and as at 31 March 2024 the consolidated portfolio value was up 7.09% on 30 June 2023. Fund performances have also improved this quarter, although much of this is in unrealised gains and therefore subject to market volatility. Under current policy all cash returns reinvested.

HBRC Group - PFIF Managed funds performance  
YTD 31 March 2024



HBRC Group - LTIF Managed funds performance  
YTD 31 March 2024



■ Interest ■ Dividends ■ Realised gains ■ Unrealised gains ■ Fees ■ Taxes

	YTD Performance		
	LTIF	PFIF	Group
Cash return reinvested	0.29%	0.96%	0.56%
Unrealised return	3.38%	11.29%	6.54%
<b>Total return</b>	<b>7.09%</b>	<b>7.92%</b>	<b>7.09%</b>
<i>By manager:</i>			
Mercer	2.99%	16.29%	6.85%
Jarden	4.61%	9.99%	7.33%
	<b>3.80%</b>	<b>13.14%</b>	<b>7.09%</b>

### Cost of funds

31. Rolling 12 months to 31 March 2024, Gross Cost of Funds (COF) was 4.15% and Net COF was 3.99%.

### HBRIC Ltd

32. In accordance with Council Policy, HBRIC provides separate quarterly updates to the Corporate and Strategic Committee.

### Decision-making process

33. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:

- 33.1. The decisions of the Committee are in accordance with the Terms of Reference and decision-making delegations adopted by Hawke’s Bay Regional Council 30 August 2023, specifically the Risk and Audit Committee shall have responsibility and authority to:
- 33.1.1. Review the Council’s revenue and expenditure policies, amongst others, and the effectiveness of those policies in ensuring limited risk is generated. (1.3)
- 33.2. Because this report is for information only, the decision-making provisions do not apply.

### Recommendation

That the Risk and Audit Committee receives and notes the *Treasury Compliance Report for the period 1 January – 31 March 2024*.

### Authored by:

**Tracey O’Shaughnessy**  
Treasury & Investments Accountant

### Approved by:

**Susie Young**  
Group Manager Corporate Services

**Attachment/s** There are no attachments for this report.

**Subject: Health, Safety and Wellbeing update**

**Reason for report**

1. This item provides the Audit and Risk Committee with:
  - 1.1. An update on progress transitioning the Council's Health, Safety and Wellbeing Management Framework (HSWMF) to comply with the ISO 45001:2018 Occupational health and safety management systems requirements, including the findings of the desktop review.
  - 1.2. An overview of HBRC's HSWMF including the roles of governors and Council staff, and H&S incident reporting.

**Executive Summary**

2. The HSW Team Leader reported to the Risk and Audit Committee in October 2023 on the intended alignment of the HBRC Health, Safety and Wellbeing Management System (HSWMS) with the ISO45001 framework, including ongoing assurance over Health and Safety matters. This item provides a summary of findings of the ECAAS Certification's *Gap Analysis* and the report itself is attached.
3. The purpose of providing an explanation of the Council's health, safety and wellbeing system, is to provide a broad understanding of how the system works.

**Background**

4. From 2001 to 2019 HBRC's HSWMS was audited and certified under the ACC Workplace Safety Management Practice (WSMP) audit standard. The WSMP audit standard aligned with AS/NZS 4801:2001, the joint Australia/New Zealand Standard for Occupational Health and Safety Management Systems. While organisations may have sought certification under AS/NZ4801 or OHSA 18001, this was generally in response to parent company and/or customer requirements and not common. In terms of market acceptance within NZ, ACC WSMP was the 'default' standard.
5. Despite the impacts of Covid 19 lockdowns of 2020-2021 and the staffing levels within the HSW team, HBRC's HSWMS was maintained at a level commensurate with WSMP Tertiary. This was verified via an internal review conducted in 2022.
6. In 2022, the HSW Team and ELT agreed to the need for a new HSW audit programme to replace the defunct ACC WSMP and investigations to determine which might best suit HBRC.
7. As an initial step in the investigation, the HSW team sought information from the wider health and safety community, which included other councils such as Napier City and Horizons (Manawatu-Whanganui Regional Council), about their progression from ACC WSMP into other audit programmes. From the discussions held and evidence observed, the majority had maintained their HSMS (updated as relevant to meet any applicable legislative or industry changes) but had not progressed into another certification programme. Organisations who had moved to another certification programme undertook one of the following options:

Programme	Programme Status	Certification availability
AS/NZ4801	<i>Available superseded until 13 July 2023. After 13/7/23 refer to ISO45001.</i>	N/a
OHSA 18001	<i>Withdrawn replaced by ISO45001</i>	N/a
ISO45001	Current	Yes
Safe+	Current	No* outcome defined by 3 performance levels

8. In October 2023 it was agreed that a review of the current health and safety management systems would be undertaken with the intention of moving to ISO 45001 Occupational health and safety management systems requirements as the Council’s new HSW audit programme. The review was undertaken in November 2023 and the findings and actions to remediate those are outlined following and contained in attachments 1 and 2.

### ISO 45001 Gap analysis

9. The ECAAS Certification’s *Gap Analysis* occurred on 28 and 29 November 2023 with the review report being provided to the CE (as the PCBU) in December 2023 for discussion at the 19 February 2024 Executive Leadership Team meeting.
10. Key findings of the review, and actions to address them, include:
- 10.1. **Consultation and Participation** – the HSW Committee is well established, however, the Terms of Reference need to be made more explicit.
- 10.1.1. After consultation with the HSW Committee, this is now complete. The HSW Committee will have further opportunities to consult and participate in the HSWMS, and for this to be evidenced as per the requirements of the standard.
- 10.2. **Internal Audit** – future internal audits will need to be conducted against ISO45001.
- 10.2.1. The document review forms part of the HSW internal audit programme, and will serve to meet the requirements (in the first instance) as we move forward.
- 10.3. **Legal requirements** – Work Methods need to detail the exact requirements of
- 10.3.1. HBRC uses Work Methods (previously called Codes of Practice) to outline the procedure, inherent risks, and the controls related to a specific task. Each Work Method (WM) refers to applicable legislation, industry guidelines, standards, Approved Codes of Practice, etc. Most of the WM do not detail the exact requirements of these, e.g. will refer to Civil Aviation Rules but not specify which part of the rules apply. There is no central repository for this information. The knowledge for the level of detail the standard requires very likely exists within the HBRC, but it will take some time and resource to map out.
- 10.3.2. As the specifics are mapped, HBRC must also evaluate its compliance with the requirements. Compliance evaluation outcomes will feed into the requirements for monitoring, measurement, analysing, evaluation, and management review.
- 10.4. **Management of change**
- 10.4.1. The current change management process will need to be redefined in line with ISO45001 requirements.
- 10.5. **Non-conformances & continuous improvement**
- 10.5.1. Under ISO45001, non-conformances are not limited to just incidents (injury, damage, near miss etc) but also include any instances of not meeting the performance measures of the HSWMS itself. A process to record HSWMS non-conformances has been included in the Incident Report Form and will also feed

into the requirements for monitoring, measurement, analysing, evaluation, and management review.

- 10.6. **Objectives** – HBRC needs to establish HSW objectives at relevant functions and levels (PDP).
- 10.6.1. Objectives for the HSW Committee have recently been finalised, and the HSW Team objectives are included in the 2024 and 2025-2027 work plans.
  - 10.6.2. Objectives for management or similar will need to be scoped and will be related to things such as completing investigations of incidents or closing out incidents within a specified time period.
  - 10.6.3. The first two objectives are part of the incident management process already, albeit without the specific measures. Including measures (objectives) will contribute to the improvement of HBRC’s HSWMS, provide more structure and accountability for the incident management process, and feed into the criteria HBRC uses to monitor the performance of the HSWMS.
- 10.7. **Monitoring, measurement, analysis, evaluation and management review** – HBRC has established safety performance reporting, and a new HSW performance dashboard is in the process of being developed.
- 10.7.1. HBRC had established safety performance reporting; it was also noted that a new HSW performance dashboard was in the process of being developed. This area will need further development to ensure that not only is HSW performance being measured, monitored, evaluated, and updated, but that also the performance of HBRC’s HSWMS is being measured, monitored, evaluated and updated.
  - 10.7.2. The Management Review process (of the HSWMS) will need to be updated to capture the above points and any other specifics required for ISO45001.
11. Being based on the ACC WSMP standard, it was expected that updates to the HBRC HSWMS would be required to meet ISO45001 requirements. However, not meeting requirements of a standard does not mean an organisation is not meeting the intent of relevant legislation, e.g. The Health and Safety at Work Act 2015.
12. With the HSW Strategy and Workplan due for renewal, the timing is opportune to update the HSWMS as part of the new HSW 2024-2027 Strategy and Workplan.

## **HBRC’s Health, Safety and Wellbeing Management Framework**

### **Overview**

- 13. The HSWM system that HBRC operates under is a framework to support and maintain a level of employee safety, health, and wellbeing excellence. It enables the organisation to identify, manage and reduce risk to create a safe working environment for everyone under our umbrella – staff, volunteers, contractors and the wider public. Underpinning this framework is leadership, management, a vast number of policies, work methods (procedures with risk controls), staff participation, training, investigations, and assurance.
- 14. HBRC has a system of continuous improvement and reviews to ensure that the health, safety, and wellbeing of all is an evolving process – supported by a work plan that is reviewed annually and agreed by the Executive Leadership Team (ELT) then signed off by the Chief Executive (CE).
- 15. Overarching the HSW work plan is the Health, Safety and Wellbeing Strategic Plan (HSWSP), which is due for its 3-yearly update. The 2021-2024 HSWSP will be updated for acceptance by the ELT and the CE before being presented to Council in July 2024. The underpinning HSW work plan is currently being updated to incorporate the desk top review recommendations and updates to general health, safety and wellbeing objectives for the next 3 years and will be presented to the CE and ELT for approval.

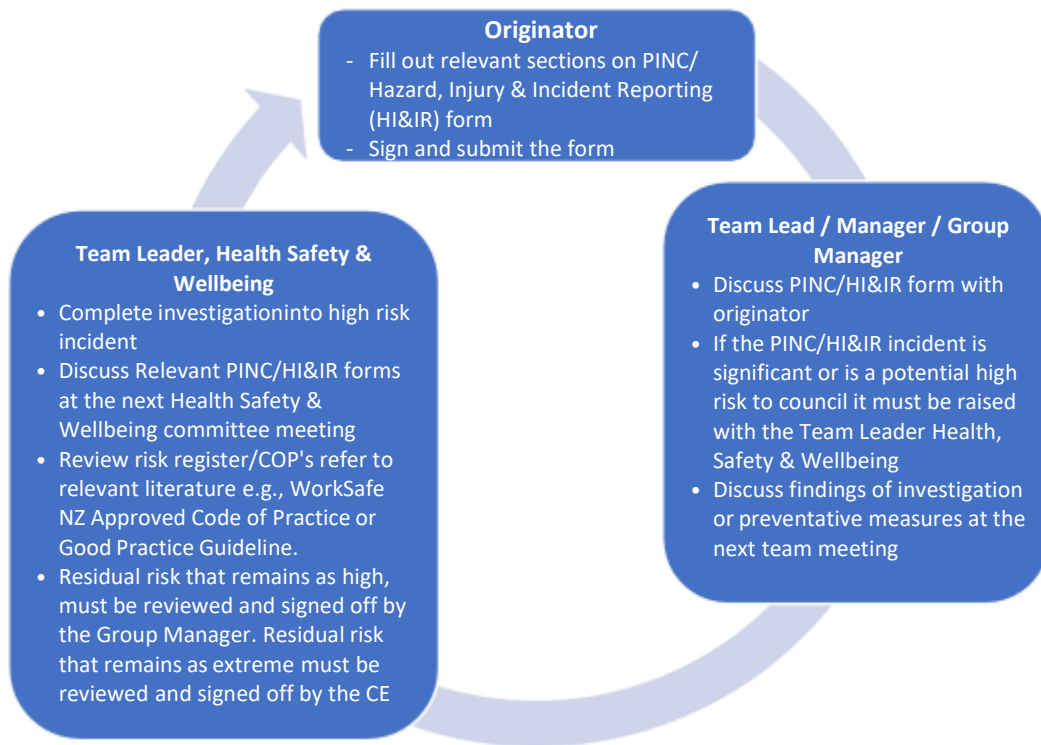
### ***Role of Council governors and management***

16. The difference between Governance and Management, in the simplest terms, is that governance is responsible for oversight and planning while management takes care of the daily operations, for example:
  - 16.1. HBRC governors and ELT sign off the HSW Strategy every 3 years.
  - 16.2. The HSW Team Lead reports to ELT when required as well as in future, presenting a monthly HSW dashboard with metrics (under development).
  - 16.3. The HSW team updates the HBRC Organisational Performance report every 3 months (OPAL3) which includes incidents, training, and wellbeing which ELT and governors have access to.
  - 16.4. A monthly *Health Safety and Wellbeing of people* report is part of the Risk and Assurance Maturity work programme as a live document with the Asset Management Group Manager as the risk champion. This document is accessed by ELT and presented to the Risk and Audit Committee by David Nalder (Consultant).

### ***HBRC health and safety incident reporting***

17. An incident form (PINC) is used to record all health, safety or wellbeing incidents and allows for a single process across Council to manage reportable events. An event can be an accident, near miss, incident, complaint, work related injury or illness, or property damage. All events must be notified immediately, or as soon as reasonably practicable. As soon as the event is lodged in the HSW system, notifications go to the reporting Group Manager, direct manager and HSW.
18. Incidents are investigated by the HSW team in conjunction with the worker, the person they report directly to and their Manager. This includes actions required to minimise the likelihood of the event (or a similar event) happening again and a review of current controls, policy or Work Method if the event is linked to a risk/hazard that is already being managed. If additions or amendments to policies or the Work Method are required, these will be discussed with all relevant staff immediately and training will be provided if the risk/hazard process or controls change. Any changes are circulated back through the HSW Committee and circulated through group meetings and internal communications (Snappy and Team Connect).
19. All incident reports are collated monthly for reporting to the wider business and presented at all group meetings. Quarterly updates are presented to the Health, Safety and Wellbeing Committee, the Executive Leadership Team and, through the Organisational Performance Report, the Corporate and Strategy Committee.





### Financial and resource implications

20. The transition to align with ISO45001 is an ambitious piece of work, however, at this stage there are no financial or resource implications to consider.

### Next steps

21. Recommendations from the ECAAS Certification *Gap Analysis* will be incorporated into the HBRC HSW Work Plan for 2024-2027. This is underway but is an extensive piece of work, alongside the general HSW objectives in the workplan for the HSW team. This will take more than 12 months to change, document, socialise, and embed before a further review of documentation or gap analysis can be considered.
22. The Health, Safety and Wellbeing Strategy for 2024-2027 will be updated and presented to ELT and RAC for approval.
23. ECAAS Certification's *Gap Analysis* recommendations will be reported via the Audit Assurance Dashboard (similar to attachment 2), to update RAC quarterly on progress.

### Decision-making process

24. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 24.1. The decisions of the Committee are in accordance with the Terms of Reference and decision-making delegations adopted by Hawke's Bay Regional Council 30 August 2023. The Risk and Audit Committee has responsibility and authority to:
    - 24.1.1. provide advice and recommend actions, responses and changes to the Council about risk management, assurance activities, governance oversight and internal control matters, including external reporting and audit matters. Specifically, this includes:
      - 24.1.1.1. the appropriateness of controls to safeguard the Council's financial and non-financial assets, the integrity of internal and external reporting and accountability arrangements. (1.2)

- 24.1.1.2. Council's compliance with applicable laws, regulations, standards and best practice guidelines. (1.5)
- 24.1.1.3. receive the internal and external audit report(s) and review actions to be taken by management on significant issues and recommendations raised within the report(s). (2.8)

### **Recommendations**

That the Risk and Audit Committee:

1. Receives and considers the *Health, Safety and Well-being update* staff report.
2. Confirms that the actions taken to address the ECAAS Certification *Gap Analysis* findings are adequate in the circumstances explained.

### **Authored by:**

**Kirsty McInnes**  
**Team Leader Health Safety & Wellbeing**

### **Approved by:**

**Susie Young**  
**Group Manager Corporate Services**

### **Attachment/s**

- 1 ECAAS HSWMS Gap Analysis Nov23 report Under Separate Cover
- 2 [↓](#) ISO45001 Document Review recommendations
- 3 [↓](#) Health and Safety on a Page
- 4 [↓](#) Health, safety, resilience and wellbeing of people - One-page Risk Management Plan

November 2023 ISO45001 Document Review recommendations

Audit Performed	Review Type	Date	Total Issues Raised	Issues Open	Issues Closed	Comments
ISO45001 HSW	Document review HSWMS	November 2023	19	16	3	

Findings / Themes	Priority rating	Action	Due date	Milestone achieved since last report	Milestone for next report	Tracking Status
<b>Context of the organisation</b>	<b>High</b>	<b>Context of the organisation</b>				
Scope (context of the organisation)		Work with other stakeholders to update and consolidate scope, e.g. HSW, Quality, Environmental	31 Jun 2024	Initial stakeholder meetings – single scope approach agreed	Draft scope for stakeholder review	
<b>Leadership</b>	<b>High</b>	<b>Leadership</b>				
HSW Policy		Consult with relevant stakeholders to review & update the HSW Policy	31 Jul 2024	In Draft	Draft for review by HSWC	
Roles, responsibilities & authorities		Update HSW Job Descriptions	30 Jun 2024	JDs in draft	JDs updated	
		More clearly define roles in HSWMS	31 Oct 2024		Roles in draft HSWMS	
<b>Consultation and Participation</b>	<b>High</b>	<b>Consultation and Participation</b>				
HSW Committee ToR		Consult with the HSW Committee & review ToR	30 Jan 2024	ToR updated & approved	n/a complete	
HSWMS		Consult with HSW Committee (HSWC) review/update HSWMS	30 Nov 2024	Progress reflected via other areas & actions that contribute to the whole, e.g. Document Control (refer Support)		
<b>Planning</b>	<b>High</b>	<b>Planning</b>				
Legal & other requirements		Define & document legal & other requirements	30 Nov 2024	Update CoPs to WMs Live links in Promapp & SharePoint	Review dates in place for each WM	
Objectives		Consult with relevant stakeholders to update / develop objectives HSWC, HSW team, Org	30 Oct 2024	HSWC Objectives finalised	Draft objectives HSW team	
<b>Support</b>	<b>High</b>	<b>Support</b>				
Communication		Work with HSWC to formalise HSW communication process	30 Jun 2024	Update HSWC minutes template	Update other relevant HSWC documents	
Documentation		Work with HSWC & other stakeholders to formalise document control process	29 Mar 2024	Formalised & documented in draft HSWMS	n/a complete	

Findings / Themes	Priority rating	Action	Due date	Milestone achieved since last report	Milestone for next report	Tracking Status
<b>Operation</b>	<b>High</b>	<b>Operation</b>				
HSW hazards & risks		Update control hierarchy to reflect practice Work with Procurement to more clearly define HSW requirements	28 Feb 2024	Updated & documented in draft HSWMS Procurement docs updated	N/a complete	
Manage change		Work with HSWC & other stakeholders to develop change management process	30 Nov 2024			
<b>Performance Evaluation</b>	<b>High</b>	<b>Performance Evaluation</b>				
Internal Audit		Update IA audit plan to reflect new standard	30 May 2024	N/a	Updated org IA plan	
HSW/HSWMS performance		Criteria to evaluate HSW performance	30 May 2024	Draft criteria for ELT & HSWC report	Define data parameters More clearly define report measures	
System non-conformance		Define how HSW performance feeds into HSWMS performance & management review	30 Oct 2024	N/a	n/a	
		Establish process to report & capture	29 Mar 2024	Included in existing incident reporting system	n/a complete	

# Health, safety, and wellbeing

*Ko o tatou iwi kei te ngakau o nga mea katoa e mahi ana tatou. Ka whakarite kia noho haumaru ratou i te wa e mahi ana, ka hoki ora mai ki te kainga ia ra*  
 Our people are at the heart of everything we do. We will ensure they are safe while at work, and are returned home safe every day.

## Strategy on a page

### Vision

Hawke's Bay Regional Council is seen as a leader for best practice health, safety and wellbeing, internally and within its community and by government peers, where we all actively ensure that everyone goes home safe and well every day.



This strategic plan will be built around the following health and safety cornerstones:

- ~ Knowledgeable workplace HSW leadership
- ~ Actively identifying, managing, and monitoring risk
- ~ Managing the pandemic response to Covid-19 and variants
- ~ Improving the management of contractors
- ~ Improving HSW engagement and culture
- ~ Enabling an effective implementation plan and reviewing annually
- ~ Improving reporting and provision of relevant information

### Goals



**Goal 1: Health, safety, and wellbeing leadership**

We will continue to have strong and sustainable leadership in HSW leadership.



**Goal 2: Risk management**

We will have the competence to identify hazards and ensure that risks are appropriately controlled.



**Goal 3: Pandemic response**

We will continue to minimise the sources and impact of infection from COVID-19 and subsequent variants for our workers, visitors, and contractors undertaking activities within Hawke's Bay Regional Council ("Council") offices.



**Goal 4: Contractor and service provider management**

All contractors will continue to be Site Wise approved (or equivalent) for any work undertaken for Council.



**Goal 5: Worker engagement and culture**

We will continue enabling our workers to be fully engaged in HSW, and "how we do things".



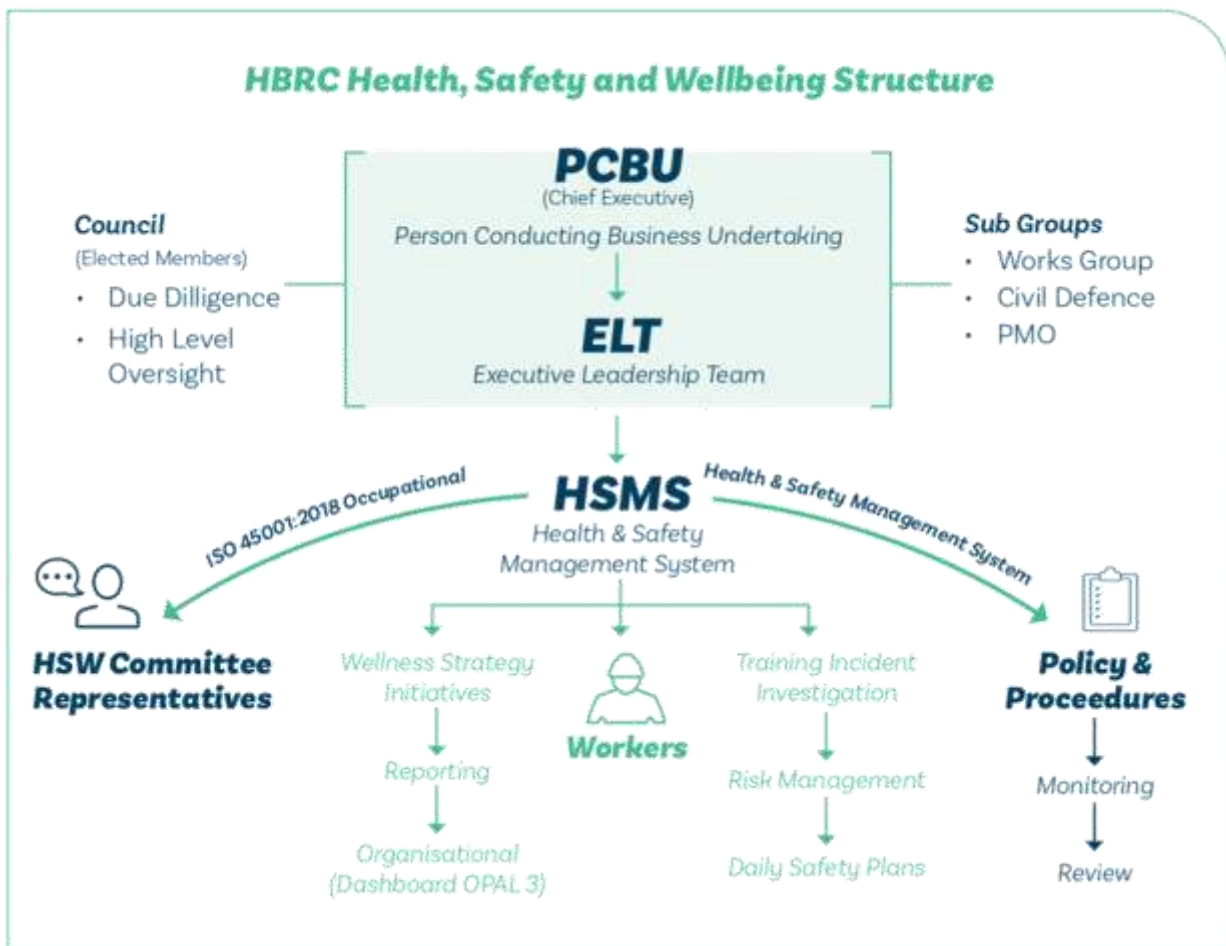
**Goal 6: Communication**

Communication represents one of our most important challenges. We realise the way we communicate HSW matters is particularly important.



**Goal 7: Mental health and wellness**

People are the heart of our organisation and our most important asset. A key factor in HSW performance is our workers' wellbeing. We realise that workers need to be fit for work, fit while at work, and be fit to return home.



# 10. Health, safety, resilience and wellbeing of people

Last updated: 28 March 2024

Cause What contributes to this and how do we manage it?	Focus What matters?	Consequence Why this matters?	Monitor How will we track this?																
<p><b>10.1 Physical wellbeing</b> The extent to which people are kept physically safe from physical activities or events, for example: slips, trips, falls, ergonomics, travel and accidents, threats from 3<sup>rd</sup> parties, working alone, working from heights, hazardous substances. Unfit work-from-home environment, natural hazard, communicable illness, unmet disability needs and so forth</p> <p><b>10.2 Spiritual wellbeing</b> The extent to which people are kept spiritually safe while at work, including for example: cultural competency, tolerance for diversity, religious beliefs, personal values, sense of purpose, self identity and wider connectedness</p> <p><b>10.3 Family and social wellbeing</b> The extent to which people are kept socially safe while at work, including: loneliness and isolation, understanding whanau needs and priorities, role clarity and security</p> <p><b>10.4 Mental and emotional wellbeing</b> The extent to which people, while at work, are impacted by, stress, fatigue, workload, bullying, harassment, change and uncertainty and so forth</p> <p><b>Activity</b> <i>How are we managing this area (and the associated causes)?</i></p> <ol style="list-style-type: none"> <li>1. Health and Safety Management System</li> <li>2. Transition to new health audit standard ISO45000, update to HSMS and HSW Workplan 2024-2027</li> <li>3. Incident and training database</li> <li>4. Document control programme</li> <li>5. Documented policies and processes (codes of practices/work methods/SOPs), with regular review process</li> <li>6. Explicit H&amp;S training curriculum</li> <li>7. Health, Safety and Wellbeing induction for all new staff</li> <li>8. Health, Safety and Wellbeing Committee 'voice' across all parts HBRC. Representation from all parts of the organisation, operating under a Terms of Reference</li> <li>9. Works Group schedule of equipment compliance and certifications</li> <li>10. Partnerships with relevant SME/Providers, e.g. OPSEC for aggressive people workshops</li> <li>11. Generous Employee Assistance Programme, which is extended to whanau</li> <li>12. HBRC Staff Support Group, Union</li> <li>13. Contractor Management with HSW surveillance</li> <li>14. Site visits and onsite assessments of practices</li> <li>15. Site observations (independent) to verify alignment with Work methods/CoP</li> <li>16. HSW reporting to Organisational Dashboard/Council</li> <li>17. HSW reporting to ELT via CE/attendance at meetings</li> </ol> <p>Are we comfortable these controls sufficient? If not, key gaps include: - Inconsistent field staff H&amp;S risk assessments across the business</p> <p><b>Assurance</b> <i>How do we know that this is managed effectively?</i></p> <ol style="list-style-type: none"> <li>1. Desktop documentation review of HSW system (Nov 23) by external auditor</li> </ol>	<p><b>10.0 Health, safety, resilience and wellbeing of people</b> The extent to which our people are kept healthy, safe and well while at work</p> <p>Chris Dolley / Kirsty McInnes</p> <p>By 'health, safety, resilience and wellbeing' we consider the Te Whare Tapa Wha Model (Sir Mason Durie 1984)</p> <p>By 'people' we mean:</p> <ul style="list-style-type: none"> <li>- Personnel (not services)</li> <li>- Staff (permanent, fixed term, casual or temp, secondees)</li> <li>- Contractors</li> <li>- Consultants (contracted in their individual capacity)</li> <li>- Utilisation of people from other Councils and Government departments (e.g., secondment)</li> <li>- Where there is a PCBU responsibility</li> </ul> <p>By 'at work' we mean:</p> <ul style="list-style-type: none"> <li>- In one of our offices</li> <li>- In the field</li> <li>- Driving/travelling for the purposes of work</li> </ul> <p>Current ELT sentiment</p>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Staff retention and motivated/engaged employees</li> <li>• Reduction in sick leave /absenteeism</li> <li>• Employer of choice with positive reputation in the market</li> <li>• Reduced business cost, e.g. reduced insurance, damage, disruption etc</li> <li>• Informed and improved interactions with the public, e.g. aggressive people</li> <li>• Improved productivity</li> <li>• Mature HSW culture</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Breach of social (and regulatory) obligation to our people</li> <li>• Damage to assets and equipment</li> <li>• Environmental damage</li> </ul> <p><b>Response</b> <i>What will we do differently as a result of this?</i></p> <ol style="list-style-type: none"> <li>1. 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# 10. Health, safety, resilience and wellbeing of people

Last updated: 31 January 2024

Cause What contributes to this and how do we manage it?	Focus What matters?	Consequence Why this matters?	Monitor How will we track this?																					
<p><b>10.1 Physical wellbeing</b> The extent to which people are kept physically safe from physical activities or events, for example: slips, trips, falls, ergonomics, travel and accidents, threats from 3<sup>rd</sup> parties, working alone, working from heights, hazardous substances. 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Wellness	# referrals to EAP % work vs personal																							
Absenteeism	[not yet in place]																							
EAP usage and trends	% work vs personal																							
Covid	# covid notifications																							
Untaken annual leave	Leave balances by individual																							



# 10.1 Physical wellbeing

Last updated: 28 March 2024

Cause What contributes to this and how do we manage it?	Focus What matters?	Consequence Why this matters?	Monitor How will we track this?												
<p><b>10.1.1 Slips, trips and falls</b> The extent to which staff work from heights, on slippery surfaces and so forth</p> <p><b>10.1.2 Communicable illness</b> The extent to which staff are exposed to sources of illness (e.g., flu, covid, measles, etc.)</p> <p><b>10.1.3 Driving and Vehicle use</b> The extent to which staff drive and use vehicles in an appropriate and safe manner</p> <p><b>10.1.4 Lone work</b> The extent to which staff work in an isolated manner</p> <p><b>10.1.5 Impairment</b> The extent to which staff are impaired, e.g., through drug, alcohol or similar use</p> <p><b>10.1.6 Fatigue</b> The extent to which staff are impaired through tiredness and fatigue</p> <p><b>10.1.7 Competency</b> The extent to which staff have the necessary skills and capabilities to do the job asked of them</p> <p><b>10.1.8 Hazardous environment</b> The extent to which staff work in an environment that exposes them to hazardous materials (e.g., water, chemicals, electricity etc)</p> <p><b>10.1.8 Ergonomics and accessibility</b> The extent to which the work environment for staff is appropriate to need</p>	<p><b>10.1 Physical wellbeing</b> The extent to which people are kept physically safe from physical activities or events, for example: slips, trips, falls, ergonomics, travel and accidents, threats from 3<sup>rd</sup> parties, working alone, working from heights, hazardous substances. Unfit work-from-home environment, natural hazard, communicable illness, unmet disability needs and so</p> <p><b>Assurance</b> <i>How do we know that this is managed effectively?</i></p> <ol style="list-style-type: none"> <li>[how do we know our management activities and controls are effective]</li> </ol>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Staff retention and motivated/engaged employees</li> <li>Reduction in sick leave /absenteeism</li> <li>Employer of choice with positive reputation in the market</li> <li>Reduced business cost, e.g. reduced insurance, damage, disruption etc</li> <li>Informed and improved interactions with the public, e.g. aggressive people</li> <li>Improved productivity</li> <li>Mature HSW culture</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Breach of social (and regulatory) obligation to our people</li> <li>Damage to assets and equipment</li> <li>Environmental damage</li> </ul> <p><b>Response</b> <i>What will we do differently as a result of this?</i></p> <ol style="list-style-type: none"> <li>Update HBRC HSMS and HSW Work Plan 2024-2027 to reflect recommendations from ISO45000 document review</li> <li>Ensure communications <b>available</b> to all field workers at all times</li> <li>Complete competency framework for Works Group and implement accessible competency database</li> <li>Finalise delivery of daily risk assessment training (field staff) (almost complete)</li> <li>Finalise risk management app with ICT (requested, sitting with ICT)</li> </ol>	<table border="1"> <thead> <tr> <th>Outcome</th> <th>Metric</th> </tr> </thead> <tbody> <tr> <td>Incidents</td> <td># incidents reported</td> </tr> <tr> <td>Training</td> <td># staff training % eligible staff trained/in pipeline</td> </tr> <tr> <td>Wellness</td> <td># referrals to EAP % work vs personal</td> </tr> <tr> <td>Absenteeism</td> <td></td> </tr> <tr> <td>EAP usage and trends</td> <td>% work vs personal</td> </tr> </tbody> </table> <p style="text-align: right;">3</p>	Outcome	Metric	Incidents	# incidents reported	Training	# staff training % eligible staff trained/in pipeline	Wellness	# referrals to EAP % work vs personal	Absenteeism		EAP usage and trends	% work vs personal
Outcome	Metric														
Incidents	# incidents reported														
Training	# staff training % eligible staff trained/in pipeline														
Wellness	# referrals to EAP % work vs personal														
Absenteeism															
EAP usage and trends	% work vs personal														

# 10.2 Spiritual wellbeing

Last updated: 28 March 2024

Cause What contributes to this and how do we manage it?	Focus What matters?	Consequence Why this matters?	Monitor How will we track this?														
<p><b>10.2.1 Cultural Competency</b> The extent to which people are exposed to bias; implicit, explicit or a combination of both</p> <p><b>10.2.2 Personal Values</b> The extent to which people feel their personal values align with HBRC values, as stated and as practiced</p> <p><b>10.2.3 Sense of Purpose</b> The extent to which people feel their contribution matters and has value and meaning</p> <p><b>10.2.4 Wider Connectedness</b> The extent to which people feel they are part of the HBRC whanau</p> <p><b>Actions/initiatives/controls/mitigations</b> <i>How are we managing this?</i></p> <p>Preventative controls (what manages these causes)</p> <ol style="list-style-type: none"> <li>1. Maori Partnerships with specific inhouse focus</li> <li>2. An approach that 'what is good for Māori is good for all'</li> <li>3. People &amp; Culture specific policies, processes, including Diversity Policy, EEO, WFH</li> <li>4. Focused workshops and development opportunities, e.g. Wall Walk</li> <li>5. HSW Committee to provide employee voice</li> <li>6. Staff PDP process</li> <li>7. HBRC Staff Support Group</li> <li>8. Life insurance (HBRC funded) with extra Care Package e.g., mental health support</li> <li>9. Focused inclusive induction process, HSW, P&amp;C</li> <li>10. Union presence to support staff</li> </ol> <p>Detective and corrective controls (what do we do if these causes eventuate)</p> <ol style="list-style-type: none"> <li>1. Protected disclosure process</li> <li>2. PDP review process if disagreement</li> <li>3. EAP to support staff in need (extends to whanau)</li> <li>4. Connected Care services</li> </ol> <p>Gaps</p> <ul style="list-style-type: none"> <li>- Internal HBRC values under review</li> <li>- PDP process includes skills and behaviours, but does not seem to carry the same weighting as outcome measures</li> </ul>	<p><b>10.2 Spiritual wellbeing</b> The extent to which people are kept spiritually safe while at work, including for example: tolerance for diversity, religious beliefs, personal values, sense of purpose, self identity and wider connectedness</p> <p>By 'spiritual' we mean the areas above that reflect the broad and diverse nature of our staff, from many parts of the world.</p> <p><b>Assurance</b> <i>How do we know that this is managed effectively?</i></p> <ol style="list-style-type: none"> <li>1. [how do we know our management activities and controls are effective]</li> </ol>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Staff retention and motivated/engaged employees</li> <li>• Reduction in sick leave /absenteeism</li> <li>• Employer of choice with positive reputation in the market</li> <li>• Reduced business cost, e.g. reduced insurance, damage, disruption etc</li> <li>• Informed and improved interactions with the public, e.g. aggressive people</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Breach of social (and regulatory) obligation to our people</li> <li>• Damage to assets and equipment</li> <li>• Environmental damage</li> </ul> <p><b>Response</b> <i>What will we do differently as a result of this?</i></p> <ol style="list-style-type: none"> <li>1. Initiative underway to review and restate HBRC-wide values</li> <li>2. Consider modifying PDP process – elevate values driven behaviour expectations to top of list (currently part 2) and improve perception that VDB carries the same weighting as outcome measures.</li> </ol>	<table border="1"> <thead> <tr> <th>Outcome</th> <th>Metric</th> </tr> </thead> <tbody> <tr> <td>Incidents</td> <td># incidents reported</td> </tr> <tr> <td>Training</td> <td># staff training % eligible staff trained/in pipeline</td> </tr> <tr> <td>Wellness</td> <td># referrals to EAP % work vs personal</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	Outcome	Metric	Incidents	# incidents reported	Training	# staff training % eligible staff trained/in pipeline	Wellness	# referrals to EAP % work vs personal						
Outcome	Metric																
Incidents	# incidents reported																
Training	# staff training % eligible staff trained/in pipeline																
Wellness	# referrals to EAP % work vs personal																

# 10.3 Family and social wellbeing

Last updated: 28 March 2024

Cause What contributes to this and how do we manage it?	Focus What matters?	Consequence Why this matters?	Monitor How will we track this?														
<p><b>10.3.1 Loneliness and isolation</b> The extent to which people are supported to engage with the organization and the community we work in</p> <p><b>10.3.2 Understanding whanau needs</b> The extent to which we support staff to balance work and family/cultural needs</p> <p><b>10.3.3 Role clarity and security</b> The extent to which people understand what is expected of them in their work</p> <p><b>Actions/initiatives/controls/mitigations</b> <i>How are we managing this?</i></p> <p>Preventative controls (what manages these causes)</p> <ol style="list-style-type: none"> <li>1. Life insurance (HBRC funded) with extra Care Package, e.g. Ask a GP function, Nutrition assessment and programme. Care package available to Whanau – parents/in-laws/children</li> <li>2. EAP and psychologist support available to whanau</li> <li>3. HBRC Staff Support Group</li> <li>4. HBRC Social Club</li> <li>5. HBRC Intranet, Yammer, LOVE HBRC</li> <li>6. Bite sized and lunchtime chats</li> <li>7. Topical awareness and celebration, e.g. MH week morning tea, Movember, Pink Ribbon Breakfast, Gumboot Friday</li> <li>8. Monthly 'all staff' meeting with CEO and GMs</li> <li>9. Policies – e.g. domestic violence, special leave, WFH</li> <li>10. Regular HSW input into wider staff meetings</li> <li>11. Objective setting under PDP appraisal/review process</li> </ol> <p>Detective and corrective controls (what do we do if these causes eventuate)</p> <ol style="list-style-type: none"> <li>1. PDP review process if disagreement</li> <li>2. EAP to support staff in need (extends to whanau)</li> <li>3. Connected Care services</li> </ol> <p>Gaps</p> <ul style="list-style-type: none"> <li>- Inconsistent visible application of HSW as a priority e.g., communication with staff</li> </ul>	<p><b>10.3 Family and social wellbeing</b></p> <p>The extent to which people are kept socially safe while at work, including loneliness and isolation, understanding whanau needs and priorities, role clarity and security</p> <p><b>Assurance</b> <i>How do we know that this is managed effectively?</i></p> <ol style="list-style-type: none"> <li>1. [how do we know our management activities and controls are effective]</li> </ol>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Staff retention and motivated/engaged employees</li> <li>• Reduction in sick leave /absenteeism</li> <li>• Employer of choice with positive reputation in the market</li> <li>• Reduced business cost, e.g. reduced insurance, damage, disruption etc</li> <li>• Informed and improved interactions with the public, e.g. aggressive people</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Breach of social (and regulatory) obligation to our people</li> <li>• Damage to assets and equipment</li> </ul> <p><b>Response</b> <i>What will we do differently as a result of this?</i></p> <ol style="list-style-type: none"> <li>1. Inclusion of HSW specific objectives in all staff PDPs to raise performance and capability across HBRC</li> <li>2. Elevate HSW to the first item covered off in communiques, e.g. in Snappy</li> </ol>	<table border="1"> <thead> <tr> <th>Outcome</th> <th>Metric</th> </tr> </thead> <tbody> <tr> <td>Absenteeism</td> <td></td> </tr> <tr> <td>EAP use and trends</td> <td>% work vs personal</td> </tr> <tr> <td>Employee engagement</td> <td>Survey results</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: right;">5</p>	Outcome	Metric	Absenteeism		EAP use and trends	% work vs personal	Employee engagement	Survey results						
Outcome	Metric																
Absenteeism																	
EAP use and trends	% work vs personal																
Employee engagement	Survey results																

# 10.4 Mental and emotional wellbeing

Last updated: 28 March 2024

Cause What contributes to this and how do we manage it?	Focus What matters?	Consequence Why this matters?	Monitor How will we track this?															
<p><b>10.4.1 Bullying and harassment</b> The extent to which people, while at work, are subject to inappropriate behaviour, both internally and externally</p> <p><b>10.4.2 Change and uncertainty</b> The extent to which the work environment is informed and predictable</p> <p><b>10.4.3 Stress</b> The extent to which staff are exposed to negative stresses that impacts their ability to function and do their job safely</p> <p><b>10.4.4 Workload</b> The extent to which the volume of work is appropriate to the role and manageable by the individual</p> <p><b>10.4.4 Expectations and recognition</b> The extent to which staff have well defined roles, responsibilities with effective feedback and acknowledgement of accomplishments</p>	<p><b>Actions/initiatives/controls/mitigations</b> <i>How are we managing this?</i></p> <p>Preventative controls (what manages these causes)</p> <ol style="list-style-type: none"> <li>One on one staff engagement to hear concerns</li> <li>EAP and psychologist support – extended to whanau</li> <li>Focused workshops e.g., psychologist lead workshop on coping after a critical event</li> <li>HBRC Staff support group (more individual perspective)</li> <li>Union</li> <li>HSW Committee provides employee voice (wider perspective)</li> <li>People survey</li> <li>Policies, processes</li> <li>HBRC People Plan</li> <li>Life insurance (HBRC funded) with extra Care Package e.g., mental health support</li> <li>Leaders’ development</li> <li>PDP process</li> </ol> <p>Detective and corrective controls (what do we do if these causes eventuate)</p> <ol style="list-style-type: none"> <li>Reporting process, investigation and remedial actions (where required)</li> <li>PDP review process if disagreement</li> <li>EAP to support staff in need (extends to whanau)</li> <li>Connected Care services</li> <li>Leadership coaching and development</li> <li>Individual staff coaching and development</li> </ol>	<p><b>10.4 Mental and emotional wellbeing</b> The extent to which people, while at work, are impacted by stress, fatigue, workload, bullying, harassment, change and uncertainty and so forth</p> <p><b>Assurance</b> <i>How do we know that this is managed effectively?</i></p> <ol style="list-style-type: none"> <li>[how do we know our management activities and controls are effective]</li> </ol>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Staff Retention</li> <li>Engaged staff</li> <li>Reputation as an employer of choice</li> <li>Increased reach for positive messaging, e.g. whanau, other business</li> <li>Positive role models (Leadership)</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Increased staff turnover</li> <li>Dissatisfaction</li> <li>Presenteeism</li> <li>Absenteeism</li> <li>Disengagement</li> <li>Personal Grievance</li> <li>Reputational Damage</li> </ul> <p><b>Response</b> <i>What will we do differently as a result of this?</i> Investigate on-line learning, e.g. bullying, stress management Continue with ad hoc delivery of mental health support sessions to groups by external providers</p>	<table border="1"> <thead> <tr> <th>Outcome</th> <th>Metric</th> </tr> </thead> <tbody> <tr> <td>Incidents</td> <td># incidents reported</td> </tr> <tr> <td>Employee engagement</td> <td>Survey results &amp; reports to HSW Committee</td> </tr> <tr> <td>Social media</td> <td></td> </tr> <tr> <td>EAP use and trends</td> <td>% work vs personal</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	Outcome	Metric	Incidents	# incidents reported	Employee engagement	Survey results & reports to HSW Committee	Social media		EAP use and trends	% work vs personal				
Outcome	Metric																	
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Employee engagement	Survey results & reports to HSW Committee																	
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**Subject: Enterprise Assurance update**

**Reason for Report**

1. This item updates the Risk and Audit Committee (RAC) on the progress of the following dashboards:
  - 1.1. Internal Assurance Corrective Actions Dashboard outlines progress of the agreed corrective actions (with priority risk ratings medium and high) that respond to findings from enterprise internal assurance reviews that have been previously reported to the RAC.
  - 1.2. Assurance Universe Dashboard provides a clear picture of the audits/reviews (including S.17a) completed and proposed for the future.
  - 1.3. Assurance Plan for FY 2022-23 and 2023-24 gives the position of the reviews for the last and current financial years.

**Discussion**

2. The Internal Assurance Corrective Actions Dashboard is attached.
3. The corrective action status update provides oversight to the RAC of the progress of actions taken to address open internal assurance findings, including total issues raised, how many closed and how many remain open. The table below is a summary of the open audits/reviews.

Audit Performed	Review Type	Date	Total Issues raised	Issues Closed	Issues Open	Comments
Regional Assets	Section 17a	March 2020	N/A	0	3	Of the remaining three actions, two are 'on track' and one is 'at risk'.
Risk Management Maturity	Internal Audit	June 2020	11	10	1	One remaining action is 'behind'.
HBRC Talent Management Report	Internal Audit	April 2021	8	6	2	Two remaining actions are 'behind'.

4. The dashboard gives visibility of:
  - 4.1. open findings of the milestones plus milestones completed and to be completed by the next RAC plus the tracking status since last reported.
  - 4.2. a summary of closed actions since the last RAC report.
5. The Assurance Universe Dashboard is attached. This links enterprise reviews or audits undertaken over the past five years, the current year, and future years to an enterprise risk. Reviews and audits in the Assurance Universe include external audits, enterprise internal audits, business reviews with an enterprise focus, and section 17a reviews.
6. The Assurance Plan for FY 2022-23 and 2023-24 is attached. This gives a status of overflow from 2022-23 approved audits and the current status of FY 2023-24.

**Financial and resource implications**

7. The budget provided for internal assurance in 2024-2025 is \$64,600.

8. Budget provisions for s.17a reviews are allocated via the budgets of those activities identified in the Assurance Universe.

### **Decision-making process**

9. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
  - 9.1. The decisions of the Committee are in accordance with the Terms of Reference and decision-making delegations adopted by Hawke's Bay Regional Council 30 August 2023, specifically the Risk and Audit Committee shall have responsibility and authority to:
    - 9.1.1. Receive the internal and external audit report(s) and review actions to be taken by management on significant issues and recommendations raised within the report(s). (2.8)
    - 9.1.2. Ensure that recommendations in audit management reports are considered and, if appropriate, actioned by management. (3.5)

### **Recommendations**

That the Risk and Audit Committee

1. Receives and notes the *Enterprise Assurance update* staff report.
2. Confirms that the *Internal Assurance Corrective actions update* report has provided adequate information on the status of the Internal Assurance Corrective Actions.

### **Authored by:**

**Olivia Giraud-Burrell**  
**Quality & Assurance Advisor**

### **Approved by:**

**Susie Young**  
**Group Manager Corporate Services**

### **Attachment/s**

- 1 [↓](#) Internal Assurance Dashboard May 2024
- 2 [↓](#) Internal Assurance Plan FY22-23 and 2023-24 May 2024
- 3 [↓](#) Assurance Universe

### Internal Assurance - Corrective Action status update April 2024

Tracking Status	Key
On track	Milestones on track to meet due date
At risk	Milestones falling behind putting at risk delivery on due date
Behind	Milestones outstanding due date will not be met
Closed	Corrective action fully implemented since last update
Closed as at	Corrective action fully implemented in previous period

#### Summary Table Outlining all Medium and High Audit Findings

The table below provides a high-level summary of current corrective actions that are being actively managed by HBRC as the result of recommendations made by audit and internal reviews. A detailed breakdown is provided on the following pages. ***Closed actions and fully closed-out audits in this reporting period can be found at the back of this update.***

Audit Performed	Review Type	Date	Total Issues raised	Issues Closed	Issues Open	Comments
Regional Assets	Section 17a	March 2020	N/A	0	3	Of the 3 remaining actions, 2 are on track and 1 is at risk.
Risk Management Maturity	Internal Audit	June 2020	11	10	1	One remaining action is behind.
HBRC Talent Management Report	Internal Audit	April 2021	8	6	2	One remaining action is behind.

Internal Assurance - Corrective Action status update April 2024

Section 17a – Regional Assets Review – May 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Service delivery and processes/ frameworks via an online asset improvement register.	High	Master Improvements Register and online asset register. Develop a structured work package program to track the execution of agreed actions. Streamline the process and reduce duplication of financial processes.	July 2024	Information system investment of 4m fully integrated with the financial system (continues).  Ongoing business process review within the SEAM (Strategic Enterprise Asset Management) OneCouncil (ICT and AM resources). Project Plan outlines Improvement Register requirement (online in Sharepoint).  Project staff employed to transfer and quality assure existing infrastructure assets/ spatial records into OneCouncil environment (continues).  5196 Infrastructure Assets in Production Live, 3870 with spatial linking confirmed. These are significantly critical assets at present. Work continues to add to this total, including less critical infrastructure assets (continues).	Continue to add spatially validated infrastructure assets in live OneCouncil environment.  Completion of systems architecture consulting workshops.  Exploring smart technological solutions pertaining to remaining asset register refinement and updated tracking mechanisms.  Confirmed resourcing regarding Applications Administration & Configuration Management in SEAM.	On Track
Review of the Works Group: <ul style="list-style-type: none"> <li>Reduce duplication of financial processes.</li> <li>Better integration of reporting to HBRC.</li> <li>Efficient and improved risk appetite process.</li> </ul>	High	Implementation of SEAM (Technology One OneCouncil) Integration of inspections, maintenance responses and job tracking. (Fulcrum)	July 2024	SEAM project process analysis of transaction transparency within current S17 configuration.  Develop a contextual framework for how best to define processes via the appropriate work system, gained from systems architecture consulting workshops (continues).	Complete OneCouncil work management process development to improve current transaction management within the appropriate work system & module in SEAM.	On Track



Internal Assurance - Corrective Action status update April 2024

Section 17a – Regional Assets Review – May 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Review of the Framework and Processes.	Medium	Review and map processes.  Managed systems and processes ID Capex project and budgets.	July 2024	Ongoing review of capital programme post Cyclone Gabrielle to reflect recovery requirements and fiscal priority in Recovery. (Continues with significant review for LTP and Infrastructure/Financial Strategy)  SEAM environment will allow OneCouncil processes linked to finance if identified FUSE changes are implemented (from process analysis). These changes have been identified but not resolved. Major Finance impact.	SEAM project business analysis for Maintenance processes progresses according to Project Plan (continues).  Resolution of FUSE modified structure vs Nominal OneCouncil structure (Workstream vs Asset Activity Level)	At Risk

Internal Audit – Risk Management Maturity – June 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Business Performance – Strategic risk management.	Medium	Strategic planning cycle to include a review of enterprise risks to better link and integrate the risk register and LTP. <i>Risk &amp; Corporate Compliance Manager &amp; Strategy and Governance Manager</i>	Re-baseline date from September 2021 – August 2022	Implemented Risk Management plans that directly link Risk to controls, metrics and decision/action required.	Explicitly identify risk as FY24/25 planning process.	Behind

Internal Assurance - Corrective Action status update April 2024

Internal Audit – HBRC Talent Management Report – April 2021						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
People & Capability Succession Planning	Medium	Carry out succession planning workshop with Group Managers, section managers and individually with Team Leaders. <b>P&amp;C Manager</b>	December 2021	Due to resourcing issues, this objective will not be commenced until 2024.  <i>P&amp;C has been collating the technical training requirements for the technical competency framework which was decided as the priority piece of work. This is nearly completed. The digital solution has not been confirmed.</i>	This piece of work has been reprioritised due to focus for the next 6 months on gathering technical training information. The team are investigating a digital solution for this work as an alternative to doing this manually. Recruitment continues to be a high priority for the team which reduces their capacity for developing or implementing best practice HR. However, the team remain passionate about delivering on the original recommendations from the audit.  <i>With the resignation of the P&amp;C Manager, the ability to deliver on the talent work is currently compromised. Talent planning and management remains an area we want to invest into once there is capacity.</i>	Behind

Tracking Status	Key
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At risk	Milestones falling behind putting at risk delivery on due date
Behind	Milestones outstanding due date will not be met
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## Internal Assurance - Corrective Action status update April 2024

## CLOSED ACTIONS

Internal Audit – Risk Management Maturity – June 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Business Performance – Change and transformation.	Medium (based on internal assessment)	Develop a change management framework to ensure a portfolio view of risks related to significant change is managed. <i>Marketing &amp; Communications Manager</i>	September 2021	Roadmap and framework for change management in place and being applied to organisation.		Closed as at August 2022 FARS
People and Development - Risk roles and responsibilities beyond the risk and assurance lead were not defined. With no risk related training.	Not Stated	Develop a competency framework to upskill staff on risk and embed the risk policy. Communicate and train BU on the risk policy and framework. Provide targeted training to specialist risk roles, e.g. risk champions. <i>ELT and Risk &amp; Corporate Compliance Manager</i>	October 2021	Risk Champions commenced training in November 2021.	Completed	Closed as at Feb 2022 FARS
Risk, Governance, Policy and accountabilities – to improve risk and assurance challenge, with clearer risk escalation.	Not Stated	Develop risk management policy and framework that includes roles and responsibilities. <i>Risk &amp; Assurance Lead</i>	September 2020	Council approved single Regional Council risk management policy and framework.		Closed as at Nov 2020 FARS
Leadership and Direction – Risk system continuous improvement.	Not Stated	Incorporate into the risk policy and framework a risk vision. Tailor the Council's risk policy and framework to align to the strategy. Develop a risk maturity roadmap to execute the risk vision. <i>Risk &amp; Assurance Lead</i>	September 2020	Council approved risk policy includes a risk vision that aligns to the C&S approved risk maturity roadmap – and the risk policy and framework tailored based on HBRC's strategy.		Closed as at Nov 2020 FARS
Processes and Tools – For risk assessment and mitigation.	Not Stated	Through a single risk management policy and framework ensure that clear risk and control identification and assessment criterion exists. <i>Risk and Assurance Lead</i>	September 2020	Council approved risk framework includes a criteria of risk and control identification and assessment, with recommended tools.		Closed as at Nov 2020 FARS
Processes and Tools – For assurance.	Not Stated	Develop a formal assurance framework based on the 'three lines of defence model'. Framework should ensure assurance targets critical council functions and activities applying a risk-based approach. <i>Risk &amp; Corporate Compliance Manager</i>	July 2021	Developed a targeted approach to implement the framework, approved by ELT and submitted to May FARS for approval. Internal Assurance Framework adopted at Council May 2021		Closed as at Aug 2021 FARS
Business Performance – Managing Risk in Partnerships.	Not Stated	Develop risk and performance monitoring of key third parties. Ensure contingency planning is included. <i>Procurement Lead</i>	December 2020	All contracts now risk assessed at inception and on completion. Assessments inform future selection.		Closed as at Aug 2021 FARS
Business Performance – Business resilience ensure continuity planning is sufficient to cover HILP events.	Low	Develop a process to assess disruptive and extreme events (low probability high impact 'HILP' events). <i>Risk &amp; Corporate Compliance Manager</i>	Re-baseline date from December 2021 – December 2022	BCP tested and deemed fit for purpose during Cyclone Gabrielle response	Closed – new improvements maybe identified through post-cyclone organisational reviews	Closed as at Oct 2023 RAC

## Internal Assurance - Corrective Action status update April 2024

Internal Audit – Risk Management Maturity – June 2020						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Leadership and Direction – improve linkage of risk informed decision-making to strategy. Improving clarity of boundaries for decision making.	Medium	Develop a comprehensive risk appetite statement that defines tolerance levels for individual enterprise risks. <i>ELT</i>	March 2021	On 6 December 2023 all workshops with GM and SME's for HBRC's Success and Uncertainty statements were complete. Providing explicit linkages for decisions.		Closed as at Feb 2024 RAC

Internal Audit – HBRC Talent Management Report – April 2021						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
P&C Strategy	High	Develop council's P&C Strategy – which will describe how the P&C team will manage its people including its approach to Talent management, recruitment, staff and leader engagement etc. P&C will work with ELT to ensure aligned to Strategic Plan. <i>P&amp;C Manager</i>	October 2021	People Plan approved by ELT and presented to FARS – Feb and to the wider council in March 2022.		Closed as at May 2022 FARS
P&C Objectives	Medium	In conjunction with P&C Strategy- Performance Objectives to be developed as appendix to P&C Strategy. <i>P&amp;C Manager</i>	October 2021	Work plan as part of People Plan	P&C Leader to deliver objectives to ELT (included in People Plan)	Closed as at May 2022 FARS
P&C Recruitment Process	Medium	Develop cultural values for inclusion in P&C Strategy. <i>P&amp;C Manager</i>	October 2021	Delivered to ELT in February 2022		Closed as at May 2022 FARS
P&C Performance Management	Medium	Review of PPDC policy and process to aid staff engagement. P&C Team to spot check PPDC completed PPDC forms. <i>P&amp;C Manager</i>	October 2021	N/A	Completed	Closed as at Oct 2021 FARS
Exit Interviews	Low	Non mandatory exit Interview letter to be created and sent to all exiting staff for optional interview with Group Manager or P&C Person. <i>P&amp;C Manager</i>	July 2021	N/A	Implemented – Completed	Closed as at Oct 2021 FARS
P&C Reward & Recognition	Low	Create centralised recognition programme, gather information from each group on current reward system. <i>P&amp;C Manager</i>	July 2022	Completed – results delivered at Leaders' Forum		Closed at ELT 26 Sept 2023
P&C Competency Framework	Medium	Develop competency framework for Council to include – communication skills, people management skills, team working skills, customer service skills, results-orientation, analytical skills, technical skills. Including Maori cultural competencies. <i>P&amp;C Manager</i>	Late 2021 roll out by 2023	Draft delivered to ELT in September 2022	Framework has been developed. Focus is now on Technical Training complemented with soft skills development as and when required. Due to this work priority rating will change to low.	Closed as at Feb 2024 RAC

## Internal Assurance - Corrective Action status update April 2024

## CLOSED AUDITS

Section 17a – Hawke’s Bay Road Safety Review - March 2022						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Review road safety strategy to provide strategic direction, including goals and objectives.	Medium	Transport manager and Transport strategy planner (vacant role) to review previous strategy documents, and draft proposed regionally collaborative strategy for review and approval and adoption of Technical Advisory Group (TAG), followed by periodic reviews. <b>Transport Manager</b>	December 2023	Transport strategy planner has now been recruited. Previous strategy documents have been reviewed and a regionally collaborative strategy has been drafted. This has now been reviewed and adopted by the TAG.	Closed	Closed as at May 2023 RAS
Develop roles, responsibilities and relationships in consultation with HBRC, the RTC, and the TAG.	Medium	Establish and recruit Transport Strategy Planner role to enable development of RSS and work programme. <b>Transport Manager</b>	June 2023	Transport strategy planner has been recruited and has begun work on Road Safety Strategy.	Closed	Closed as at May 2023 RAS
Further investigate how best to establish and/or implement the proposed focused Road Safety Group to ensure buy-in and ongoing engaged participation.	Medium	TAG to establish Road Safety Sub Committee of the TAG, to ensure that all RLTP activities are undertaken with a road safety focus. <b>TAG</b>	June 2023	Road Safety Sub Committee has been established and is now known as the Road Safety Workstream.	Closed	Closed as at May 2023 RAS
Terms of Reference for Technical Advisory Group (TAG) to be reviewed to provide road safety focus and link to Road Safety Strategy.	Medium	TAG to review current terms of reference, and draft proposed changes to align with regionally collaborative strategy, review objectives, and Waka Kotahi vision. Once approved by TAG, Terms of Reference will be formalised and will underpin meeting structure. <b>Transport Strategy Planner &amp; TAG</b>	November 2023	Terms of Reference for the TAG workstream have been agreed. RTC terms of reference have been submitted to council and identify governance of Road Safety as a key activity.	ToR agreed. Action completed.	Closed as at Oct 2023 RAC
		Road safety promotion activity updates will be reported to the RTC in a collaborative function from the TAG, in alignment with the Road Safety Strategy (RSS), across all authority’s activities, rather than only HBRC activities. Future state will see this operate in alignment with RLTP as well as RSS. <b>Transport Strategy Planner &amp; TAG</b>	November 2023	First meeting under this structure took place in January. Road Safety workstream reporting is now a standing item and is presented collaboratively.	Complete and ongoing [closed].	Closed as at Oct 2023 RAC
Review road safety strategy to provide strategic direction, including goals and objectives.	Medium	Transport strategy planner to draft work programme in collaboration with TAG and SMEs for approval and adoption, and to be monitored semi-annually by TAG. <b>Transport Strategy Planner</b>	December 2023	Draft activity list for 24 – 27 NLTF period completed and submitted to Waka Kotahi for approval. Final funding and associated allocations known by March 2024. Full strategy development ongoing with TA partners at a slower pace.	Action plan for 24 – 27 NLTF period completed and funding for 24-27 period finalised (By March 24 per NZTA timelines).	Closed as at Feb 2024 RAC
Develop roles, responsibilities and relationships in consultation with HBRC, the RTC, and the TAG.	Medium	Ensure Road Safety Sub Committee (TAG workstream) are aligned with the RSS and successfully monitor report on the delivery of the work programme by respective authorities. <b>Road Safety Workstream</b>	June 2023	RoadSafe Hawke’s Bay TAG workstream well developed with agreed ToR. Regular meetings scheduled, including RTC representation.	Action closed	Closed as at Feb 2024 RAC

## Internal Assurance - Corrective Action status update April 2024

Section 17a – Hawke’s Bay Road Safety Review - March 2022						
Finding / Theme	Priority Rating	Action and Owner	Due Date	Milestone Achieved Since Last Report	Milestone For Next Report	Tracking Status
Further investigate how best to establish and/or implement the proposed focused Road Safety Group to ensure buy-in and ongoing engaged participation.	Medium	HBRC to create resources in alignment with RSS and "Workstream" needs for regional collaborative approach. Resources must align with regional risks, and individual authority needs, as well as being regionally branded. <i>Transport Team</i>	June 2023	Resources continue to be developed with Comms and RSHB TAG workstream. Website redeveloped to act as resource hub with significant amount of best practice content available. Full rebrand completed with relaunch on 18 October	Action closed	Closed as at Feb 2024 RAC

**Assurance Plan FY2022-23 & 2023-24  
Status Update**

**Annual Internal Audit Plan**

Approved Audit		Provider	Quarter Due	Date Commenced	Management Comments	Reported to RAC
FY22-23	FY23-24					
<b>Organisational Change Consolidation &amp; Prioritisation</b>		Crowe	Q2	February 2023	3rd draft received stage	No
	<b>Data Analytics</b>	Crowe	Q2	September 2023	Completed	Yes
<b>Review against current H&amp;S Framework</b>		Internal (HSW Team)	Q2	Sep 2022	Completed Nov 2022- Outcome presented to ELT	No
	<b>H&amp;S Framework</b>	ECAAS	Q3	November 2023	Reporting at May 2024 RAC	No

	Success statements	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	We live our values of collaboration, accountability, transparency, integrity and excellence								
B	We understand the expectations and needs of the community we serve and our plans meet community needs								
C	We deliver on the commitments we make								
D	We keep our community safe								
E	We uphold the principles of Te Tiriti o Waitangi in all that we do								
	<b>Uncertainties</b>								
1	Effectiveness of Governance and Partnerships including with mana whenua, Councils and the crown			Audit NZ – Consultation Document for the Long-Term Plan			Audit NZ – Consultation Document for the Long-Term Plan - <i>Note</i> , due to the LTP being under SWERLA the 2024-27 LTP will not be audited		
2	Effectiveness of Policy and Regulation, with compliance by those we regulate						Marine Safety Code Report April/March 2024		
3	Effectiveness of integrated catchment management		S.17a Biosecurity					S.17a Rural Partnerships and Erosion Control Scheme (ECS)	
4	Effectiveness of asset management		Asset Management Framework						
5	Effectiveness of transport management				S.17a Road Safety		Annual Waka Kotahi NZ, Financial & Activity Audit	Annual Waka Kotahi NZ, Financial & Activity Audit	Annual Waka Kotahi NZ, Financial & Activity Audit S.17a Transport Planning
6	Culture, capability and capacity of people			Talent Management					
7	Capability and capacity of service providers and partners		S.17a Works Group						
8	Effectiveness of technology		Data Analytics	Data Analytics	Data Analytics	Data Analytics	Data Analytics	Data Analytics	Data Analytics
9	Health, safety, resilience and wellbeing of people	Health and Safety Management Maturity					Health, Safety & Wellbeing HSWMS Document Review		
10	Effectiveness of funding and financial management	Audit NZ – External Financial Audit	Audit NZ – External Financial Audit	Audit NZ – External Financial Audit	Audit NZ – External Financial Audit	Audit NZ – External Financial Audit	Ernest & Young – External Financial Audit	Ernest & Young – External Financial Audit	Ernest & Young – External Financial Audit
11	Ability to implement change					Organisational Change Consolidation & Prioritisation			
12	Coordination and connectedness of activity and decision making across HBRC		Risk Management Maturity						
13	Legislative and regulatory compliance by HBRC		Privacy Policy Act						
14	Impact of reform								
15	Quality of external stakeholder relationships								
16	Resilience from disruption to operations		Covid-19 Debrief						
17	Effectiveness of investment strategy								
18	Effectiveness of communication, consultation and engagement				Strategic Communications & Engagement Framework				
19	Our impact on the environment								
20	Security, integrity and privacy of information	Cyber Security		Information Management					
21	Effectiveness of Cyclone Gabrielle recovery								
22	Misc	ISO 9001:2015 Revalidation	ISO 9001:2015 Review	ISO 9001:2015 Review NCC MOU	ISO 9001:2015 Revalidation	ISO 9001:2015 Review	ISO 9001:2015 Review	ISO 9001:2015 Revalidation	ISO 9001:2015 Review



**Subject: Incident report - Payroll Holidays Act compliance**

That the Risk and Audit Committee excludes the public from this section of the meeting, being Agenda Item 8 Incident report - Payroll Holidays Act compliance with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

General subject of the item to be considered	Plain English reason for excluding the public	Rationale	Grounds under Section 48 (1) for the passing of the resolution
Incident report - Payroll Holidays Act compliance	s7(2)(g) Excluding the public is necessary to prevent disclosure of information that is legally privileged. s7(2)(i) Excluding the public is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	The information contained in this paper may result in both industrial negotiations with affected staff members and commercial negotiations with the vendor of the TechOne product. The premature disclosure of information contained in the paper may prejudice the position of HBRC in such negotiations. The paper also contains information derived from legal advice provided by in-house and external counsel. Inclusion of such material in public-facing papers is likely to prejudice the free-flow of information and advice in confidence with HBRC's legal advisors. While there may be public interest in this matter, as it relates to the expenditure of public monies, such public interest is unlikely to outweigh the justifications for withholding the information. The public interest may be satisfied by the matter being reported on, with legally privileged material removed or redacted once the public disclosure of these matters would not affect these industrial and commercial positions. Moreover, relevant disclosures of these matters will be made to the appropriate unions, satisfying the need to ensure accountability in HBRC's dealings with staff.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Authored & Approved by:**

**Susie Young**  
Group Manager Corporate Services

# Hawke's Bay Regional Council

## Risk and Audit Committee

1 May 2024

Item 9

### Subject: Strategic risk deep dives

That the Risk and Audit Committee excludes the public from this section of the meeting, being Agenda Item 9 Strategic risk deep dives with the general subject of the item to be considered while the public is excluded. The reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are:

General subject of the item to be considered	Plain English reason for excluding the public	Rationale	Grounds under section 48(1) for the passing of the resolution
Strategic risk deep dives	s7(2)(j) to prevent disclosing information that could be used for improper gain or improper advantage.	To prevent information about Council's critical controls being accessed. The public interest is protected by not allowing the information to be accessed by anyone outside the organisation.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

#### Authored by:

**Leeanne Hooper**  
Team Leader Governance

#### Approved by:

**Susie Young**  
Group Manager Corporate Services