

"COUNCILS PARTNERING FOR VALUE AND SERVICE"



Operating Principles, Policies and Delegations

BOPLASS Ltd

Operating principles, policies and delegations

(as approved and amended from time to time by the Directors)

1. Background

BOPLASS Ltd (BOPLASS) is a Council Controlled Organisation set up to enable and/or deliver shared services for the communities of the Bay of Plenty/Gisborne regions. Its focus is within the regions and it is owned by all of the Councils of the region equally.

These operating principles, policies and delegations are designed to provide a cohesive and consistent framework to guide management in decision making.

- The principles reflect major decisions and guidance on significant issues as determined by the Board.
- The policies are more detailed and effectively guide day to day activities and decision making.
- The delegations reflect explicit power to effect transactions, given by the Board to a specific person or to a person acting in a specific role.

2. Objectives of BOPLASS Ltd

Working together with the full support and involvement of staff, we will provide benefit to Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more Councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating Councils.

Shared Services

Being the participation of two or more Councils in the provision of a common service which may be jointly or severally hosted.

3. Nature and Scope of Activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- *Use Joint Procurement to add value to goods and services sourced for its constituent Councils.*
- *Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available.*
- *Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

4. Governing and operating principles

1. BOPLASS will uphold the democratic principle which requires that the council is the determinant of the service requirements of its community within the framework of the Local Government Act 2002 and any other applicable legislation..
2. BOPLASS exists for the ultimate benefit of ratepayers and is concerned with the “how” of service delivery not the “what” or “why”.
3. The intent of BOPLASS is primarily to improve service levels, improve efficiency, enable services that could not otherwise be delivered and/or reduce costs. It is not intended to make profits.
4. BOPLASS will be a minimalist organisation for the foreseeable future. Where practical and cost effective, all services and resources will be delivered under Service level Agreements or contracts, by Councils and/or by third parties.
5. The Board have advocated an “opt out” approach whereby councils in the group will be expected to participate in relevant shared services unless they opt out for good reason.
6. Potential shared services will be identified by a council or an advisory group and be subject to feasibility studies prior to acceptance by the BOPLASS Board as a new Shared Service.
7. Participation in an activity shall be by means of an advisory committee to BOPLASS Ltd comprising representatives appointed by each participating council. Decisions

shall in the first instance be by consensus and if this is not possible each member shall have one vote. The BOPLASS Chief Executive Officer or nominee is chair and also has one vote. Decisions shall be by a simple majority. The appointing of a representative by a council shall be deemed to constitute authority for that representative to represent and act on behalf of The Council on the committee. Additional Council representatives may attend for information sharing, discussion and/or as advisors but shall not have voting rights.

8. Each unique Shared Service will be accounted for separately. All costs (and any revenues) will be accounted for within each Service.
9. Costs of feasibility studies will be borne by the potential users. If or when such studies result in the formation of a Shared Service, these costs may be shared across all of the participating councils.
10. When a new Service approved by the BOPLASS Board creates assets of value to the participating Councils the Board may at its discretion issue Service Shares representing the value of the asset or alternatively create a subsidiary company to manage the assets. Any equity will be issued to the participating councils in proportion to their investment and as agreed by all of those councils.
11. The members of the Advisory group shall meet regularly to manage the shared service, to review progress, and to identify future benefits. Each shared service is to be managed for the benefit of all subscribing councils and agree to work together to ensure that potential benefits are realised
12. Participating Councils agree to provide suitable IT resources and staff as required to participate in the project and ensure that appropriate levels of collaboration and logistical support are achieved.
13. Any Shared Service Advisory Group may form a user group to assist it in carrying out its role
14. BOPLASS may be used as an “incubator” for potential services where there is a need to demonstrate appropriate governance and management in advance to obtain external funding
15. The BOPLASS Board is the overseeing Board of Directors of all Joint Procurement and Shared Services
16. Councils outside the region can purchase services from any BOPLASS Service. If the Service Advisory Group and the BOPLASS Board agree, such Councils can also invest in the Service.
17. If any Service becomes significantly used by and/or owned by Councils outside of the region, the BOPLASS Board will consider setting it up as a separate CCO.
18. Joint Procurement will be undertaken with any two or more councils for goods and/or services where collaboration or aggregation of consumption has the potential to reduce cost, stabilise supply, increase quality or provide other identified benefits.
19. BOPLASS is funded from its various activities and each activity will be expected to contribute to the operation of the company

5. Operating policies

These are being progressively developed and are subject to amendment by the Board and/or the Chief Executive officer as appropriate.

Procurement Policy

The Strategy and Action Plan identifies two main approaches, Joint Procurement and Shared Services but also makes reference to the possibility of working with other organisations for the benefit of the company which with the concept of fiduciary responsibility invites consideration of opportunities of extending current and future activities to other organisations as a way of increasing income.

Joint Procurement

Those areas that have the potential to generate the fastest return are activities where we are already successful and can open them up to other councils. Some examples of these would be Insurance where opening it up to other councils would not significantly increase administration but could provide a substantial return, others are Internal Audit as agreed by directors at the last meeting, and possibly Office Max. As Joint Procurement can operate with any group of councils for any activity we should now pursue options for a range of procurements initiatives which are only limited by our ability to resource them. This would include all products and services other than front desk as agreed by the Directors.

Shared Services

Shared Services offer the best long term investment of time and money but we have already identified that this is an upfront investment with benefits only realised as the services begin to mature. Shared services are less likely to involve councils outside BOPLASS although we can accommodate other councils in our legal structure if we need to. A priority needs to be maximising our use of the Council Regional Network Platform as the basis of shared services and our strategy should be to identify and prioritise Shared Services which use shared software and or data. The IS Strategy group have already begun this process and an initial list of possible services and service components is attached to the Bay Broadband Report.

Resolved:

- That the Procurement and other Activity Groups be asked to identify and prioritise products and services for Joint Procurement with other councils and organisations where there is a potential benefit of BOPLASS Councils.
- That we give priority to extending to other councils those activities which are revenue producing.

- That priority be given to the development of Shared Services which use shared software and or data over the Council Regional Network platform.

(part of Growth Strategy approved by Board 26th March 2009)

1. *THAT decisions on joint decision proposals whether for shareholders alone or otherwise shall ensure that competition in the marketplace continues to benefit shareholders.*
2. *THAT for shared services membership of any activity group by non shareholding councils be restricted to 40% of total membership with the Directors retaining the final say on any decision. 26/3/2010*

Account Signatories

The account signatories are appointed by the Board and for the primary account will consist of at least two primary signatories who are company Directors, the BOPLASS Chief Executive or senior staff in the council supporting administration services.

Note: The CEO is not permitted to sign for any personal salary or payments

For the “funds in trust” account they will consist of two Directors or a Directors nominee plus two staff from the supporting council. BOPLASS staff will not be signatories on this account.

Note The Funds in trust account was established to allow council to pay annual amounts in advance for aerial photography which is only undertaken at three or four year intervals and recognises that title to the funds does not transfer until they are withdrawn to pay for services purchased

*THAT the Chief Financial Officer and Acting Chief Executive Officer of Tauranga City Council be appointed as signatories on the BOPLASS Aerial Photography Account and Primary signatories on the BOPLASS Ltd current account and Bay Broadband Account.
Board Meeting 21 August 2010*

BOPLASS Ltd Ordinary Account

Dean Riley 1

Paul Davidson 2nd

Rebecca Howells 2nd

Glenn Snelgrove D

Stephen Boyle 1 (from 2nd April 2012)

BOPLASS Aerial Photography Funds in Trust

Glenn Snelgrove D

Dean Riley

Paul Davidson

Mohan de Mel

Authority Director + 1

Mohan de Mel +1

Stephen Boyle – Information only (From 2nd April 2012

Rebecca Howells – Information only

Bay Broadband (in recess)

Glenn Snelgrove

Ross Carter

Financial Delegations

1. For unbudgeted expenditure:

Chairman	\$20,000
CEO	\$10,000

2. for previously approved expenditure:

Chairman	\$50,000
CEO	\$50,000

Or as specified for any expenditure approved by the Board.

3. In the absence of the CEO

Business Development Manager	\$5,000
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Where a procurement or contract is underwritten by the respective local authorities and revenues are assured, there be no limit to that approval and is conditional upon the Chairman and one Directors approval of the transaction.

Invoicing

Invoices are sent out by the BOPLASS accounts administrator currently Rebecca Howells.

BOPLASS will prepare a memo to councils participating in the activity for which invoices are to be sent out.

A copy to be sent to the Accounts administrator for action.

The memo should include:

A list of councils and their representatives advising the basis of the calculation of the charges and noting any authority given to invoice them.

Included at the bottom of the memo will be statement indicating the form of the Invoice including a reference to the person to who it will be addressed. Also included will be a reminder to supply order numbers where a council requires this e.g.

**“Contribution to BOPLASS ISSP - implementation Project.
Costs to November 2011. \$.....excl
GST**

For the attention of.....”

Your assistance with the funding of this work and the promotion of the ISSP is appreciated.

**If you require an order number on the invoice please advise
Rebecca.Howells@tauranga.govt.nz**

6. Information/documents/records

The primary company Documents are as follows:

1. Constitution of BOPLASS Limited
2. Shareholders Agreement Relating to BOPLASS
3. Statement of Intent
4. Strategy and Action Plan

BOPLASS Constitution

This is the primary document relating to the formation of the company and includes requirements in relation to policies and shareholding.

The current constitution was amended by shareholder resolution in June 2010

Shareholder Agreement

This agreement is signed by all shareholders at the time of uplifting their shares and provides that Councils can only appoint their CEO as a Director and Shareholder representative.

It requires that each service has a separate account and list decisions requiring shareholder approval

Statement of Intent

The local Government Act requires that Council Controlled Organisations prepare a Statement of intent annual setting out the intentions of the company for the next three years and containing a financial forecast.

Strategy and Action Plan

This is a plan prepared and approved by the board setting out the policies and strategies for accomplishing the objectives of the company

7. Intellectual property/patents

To be developed

8. Risk management

To be developed

9. Service formation principles

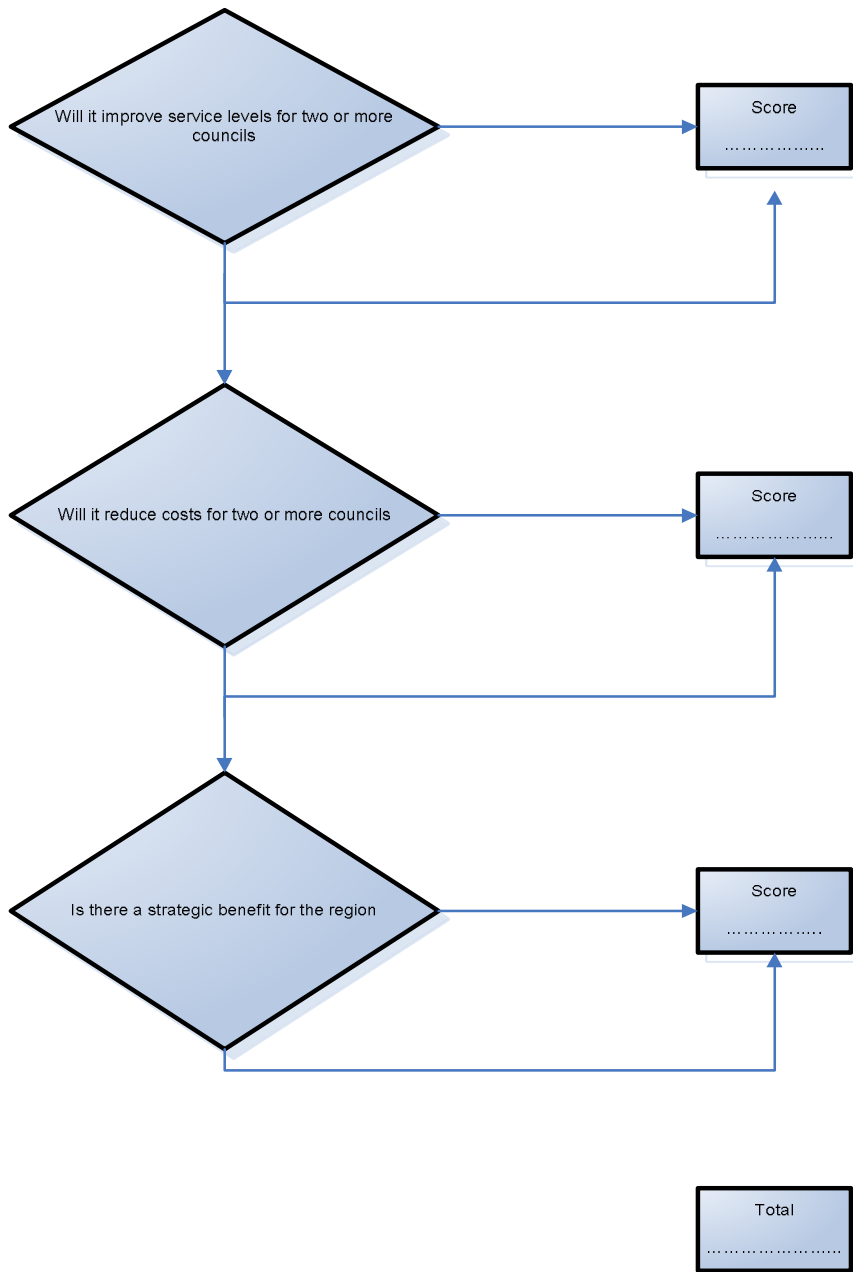
9.1 The board will annually or as required review actual and/or potential shared services and prioritise them or investigation, implementation and/or review

9.2 Any potential shared service may be evaluated through the following process.

Each area is scored on a scale of 0–10 where 0 is minimal or no impact, 10 is maximum impact and 5 is average.

If only one potential service is being evaluated, it will focus on the rationale for proceeding. If there are two or more potential services being evaluated, it will enable them to be ranked.

If a potential service does not score 5 or more any area, or 15 in total for all areas then it will be considered marginal.



9.2 Other formation criteria

Other criteria can be used to determine if a shared service needs to be under the BOPLASS Ltd umbrella, eg:

- 9.2.1 If the shared activity requires a structure and/or investment and/or pooled resources (in any sense) it is probably a "CCO" under the act and should become a Shared Service within BOPLASS.

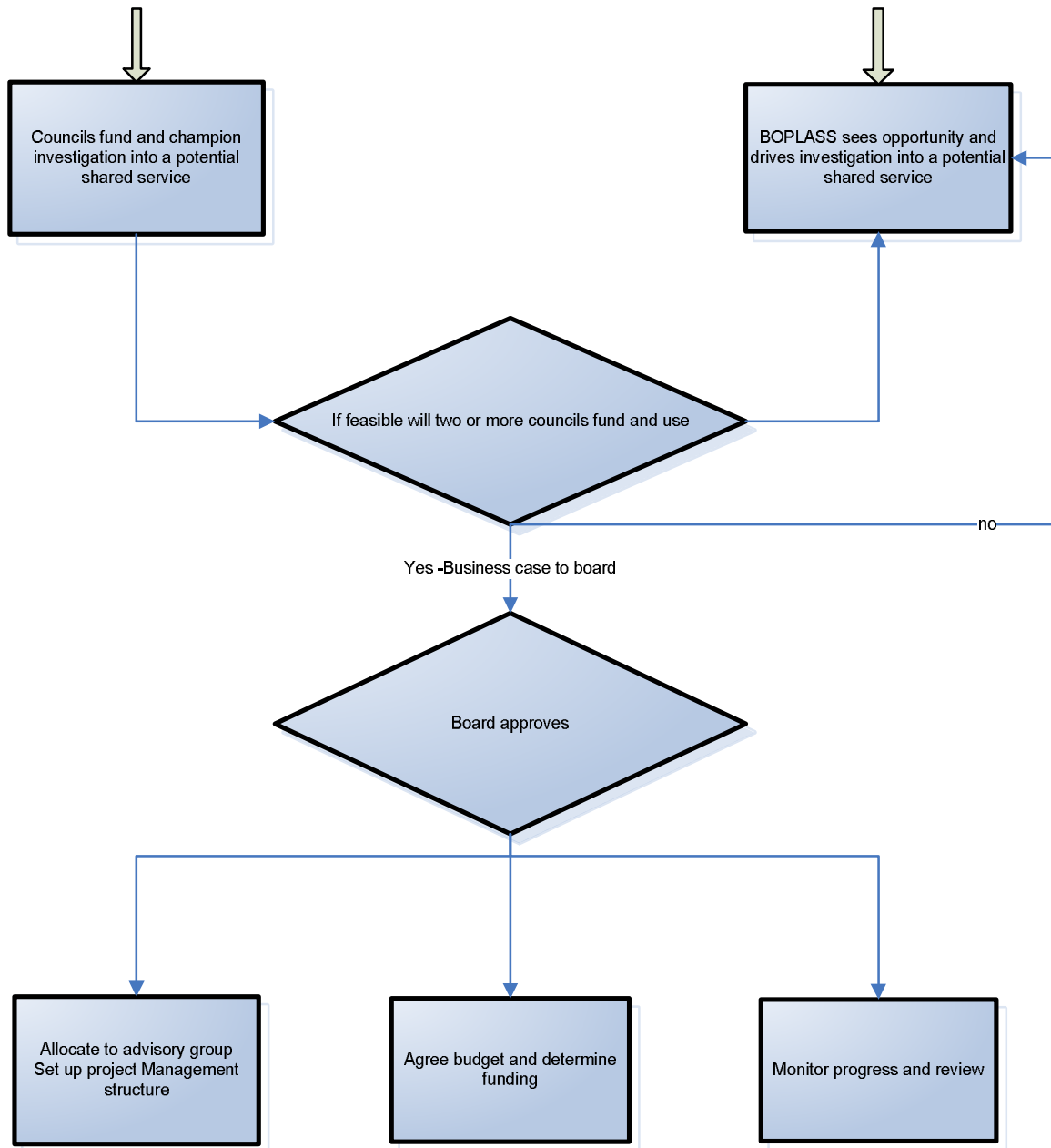
The key test is that an entity of some sort has been created, eg. Three councils agree to jointly purchase a payroll package and to share the costs, maintenance, support, hosting, and to form an operating committee to oversee the activity. They have formed a mini entity to purchase, own and operate a payroll package.

- 9.2.2 If the activity is merely an arrangement to jointly use or share some service, and there is no activity to manage, report on, account for; then it is probably not a Shared Service.

The key test is not met as no new entity has been formed, eg. Three councils agree to share the same payroll software with it being provided and charged to each of them independently by a software house.

- 9.2.3 Where an external party will only provide funding to a group of councils via a common entity (thus forcing a "CCO"), the acceptance of that funding implies that a Shared Service is created and will manage and account for those funds.

The test is met because an entity has been formed to hold and account for the funds.



10. Activity Management

Council participation in any programme shall be by means of an advisory committee to BOPLASS Ltd. Unless otherwise decided by the Directors, the relevant activity group shall be the advisory committee. Decisions shall in the first instance be by consensus and if this is not possible each member shall have one vote, except where a member can clearly indicate that he represents additional member councils. In this case the member is entitled to one additional vote per contributing council represented. The BOPLASS Chief Executive Officer or nominee is chair and also has one vote. Decisions shall be by a simple majority. The signing of an agreement to participate and the appointing of a representative shall be deemed to constitute authority for that representative to represent and act on behalf of that council on the committee. The content of the paragraph shall be included in any participation agreement.

There have been a number of instances where the involvement of staff such as IT or Finance in the implementation of an activity or action that has been agreed to by a council representative has resulted in holdups and or frustration of a project. Members of activity groups often represent councils in areas that are not under their specific control or in some case rely on other sections within council for implementation and find that decisions are second guessed or re prioritized by the respondent section.

At the time of agreeing to participate in a shared service or similar activity involving more than one section of Council activity representatives will be asked to get sign off from other sections involved. Any such approval will also be an appendix to signed agreements with councils.

Activity funding is addressed in the financial policy

11. The Board

Meeting Procedure.

If a director is not attending a meeting, and requests that they have a representative present they should send an email to the Chair or Executive Officer outlining the issues and advise who is coming and what they wish them to speak on. There are no alternates i.e. Representatives may not vote or cast a directors vote on any matter.

The Chair has sole discretion in allowing attendees to speak if a director has previously advised the Chair or Executive Officer.

(Noted Minutes Board meeting 26th March 2009)

Voting

Each director has one vote and the chairman has a casting vote.

The intention is that Councils are equals around the board table even though their financial and "in kind" contributions may be substantially different.

BOPLASS Directors – Appointments

BOPLASS Ltd is a Council Controlled organisation registered under the Companies Act 1993. It has nine Directors and each is the Chief Executive Officer of a shareholding council appointed in accordance with a shareholding agreement (attached) that requires each council to appoint its Chief Executive Officer as a director of BOPLASS Ltd and Shareholder Representative. In order to maintain continuity of representation this situation applies to permanent and acting appointments.

The process for the appointment is as follows:

1. The retiring director is required to submit a letter of resignation specifying the date on which they will cease to act. This letter is forwarded to the Companies Office via the companies website with a request to remove the director from the List of Directors of BOPLASS Ltd. The letter is required prior to the commencement of the new directorship but is not a necessary precursor to the commencement of the Council appointment process.
2. The shareholding council is required to pass a resolution appointing the new or Acting Chief Executive Officer as the Councils appointment to the Board of Directors and as shareholder representative.

A resolution similar to the following is required.

“The Council hereby appoints as shareholder representative and a Director of Boplass Ltd effective from2011 in accordance with the BOPLASS Ltd Shareholder Agreement dated 15th October 2007”

3. Following receipt of a copy of the council resolution we will advise the Companies office via the website of the appointment and the Director will be forwarded a form to sign confirming their consent to act as a director.
4. The Director will need to sign and return the form to us for uploading on the Companies register.

Once the process is completed the nominee will be able to act as a member of the Board.

Accessing the companies Office.

To access the companies Office Website an I.Govt Logon is required. This will allow access to the site and provides an ability to look up details.

To change details you must have obtained authorisation by use of the company key. Instructions are on the site.

The Company Keys are:

BOPLASS Ltd.	Company registration Number	2074873
	Company Key
Bay Broadband	Company registration Number	2147211
	Company Key

Relevant Legislation

Companies Act 1993
Local Government Act 2002
NZ International Financial Reporting Standards
Goods & Services Tax
Fringe Benefits Tax

Purpose

To establish and record the company policy on sensitive expenditure

Introduction

BOP LASS LTD is a company registered at the companies office and is a Council Controlled Organisation with nine council shareholders comprising the councils in the Bay of Plenty and Gisborne Regions including Environment BOP.

This policy is developed in accordance with sections 100 and 101 of the Local Government Act 2002 (financial prudence); and, with due regard to the Controller & Auditor-General's good practice guide, "Controlling sensitive expenditure: Guidelines for public entities" (February 2007).

The Company and its staff or agents are required to spend public funds subject to the standards of probity and financial prudence, such that all expenditure withstands public scrutiny.

The standards of probity and financial prudence apply the principles that expenditure decisions:

- have a justifiable business purpose;
 - preserve impartiality;
 - are made with integrity;
 - are moderate and conservative, having due regard to the circumstances;
 - are made transparently; and
 - Are appropriate in all respects.
1. **Travel and Accommodation Expenditure**
 2. **Entertainment and Hospitality Expenditure**
 3. **Goods and Services Expenditure**
 4. **Staff Support and Welfare Expenditure**
 5. **Other Types of Expenditure**

Policy

1. Travel and Accommodation Expenditure

- 1.1 General
- 1.2 Air Travel
- 1.3 Car Travel
- 1.4 Taxis
- 1.5 Company-approved Travel Agencies
- 1.6 Koru Club Membership
- 1.7 Accommodation and Meals
- 1.8 Overseas Travel – Cash Advances

1.1 General

- 1.1.1 Business Travel is any travel that an employee or director is required to undertake in the course of employment in order to carry out Company business, and includes travel undertaken for training and development purposes, such as attendances at conferences or courses.
- 1.1.2 When employees or directors must travel on Company business, the Company aims to provide for their comfort and well being, while at the same time receiving the best value for the money spent on business travel expenses.
- 1.1.3 Generally, the Company will pay for accommodation, meals and other reasonable business travel expenses. Employees and directors are expected to live normally while on Company business without experiencing any personal financial loss. At the same time, employees are asked to spend public money with the same care and judgment that they would use with their own funds.

- 1.1.4 A spouse or partner may accompany a company representative to a business conference or event only where their attendance contributes to a clear business purpose. The Company shall pay for the conference registration (where applicable) and the cost of their spouse/partner attending the official conference dinner. This is restricted to the nominated representatives' spouse/partner only and does not include any other extra activities, airfares or meals. Such attendance requires prior approval by resolution of the Board of Directors
- 1.1.5 Employees and directors are permitted to undertake private travel before, during or at the end of business travel that is paid for by the Company provided that there is no additional cost to the Company and the private travel is only incidental to the business purpose.
- 1.1.6 Employees and directors must have due regard for the principles of moderate and conservative expenditure in respect of tipping. The Company shall not reimburse employees for costs incurred for tipping while they are on Company business in New Zealand. Tipping expenses incurred during international business travel may be reimbursed providing they are not extravagant and only in places where tipping is local practice.

1.2 Air Travel

1.2.1 Domestic

Economy class shall be used for all flights within New Zealand.

1.2.2 International

International travel requires prior written approval from the Chairman or Board.

Economy class shall be used for all flights except in special or certain circumstances and these will be with the prior approval of the Chairman.

The Company will pay for stop-overs only when there is a clear business purpose and with prior approval of the Board.

1.3 Car Travel

1.3.1 Vehicle Use

1.3.1.1 When driving is the most convenient and economical means of transportation, employees **must**, in the first instance, use a Company Vehicle to reach their destination or for use during the business trip.

1.3.1.2 The Company expects employees or directors to hire the most economical type and size of rental car for use on Company business, taking into account the distance and number of people.

1.3.1.3 Employees who wish to, or those without access to a Company vehicle, may use their personal vehicle for a business trip provided that:

- they obtain the Chairman's approval in advance;
- use of their vehicle is the most economical and convenient form of transportation to the business site; and,
- Their vehicle is legally compliant and they carry insurance for business use to cover liabilities to third parties.

1.3.1.4 Reimbursement of expenses associated with the use of a personal vehicle is calculated at a rate per kilometre. The maximum amount the Company will pay for a trip during which an employee or director uses a personal vehicle will be the amount that would have been reimbursed if the employee had taken an economy class flight.

The current rate per/km reimbursed for use of a personal car is shown on the Expenses Claim Form.

1.3.1.5 Employees or directors shall be responsible for any fines incurred (parking or traffic offences) whilst using a vehicle for Company business. Employees and directors may not be required to pay fines relating to an aspect of the condition of a vehicle being used for Company business that is outside their control.

1.4 Taxis

1.4.1 If available, staff and directors will be issued with and use the taxi voucher system when on Company business. Staff issuing taxi vouchers will record the name of the staff member or director and purpose for which each voucher is issued. In all other cases a GST receipt is required

1.5 The Company-Approved Travel Agencies

1.5.1 Employees and directors shall use the travel agent designated by the Company to obtain the most economical prices for airfares, car rentals, hotels and other related expenses. The Company's designated travel agent will ensure that employees and directors receive the arrangements most advantageous to their business and personal needs.

1.6 Koru Club Membership

1.6.1 The Company may subsidise 50% of the annual membership for representatives who travel regularly (more than eight times per year) on Company business where there can be benefit to the Company, e.g. opportunities to have meetings or discuss The Company-related activities in that environment. Membership and renewal is approved by the resolution of the Board of Directors on continuing demonstration of the benefit to The Company.

1.6.2 50% of such costs will be deducted from the Employee's remuneration and the remaining 50% shown in their contract as a benefit to the Employee (FBT), unless otherwise agreed at the Board's discretion or as agreed per individual employment package.

1.7 Accommodation and Meals

- 1.7.1 Employees and directors will be expected to demonstrate prudence in their selection of hotel accommodation in order to minimize costs without compromising the business/training investment or their personal safety/security. This means that employees may not necessarily stay at the course/conference venue. A comparison of accommodation should be undertaken and a final assessment be made, taking into consideration best value, commuting costs, etc.
- 1.7.2 It is advisable to check with the Company's designated travel agent as to corporate rates and availability.
- 1.7.3 Employees may choose to make private accommodation arrangements and stay with friends or family. It is recognised that, in this situation, the Company will not incur any accommodation costs and, accordingly, The Chairperson may approve reasonable claims for expenditure incurred in return for hospitality received by employees staying privately. The reimbursement shall not exceed \$65.00 per night.
- 1.7.4 The Company may reimburse the nominated representatives for meals and alcohol consumed with meals whilst out of town on Company business. The Company may reimburse all other employees for meals but not alcohol, whilst out of town on Company business. Such expenditure shall be moderate and conservative and must be supported by itemised tax receipts and details of the circumstances of the expenditure. At the Chairperson's discretion, reimbursement may be denied in the event expense claims are deemed unreasonable in the circumstances. The Company shall not reimburse costs incurred for mini-bar or in-room entertainment (e.g. pay-per-view televised sports events). The Company shall not reimburse separate meal expenses where meals are included in the training/conference package paid for by the Company.

1.8 Overseas travel – cash advances

- 1.8.1 In instances where an employee or director does not have a corporate credit card and is required to travel overseas on Company business, it may be necessary to provide a cash advance.
- 1.8.2 The amount of any cash advance shall be determined in consideration of the nature and duration of the business travel being undertaken.
- 1.8.3 Original receipts and invoice are to be submitted with all remaining cash from the advance upon return. These are to be reconciled to the original amount of cash advances. Any shortfalls must be reimbursed to the Company by the individual to whom the cash was advanced.

2. Entertainment and Hospitality Expenditure

2.1 The Company's Entertainment and Hospitality Expenditure can be defined as for the purposes of:

- building relationships;
- representing the organisation;
- reciprocating hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for the provision of hospitality; and
- Recognising significant business achievement.

2.2 It is the Company's policy to reimburse employees and directors for expenses incurred in business entertainment according to the following:

2.2.1 Management personnel or directors will conduct entertainment of business associates. On occasions where circumstances justify business entertainment by other employees, prior approval must be obtained from the employee's supervisor or the Chairperson

2.2.2 Entertainment expenses will be reimbursed only for business meals or where these are related to a justified business purpose. The principles of moderate and conservative expenditure and appropriateness are particularly relevant and, accordingly, The Company shall reimburse entertainment expenses incurred, including for the provision of alcohol, only where these principles and the integrity of the organisation remain uncompromised. Expenses for entertainment of a personal nature are ineligible for reimbursement.

2.2.3 Requests for reimbursement of entertainment expenses must be approved by the Chairperson and submitted to Accounts Payable on an Expenses Claim Form. Claims must contain detailed itemisation of expenses and the date, place and business reason for the entertainment, in addition to the names of those present (including the relationships to the Company). Claims must include itemised tax receipts for all expenditure. Unsupported expenses claims will not be reimbursed.

2.2.4 Entertainment expenses must be moderate, conservative and reasonable and will not be reimbursed if they are extravagant or lavish. An unusual or large expenditure for entertainment must be approved by the Chairman before the event.

2.2.5 Reimbursement of expenses for entertainment of the Company employees must have prior approval of the Chairperson or the Board

2.2.6 Entertainment expenses are subject to controls for monitoring and reporting purposes.

3. Goods and Services Expenditure

- 3.1 Sale of Surplus Company Assets
- 3.2 Private Use of Company Assets
- 3.3 Company Use of Private Assets
- 3.4 Private Use of Company Suppliers

3.1 Sale of Surplus Company Assets

3.1.1 The principles of impartiality and integrity are particularly relevant. The Company assets shall be sold for the maximum possible price.

3.1.2 Two valuations are to be obtained prior to sale.

If the Company assets are being sold to a staff member, three valuations are required.

3.1.3 Asset reserve prices are to be approved by any two persons having primary financial delegations:

3.1.4 Any method of sale that allows the Company to meet the authorised reserve is permissible.

3.1.5 The Chairperson has authority to alter the reserve by 10%.

3.2 Private Use of the Company Assets

3.2.1 Unauthorised private use of Company assets is theft and therefore Company assets may not be used for private purposes unless such use is specifically provided for in the employee's contract of employment or otherwise as approved by the Chairperson. This includes but is not limited to, private use of The Company vehicles, stationery, photocopiers, telephones, mobile telephones, email and internet services, Company vehicles. Refer also to Communications Technology (below).

3.3 The Company Use of Private Assets

3.3.1 Reimbursement for The Company use of personal assets may, from time to time, be approved for reasons such as cost, convenience and availability and where The Company would not fully use such an asset if it was acquired directly. For example, business use of private motor vehicle, private mobile telephone, home telephones and computers.

3.3.2 Staff or directors may not approve or administer payment to themselves for use of their assets; anyone approving such payments must ensure the principles of justified business purpose, impartiality, integrity and appropriateness are applied.

3.3.3 Reimbursement of Company use of private assets is subject to scrutiny, monitoring and reporting.

3.4 Private Use of the Company Suppliers

3.4.1 Managers are responsible for ensuring the selection of suppliers is in the Company's best interests and is not influenced by purchasing privileges available to staff.

3.4.2 Access to staff-preferential purchases from The Company suppliers is subject to:

- use of such privileges being moderate;
- Personal purchases not being made on behalf of third parties (such as family members, friends, etc);
- cash payment being made in full at time of purchase;
- The Company not being used as a source of credit.

4. Staff Support and Welfare Expenditure

- 4.1 Clothing and Grooming
- 4.2 Financing Activities of the Staff Social Club
- 4.3 Farewells and Retirements
- 4.4 Sponsorship of Staff or Others

4.1 Clothing and Grooming

4.1.1 Other than where uniforms or health and safety clothing/equipment are supplied, staff shall not normally be entitled to expenses for clothing or grooming (e.g. dry cleaning, hairdressing, etc.) for normal business activity.

4.3 Farewells and Retirements

4.3.1 Expenditure on farewells (including the cost of functions and gifts) shall be moderate and relevant and with prior approval of the Chairperson. The Company accountants will be advised of all costs for FBT purposes.

5. Other Types of Expenditure

- 5.1 Corporate boxes – acquisition and use
- 5.2 Donations
- 5.3 Koha
- 5.4 Communications Technology
- 5.5 Gifts

5.1 Corporate Boxes – acquisition and use

5.1.1 The Company shall not, as a general principle, acquire corporate boxes.

5.2 Donations

5.2.1 Where payment (in money or provision of goods or services) is made without expectation of receiving goods or services in return, it is a donation.

5.2.2 As a general principle The Company does not make donations.

5.2.3 Donations may only be approved by the Chairperson and must be:

- disclosed;
- consistent with The Company business;
- lawful;
- unpolitical;
- appropriate in size to the circumstances; and
- shall not result in any counterparty obligation.

5.2.4 Approved donations shall be made only to recognised organisations (rather than an individual) and be by normal commercial means, i.e. by cheque rather than cash.

5.3 Koha

5.3.1 Koha is acknowledged as a gift, token or contribution given on appropriate occasions.

5.3.2 Issuing koha shall have a justified business purpose and be in accordance with a Koha Policy which defines appropriate occasions, size of koha and approval requirements. The Koha Policy shall be that of the council in the area where the event occurs or in the absence of such policy, the policy of the Western Bay of Plenty District Council shall apply

5.3.3 Koha must be given in the form of a cheque, endorsed “pay cash” if necessary.

5.4 Communications Technology

5.4.1 The Company endeavours to provide its employees with appropriate equipment to undertake their work, including telephones, mobile telephones, email and other internet access. Whilst acknowledging that some personal use of these technologies may be unavoidable, e.g. dealing with a family emergency during work hours, The Company regards excessive use to be a diversion of public money from business purposes and, therefore, unacceptable. Such costs include lost productivity (including from incoming personal emails and telephone calls) and the direct cost of the technology.

5.5 Gifts

- 5.5.1 Gifts usually take the form of a tangible object, given as a token of recognition of something provided by the recipient but may also include discounted goods or services or entry to an event.
- 5.5.2 The Company may offer gifts to employees for long or outstanding service or in international relations when giving of gifts is customary. Gifts may be offered by another organisation to The Company or a staff member.
- 5.5.3 Gifts may not be offered by staff except for a justified business purpose, under the principles of moderate and conservative expenditure, with integrity and preserving impartiality being particularly relevant, nor without prior approval of the Chairman.
- 5.5.4 Gifts may not be offered or given in substitution for legitimate payment or remuneration.
- 5.5.5 Staff shall take measures to avoid any risk of a gift being excessive or inappropriate, involving an expectation of favour in return or being a substitute for legitimate payment of remuneration.
- 5.5.6 Gifts and gratuities or personal benefits offered to The Company employees must be declared and are subject to public scrutiny.

Associated Policies

Fraud Prevention Policy

Relevant Legislation

Local Government Act 2002, sections 100 and 101 (financial prudence)
The Companies Act 1993
The Protected Disclosures Act 2000
The Secret Commissions Act 1910
The Crimes Act 1961, sections 99, 105 and 105A

Purpose

To establish and record the company policy on Fraud Prevention

Introduction

BOP LASS LTD is a company registered at the companies office and is a Council Controlled Organisation with nine shareholders comprising the councils in the Bay of Plenty and Gisborne Regions including Environment BoP.

This policy is developed in accordance with sections 100 and 101 of the Local Government Act 2002 (financial prudence) and, with due regard for Part 8: Fraud – The responsibilities and duties of public entities, Central Government B.29 reports, Central Government Results of the 2003-04 Audits.

The Company, including its Directors and its staff or agents, is required to spend public funds subject to the standards of probity and financial prudence, such that all expenditure withstands public scrutiny.

Policy

This policy outlines irregularities that may constitute fraud, the responsibilities of BOPLASS Ltd (The Company) employees and the procedures to be followed in the event fraud is suspected.

This policy applies to all Directors of the Company, the Chairman, all employees and any person or organisation that has dealings with Company, including contractors, sub-contractors, agents, intermediaries and members of the public.

The Company recognises that all its assets are owned by the Community and there is an expectation and obligation that Directors and staff act efficiently, honestly and with integrity to safeguard public resources. The Company is committed to protecting its revenue, property, information and other assets from any attempt, by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees or Directors, to gain financial or other benefits from it by deceit.

This policy sets out specific responsibilities regarding prevention, detection and investigation of fraud and other similar irregularities. All practicable steps will be taken to recover losses resulting from fraud.

In addition to this policy, Company staff belong to professional bodies, such as the Institute of Professional Engineers and the Institute of Chartered Accountants of New Zealand, both of which bind their members to their profession's individual code of ethics concerning professional behaviour.

1. Definition of Fraud
2. Statements
3. Minimisation of the Risk of Fraud
4. Procedures for Dealing with Allegations of Fraud or Other Irregularities
 - 4.1 Confidentiality
 - 4.2 Media Issues
 - 4.3 Reporting Suspected Fraud or Other Irregularities
 - 4.4 Preliminary Investigation
 - 4.5 Disciplinary Action

1. Definition of Fraud

1.1 Fraud and other similar irregularities include, but are not limited to:-

- Forgery or alteration of cheques, drafts, promissory notes and securities
- Any misappropriation of funds, securities, supplies or any other assets
- Any irregularities of funds, securities, supplies or any other asset
- Any irregularity in handling or reporting of money transactions
- Misappropriation of furniture, fixtures and equipment
- Accepting or seeking anything of material value (see Giving and Receiving Gifts) from vendors, consultants or contractors without prior consent of the Chairman or Group Manager
- Unauthorised use or misuse of Company property, equipment, materials or records and intellectual property
- Any computer-related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes, or the misappropriation of Company owned software
- Any claims for reimbursement of expenses that are not made for the exclusive benefit of Company

2. Statements

2.1 Company will undertake a comprehensive investigation of any suspected acts of fraud, misappropriation or similar irregularity. Investigations will be fully documented.

2.2 The Chairman has primary responsibility for the investigation of all cases of suspected fraud. Investigation may be delegated at the Chairman's discretion.

2.3 The Chairman will notify the Directors of a reported allegation of fraudulent or irregular conduct and commence an investigation. Throughout the investigation these officials will be informed of pertinent findings.

2.4 The Chairman will notify Audit New Zealand.

2.5 The Chairman will contact the Police in every instance where there are reasonable grounds to indicate that a fraud may have occurred. The commencement of legal proceedings will be determined by Police.

2.6 Upon conclusion of an investigation, the results will be reported to the Board

2.7 Company will pursue every reasonable effort, including court-ordered restitution; recover its losses from the offender(s) or other appropriate sources.

3. Minimisation of the risk of fraud

- 3.1 Internal controls will be maintained and regularly reviewed to provide assurance for the prevention and detection of fraud, misappropriations and other irregularities. Transactions, activities and locations that may be susceptible to fraud will be regularly reviewed. Specific reviews of internal controls will be undertaken by external auditors (via BOPLASS) as part of their internal audit programme, along with ad hoc internal audits, e.g. cash receipting.

4. Procedures for dealing with allegations of fraud or other irregularities

These procedures will be followed in dealing with fraud or other irregularities that have been observed or are suspected at the Company.

4.1 Confidentiality

- 4.1.1 It is acknowledged that alleged or actual instances of fraud can affect the rights and reputation of anyone implicated. Individual identities should be protected wherever possible without detriment to the Company.
- 4.1.2 All participants in a fraud investigation shall keep the details and results of the investigation confidential.

4.2 Media Issues

- 4.2.1 Any staff or elected official contacted by the media with respect to an investigation of fraud shall refer the media to the Chairman.
- 4.2.2 The alleged fraud or investigation shall not be discussed with the media by any person other than through the Chairman.

4.3 Reporting Suspected Fraud or Other Irregularities

- 4.3.1 A person having knowledge of any irregularity or having reason to suspect that fraud has occurred shall notify the Chairman immediately. Anyone with suspicions of fraud or other irregularities to report is not restricted to advising the Chairman. If you receive a report of suspected fraud or other irregularities advise the Chairman immediately. Do not attempt to investigate the suspected fraud and do not discuss the matter with anyone other than the Chairman or the Police when they are involved.
- 4.3.2 If suspicions relate to the Chairman advise the Deputy Chairman
- 4.3.3 The Protected Disclosure (Whistle-blowing) Guidelines shall apply.

Note: The Protected Disclosures Act 2000 states that no employee (or person acting on behalf of an employee who discloses information) shall:

- Dismiss (or threaten to dismiss) an employee who discloses information
- Discipline or suspend (or threaten to discipline or suspend) an employee who discloses information
- Impose any penalty upon an employee who discloses information
- Intimidate or coerce an employee who discloses information
- Where an employee confesses to their own fraud they will be subject to the normal proceedings as if another individual had disclosed the fraud

Violation of this section of the Act will result in disciplinary action, up to and including dismissal.

4.3.4 If you are making a report on someone else's behalf, their name must not be disclosed except with their express permission. Advise them when you have passed the information on to the Chairman.

4.4 Preliminary investigation

4.4.1 The Chairman (or in the event the allegations refer to the Chairman, the Mayor and Group Manager or other Senior Manager) is primarily responsible for preliminary investigations which shall be undertaken to establish whether the allegations may be founded. The nature of preliminary investigations will be determined on a case-by-case basis in consideration of the suspicions raised. The Chairman may delegate preliminary investigations at their discretion.

4.4.2 In undertaking a preliminary investigation care must be taken to secure and preserve the integrity of any evidence; take immediate action to prevent theft, alteration or destruction of relevant records. Such actions include, but are not limited to:

- Removing the records and placing them in a secure location
- Limiting access to the location where the records are currently held, and
- Preventing the individual suspected of committing the fraud from having access to the records. The records must be adequately secured until the Senior Manager obtains the records to begin the audit investigation.
- Ensuring that every effort is made to gather sufficient reliable evidence to support a prosecution.

4.4.3 At the conclusion of the preliminary investigation, the results must be fully documented. Where an internal investigator has been appointed by the Chairman, the investigation is to be fully documented in a confidential memorandum to the Chairman. If the report concludes that the allegations are founded the writer should include recommendations for the appropriate manager to assist in the prevention of similar occurrences in the future.

4.4.4 If the report concludes that the allegations are founded the Chairman shall inform the Police and a full investigation shall be co-ordinated with them.

4.4.5 The Chairman shall advise the Board

4.4.6 The Chairman shall advise the Company's nominated Audit New Zealand auditor/audit director and/or the Office of the Auditor General.

4.5 Disciplinary action

4.5.1 Where fraud is suspected from preliminary investigation disciplinary action shall be taken, up to and including dismissal, in accordance with the Company's disciplinary procedures.

4.5.2 After investigation and before taking final disciplinary action, the person(s) under investigation for fraud shall be given written notice of the essential particulars of the allegations, unless exceptional circumstances exist.

Note: This step is subject to any collective employment agreement provisions respecting the rights of employees during disciplinary proceedings.

4.5.3 Upon completion of the investigation, including all legal and human resources actions, any records, documents and other evidentiary material shall be returned to the relevant department.

Associated Documents

Strategy and Action Plan

Information Services Strategic Plan

Procurement Policy

Growth Strategy

Events Calendar

MONTH	DAY	EVENT	Reference
January			
February		Review viability	Constitution
	28	Final approval Draft Statement of intent	LGA
		Half yearly report - Within two months of the end of the first half of the financial year: Financial Performance, Movements in Equity, Financial Position, Cashflow and Service Performance.	Constitution, LGA (66)
March	1	Draft SOI circulated before this date for submission by councils as shareholders.	LGA
	1	Share valuation review on or about this date	SOI
April	30	Final date for submissions Board at next meeting to consider submissions if any and approve final version	LGA
		Meeting with Audit NZ to discuss Audit programme (they initiate)	
May		Directors Declarations of Interest circulate and form for completion	
		Annual Company Return (CST Nexia)	Companies Act
June	30	Last day for circulation of approved SOI to share holders put up on website	LGA
		Check May financials for any discrepancies and journal any transfers. Ensure all invoicing for this financial year done before end of month..	
		End of Financial Year	
		Compile list of accruals and draft annual Plan	
July		Accounts for Audit	Audit Letter
Aug			
Sept	30	Annual report completed - Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the company has fared against its objectives and prospects for the next financial year, and a report on the company's medium to long term plans	SOI LGA (67,68,69)
		Note if company shows a loss audit may as for a letter of comfort from each council	
Oct		Annual meeting of shareholders on not less than 14 days notice	
November			
December		Strategic Review undertaken and draft SOI commenced	
		December Board meeting sets next years meeting dates.	

- On a three monthly basis the Financial Position and Cashflow.
- Regular summaries of activities.