

**Chairperson and Members  
COUNCIL**

8 AUGUST 2019

Meeting Status: **Public**

Purpose of Report: For Decision

**INDEPENDENT ORGANISATIONAL REVIEW SUBCOMMITTEE  
REPORT-BACK**

**PURPOSE OF REPORT**

- 1 The purpose of this report is fourfold:
  - a) To provide the Council with a progress update from the Subcommittee regarding the independent organisational review, which is attached as Appendix 1 to this report (Corp-19-862);
  - b) To seek Council approval to appoint an expert Advisor to the Subcommittee to further develop the Terms of Reference for the organisational review (Terms of Reference Advisor);
  - c) To seek Council approval to appoint a Probity Advisor to the Subcommittee to demonstrate, through independent probity, that good procurement process has been followed in the event that its processes are scrutinised (Probity Advisor); and
  - d) To seek Council approval to re-assign up to \$10,000 plus GST from the economic development budget in 2019/20 to fund (either in part or in full), the costs of the Terms of Reference Advisor and Probity Advisor.

**DELEGATION**

- 2 Only the Council has the authority to consider this matter.

**BACKGROUND**

- 3 At its meeting on the 27 June 2019, the Council approved the commencement of an independent organisational review to include the following in its scope:
  - a) internal culture of the staff organisation, including staff satisfaction and turnover;
  - b) relationship and interface between governance and the staff organisation;
  - c) relationships with key stakeholders and the interface between the staff organisation and ratepayers;
  - d) the effective delivery of the Open for Business programme; and
  - e) the capacity and capability of the staff organisation to deliver the Council's objectives in a cost effective and efficient manner.

- 4 At the same meeting, the Council further agreed to the following:
- a) A Subcommittee consisting of the Mayor, Chief Executive or alternate, three Councillors, Cr James Cootes, Cr John Howson, and Cr Janet Holborow and a mana whenua representative from the ART Confederation to be appointed by the Confederation, and be established immediately to oversee the process and the appointment of the independent reviewer for approval by Council;
  - b) The Subcommittee will develop the Terms of Reference for the independent review based on paragraph 3 (a) to (e) above, as soon as practicable for approval by Council;
  - c) The Chief Executive brings forward suggested entities/organisations for the Subcommittee to consider along with other suggestions in the procurement process;
  - d) The Subcommittee reports back to the Council to recommend the selection and appointment of the entity/organisation contracted to deliver the review;
  - e) The Subcommittee reports regularly to the Council on progress of the review;
  - f) The review preferably be completed in time to report to the last Council meeting on 26 September 2019 or earlier; and
  - g) The Council noted that decisions around the management of the unbudgeted spend for this review would be determined once the cost and timeframe for the review was determined.

## DISCUSSION

### Subcommittee Deliverables

- 5 The progress-update from the Subcommittee is attached as Appendix 1 to this report (Corp-19-862). In doing so, the Subcommittee is adhering to its Council mandated task as per paragraph 4(e) as noted above.
- 6 In progressing their Council mandated tasks, several issues have arisen for the Subcommittee that require the Council's consideration and approval. These are detailed in paragraphs 13 to 19.

### Chief Executive Deliverables

- 7 Since 27 June 2019, the Chief Executive has assigned the Group Manager Corporate Services and the Corporate Business Improvement Manager, to provide procedural advice and to best support the Subcommittee to complete their Council mandated duties, as set out in paragraphs 4 (b);(d) and (e).
- 8 Once the independent reviewer has been appointed by the Council to undertake the review, the Chief Executive has assigned the Corporate Business Improvement Manager to provide the necessary support and/or assistance to the reviewer so as to best ensure that the review is completed within the approved timeframe.
- 9 A recommended procurement process was included in the report "*Proposed Independent Organisational Review (Corp-19-845)*", as tabled at the Council meeting on the 27 June 2019. Given the public knowledge of the review, the Chief Executive advised the Council at the same meeting that an open competitive tender process would be appropriate.

- 10 Subsequently, the Chief Executive has re-assigned Council's Procurement Specialist (currently engaged to complete the Council-wide procurement improvement programme), to advise and assist the Council to conduct a procurement process that is compliant with the Council's procurement policy and procurement manual.
- 11 The Subcommittee was provided with a list of several entities/organisations, to consider carrying out the organisational review. In addition, the Procurement Specialist is now supporting the Subcommittee through an open competitive procurement process for the organisational review.
- 12 It is noted that tasks 4(a) and (c), as mandated by the Council, are complete.

## ISSUES

### No Funding within the 2019/20 Annual Plan

- 13 The Subcommittee has no delegated financial authority from the Council and because the 2019/20 Annual Plan was adopted by the Council on 26 May 2019, there is no funding for this organisational review.

### Terms of Reference Advisor to the Subcommittee

- 14 The Subcommittee wishes to appoint an Advisor to further develop the Terms of Reference for the organisational review. The Subcommittee is using a direct sourcing procurement approach.
- 15 The Subcommittee is required to finalise the draft terms of reference of the organisational review by Friday 16 August 2019 for report back to the Council for consideration and approval at its next meeting scheduled on Thursday 29 August 2019.
- 16 Subject to a satisfactory proposal from the preferred candidate, the Subcommittee requires Council approval, delegated to the Chief Executive, to award the contract.

### Independent Probity Advisor

- 17 Public knowledge of this review increases the potential for scrutiny, that could be applied either to the findings of the review and/or to the processes that the Council has used to organise and implement the organisational review.
- 18 To best demonstrate, through independent probity, that good procurement process has been followed in the event that the Council's processes are scrutinised, the Subcommittee wishes to appoint a Probity Advisor as soon as possible. The Subcommittee is using a direct sourcing procurement approach.
- 19 Subject to a satisfactory proposal from the preferred candidate, the Subcommittee requires Council approval, delegated to the Chief Executive, to award the contract.

## Policy considerations

- 20 Except for the Council's procurement policy, there are no further policy considerations arising directly from this report.
- 21 The independent Procurement Specialist and Probity Advisor will advise and assist the Council to conduct a procurement process that is compliant with the Council's procurement policy and procurement manual.

## Legal considerations

- 22 The Terms of Reference of the organisational review and/or the processes followed in completing this review could have the potential for personal grievances from staff and/or scrutiny from the public.
- 23 It is therefore of paramount importance that the Subcommittee and/or the Council utilises expert resources to assist them with this organisational review.

## Financial considerations

- 24 As already noted, the Subcommittee has no delegated financial authority from the Council and there is no funding for this organisational review in the 2019/20 Annual Plan budget.
- 25 The organisational review will include the total costs of the independent reviewer as well as the costs of the Procurement Specialist, the Probity Advisor and the Terms of Reference Advisor.
- 26 The exact costs of the Procurement Specialist are unknown and is entirely dependent on the degree of advice given to and the level of involvement required from the Subcommittee.
- 27 The exact costs of the Probity Advisor and the Terms of Reference Advisor are not yet known.
- 28 To allow these appointments to proceed, it is proposed that funding of an initial \$10,000 plus GST be allocated towards the costs of the Terms of Reference Advisor and the Probity Advisor. If further funding is required, this will be the subject of a later report.
- 29 It is recommended that the \$10,000 plus GST be sourced from the 2019/20 economic development budget assigned to the Kapiti Destination Story. Potentially this will impact on the level of effectiveness of this project by reducing the funding available.

## Tāngata whenua considerations

- 30 The ART Confederation has appointed Mahina-a-rangi Baker as their mana whenua representative to the Subcommittee.

## Significance and Engagement

### Significance policy

- 31 This matter has a low level of significance under Council's Significance and Engagement Policy.

### Publicity

- 32 Given the public knowledge of the review, the Subcommittee and/or the Council should consider whether it wishes to issue a media advisory.

## RECOMMENDATIONS

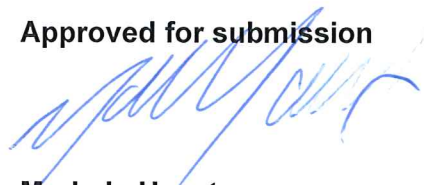
- 33 That the Council notes the progress update from the Subcommittee as provided in Appendix One to this report (Corp-19-862).
- 34 That the Council notes the Chief Executive deliverables as outlined in this report (Corp-19-862).
- 35 That the Council notes that there is no funding for this organisational review in the 2019/20 Annual Plan and authorises the Chief Executive to re-assign \$10,000 plus GST from the 2019/20 economic development budget, assigned to the Kapiti Destination Story, to fund (either in part or in full), the costs pertaining to external advisory services as outlined in this report (Corp-19-862).
- 36 That the Council notes that further funding for the organisational review will be required (for example, the costs of the reviewer) and will be the subject at a later report.
- 37 That the Council approves the Subcommittee to appoint a suitably qualified Terms of Reference Advisor and delegates authority to the Chief Executive to enter into any such contract(s) as advised by the Subcommittee.
- 38 That the Council approves the Subcommittee to appoint a suitably qualified external Probity Advisor and delegates authority to the Chief Executive to enter into any such contract(s) as advised by the Subcommittee.

**Report prepared by**



**Sharon Foss**  
**Business Improvement Manager**

**Approved for submission**



**Mark de Haast**  
**Group Manager Corporate Services**

**Approved for submission**



**Sean Mallon**  
**Group Manager Infrastructure Services**

Appendix 1 Report-back from the Mayor on the progress of the Independent Organisational Review Subcommittee.

## Independent Organisational Review Subcommittee Report back – 31 July 2019

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<b>Part One: Update as at 31 July 2019</b>	
<b>The Subcommittee has</b>	
1	<u>Met</u> twice - 16 and 25 July 2019
2	<u>Confirmed</u> Mahina-a-rangi Baker as the Mana Whenua representative from the ART Confederation on the Subcommittee.
3	<u>Informed</u> Elected Members of progress to date: an email from the Mayor on 7 July 2019 and this report Corp-19-862 on this agenda.
4	<u>Agreed</u> the need to appoint an Independent Advisor to help them work through the Terms of Reference. A direct sourcing process is being undertaken by the Procurement Specialist with the Group Manager Corporate Services approval where required.
5	<u>Agreed</u> the need to appoint a Probity Advisor to act as an auditor ensuring that the correct process is being followed. The Probity Advisor will be involved up until the award of the contract. A direct sourcing process is being undertaken by the Procurement Specialist with the Group Manager Corporate Services approval where required.
6	<u>Requested</u> an additional Council meeting to accommodate the key milestones they have established.
7	<u>Completed</u> Conflict of Interest Forms and noted the importance of declaring any conflicts of interest that may affect any aspect of the Procurement Plan and that if any additional conflicts arise during the procurement process, a new conflict of interest form could be completed.

<b>Part Two: Meetings and Forward Work Programme Summary as at 31 July 2019</b>	
<b>Meeting Schedule and Forward Work Programme</b>	<b>Date / 2019</b>
<b>Subcommittee Meeting</b> – Workshop with External Advisor	8-15 August
<b>Subcommittee Meeting</b> – Finalise draft Terms of Reference	16 August
Council meeting – Consider/approve draft Terms of Reference. <b>Subcommittee</b> to attend Council meeting.	29 August
Request for Proposal Issued on GETS	29 August
<b>Subcommittee Meeting</b> – Complete Supplier shortlisting.	24 September
<b>Subcommittee Meeting</b> – Selected supplier presentations	27 September
Council meeting (Additional) – Approve preferred Supplier. <b>Subcommittee</b> to attend Council meeting.	10 October



K Gurunathan, JP, MA

**Mayor**

**Kapiti Coast District**

**Chair Independent Organisational Review Subcommittee**