

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Strategic Risk and Assurance Committee will be held on:

Date: Wednesday 29 March 2023
Time: 9.30am
Meeting Room: Council Chamber and Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN AGENDA

Membership

Chairperson External appointee - Keiran Horne
Heamana

Deputy Chairperson External appointee - Bruce Robertson
Heamana Tuarua

Members Mayor Paula Southgate
Deputy Mayor Angela O’Leary
Cr Maxine van Oosten
Cr Moko Tauariki
Cr Ryan Hamilton
Cr Kesh Naidoo-Rauf
Cr Ewan Wilson

Quorum: Four members (including one external appointee)

Meeting frequency: As required – no less than four times a year

Amy Viggers
Mana Whakahaere
Governance Lead

20 March 2023

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Purpose:

1. The Strategic Risk and Assurance Committee is responsible for providing objective advice and recommendations to the governing body on the adequacy and functioning of the Council's risk management and assurance framework and external reporting.
2. The committee will review the effectiveness of the following aspects of governance, risk, and resilience management and internal control:
 - risk and resilience management
 - internal and external audit and assurance
 - health, safety, and wellbeing
 - integrity and investigations
 - monitoring of compliance with laws and regulations

Terms of Reference:*Risk and Resilience*

3. Review the effectiveness of the risk control environment established by management to safeguard Council's financial and non-financial assets, including the adequacy and appropriateness of insurance policies in place and management's actions to mitigate risks and report six monthly to Council.
4. To review the Risk Management Policy and recommend to Council revisions to the policy for adoption.
5. Review Council's strategic and organisational risk register and monitor existing controls and treatment actions.
6. Periodic in-depth reviews of specific, significant risks.
7. Monitor emerging risks and recommend to Council or management new strategic and organisational risks to be added to the strategic and organisational risk register.
8. Oversight of risk management and assurance across Council's CCOs and CCTOs with respect to risks that may have a significant impact on Council.
9. Review the adequacy and effectiveness of Council's health, safety and wellbeing and resilience (cybersecurity, protective security, business continuity, crisis, emergency, incident) management programmes.
10. Review the Fraud and Corruption, Protected Disclosure, Conflict of Interest, and Sensitive Expenditure management policies to ensure appropriate guidance and processes are in place.

Internal Audit

11. In conjunction with the Chief Executive, agree the scope of the annual internal audit work programme, having regard to Council's significant risks.
12. Monitor the delivery of the internal audit work programme to ensure the effectiveness of the Council's internal control framework.
13. Assess whether internal audit recommendations have been properly implemented by management.
14. Review the annual internal audit plans to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

External Audit

15. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
16. Recommend to Council the terms and arrangements for the external audit programme.
17. Review the effectiveness of the Annual Plan audit and Long Term Plan audit.
18. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

Statutory Reporting

19. Review and monitor the integrity of the interim and annual report, focusing particularly on:
 - a) compliance with, and the appropriate application of, relevant accounting policies, practices and accounting standards
 - b) compliance with applicable legal requirements relevant to statutory reporting
 - c) the consistency of application of accounting policies as well as changes to accounting policies and practices that may affect the way that accounts are presented
 - d) any decisions involving significant judgment, estimation or uncertainty
 - e) the extent to which financial statements are affected by any unusual transactions and the manner in which these are disclosed
 - f) the disclosure of contingent liabilities and contingent assets
 - g) the clarity of disclosures generally
 - h) the basis for the adoption of the going concern assumption
 - i) significant adjustments resulting from the audit

Other Matters

20. Review the effectiveness of the systems for monitoring the Council's compliance legislation, regulation, policy and guidelines.
21. Engage with internal and external auditors on any specific one-off audit assignments.
22. Conduct and monitor special investigations in accordance with Council policy and approved budget or in response to material matters raised by staff or committee members, including engaging expert assistance, on matters within its Terms of Reference.
23. The Chairperson shall review the travel and other reimbursed expenses of the Chief Executive and confirm compliance with Council policies. This information will be provided to the Chairperson on a six-monthly basis.
24. Such other Matters referred to it by Council.

The Committee is delegated the following recommendatory powers:

- The Committee has no decision-making powers.
- The Committee may make recommendations to the Council and/or the Chief Executive, as appropriate.
- The Committee may request expert external advice through the Chief Executive where necessary.

Special Notes:

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.
- Council appoints two external members of the committee, one of whom shall be Chairperson. External members shall have a broad range of skills and experience including risk management, health, safety and wellbeing, accounting or audit experience; the terms of the appointment to be recorded in a contract. External member contracts are to be reviewed and assessed six (6) months after each triennial election with no external members staying on Committee for longer than three (3) trienniums.
- The Chief Executive and any Internal Auditor(s) are required to attend all meetings but are not members and have no voting rights. Other Council officers may attend the committee meetings, as required.
- The Chief Executive and the Principal Advisor shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of Council, any material breakdown in internal controls, and any material event of fraud, corruption or malpractice.
- The chairperson shall present an annual Audit and Risk Self Review to Council summarising the committee's activities during the year and any related significant results and findings.

Recommendatory Oversight of Policies and Bylaws:

- *Risk Management Council Policy*
- *Fraud and Corruption Management Policy*
- *Protected Disclosure Management Policy*
- *Conflict of Interest Management Policy*
- *Sensitive Expenditure Management Policy*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipaaanga*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Committee Room prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

Council Report

Item 5

Committee: Strategic Risk and Assurance Committee

Date: 29 March 2023

Author: Chantal Jansen

Authoriser: Michelle Hawthorne

Position: Governance Officer

Position: Governance and Assurance Manager

Report Name: Confirmation of the Strategic Risk and Assurance Committee Open Minutes -14 December 2022

Report Status	Open
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 14 December 2022 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Minutes 14 December 2022

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in the Council Chamber, Municipal Building, Garden Place, Hamilton and via Audio Visual link on Wednesday 14 December 2022 at 9.30am.

PRESENT

Chairperson Ms Keiran Horne

Heamana

Deputy Chairperson Mr Bruce Robertson

Heamana Tuarua

Members Mayor Paula Southgate
 Deputy Mayor Angela O'Leary
 Cr Maxine van Oosten
 Cr Moko Tauariki
 Cr Ryan Hamilton
 Cr Kesh Naidoo-Rauf

In Attendance:

Cr Anna Casey-Cox
 Lance Vervoort – Chief Executive
 David Bryant – General Manager People and Organisational Performance
 Eeva-Liisa Wright – General Manager Infrastructure Operations
 Helen Paki – General Manager Community
 Murray Heke – General Manager Customer, Technology & Transformation
 Blair Bowcott – General Manager Growth
 Sean Murray- General Manager Venues, Tourism and Major Events
 Tracey Musty – Finance Director
 Michelle Hawthorne – Governance and Assurance Manager
 Dan Finn – People, Safety and Wellness Manager
 Marie Snowball – Safety & Wellness Lead
 Julie Ambury - Enterprise Risk Lead
 Julie Kofoed – Insurance Lead

Aaron Steele, Matt White and Lara Bennett – PricewaterhouseCoopers
 Clarence Susan and Naude Kotze – Audit NZ

Governance Team: Amy Viggers – Governance Lead
 Chantal Jansen – Governance Advisor

The Chair opened the meeting with a karakia.

1. **Apologies – Tono aroha**
Resolved: (Cr van Oosten/Cr Naidoo-Rauf)

That the apologies for absence from Cr Wilson, and for partial attendance from Deputy Mayor O'Leary, Cr Hamilton, and Cr Naidoo-Rauf are accepted.

2. Confirmation of Agenda – *Whakatau raarangi take*

Resolved: (Ms Horne/Cr van Oosten)

That the agenda is confirmed noting that:

- a) the late attachments for Item 10 (Final Approval of the 2021/22 Annual Report, 2021/22 Summary Annual Report and Representation Letters) are accepted. Attachment 1 (Summary of Annual Report 2021/22 Changes), Attachment 2 (Annual Report 2021/22) Attachment 3 (Summary Annual Report 2021/22) and Attachment 4 (Table of Additional Amendments) were circulated to members prior to the meeting under separate cover to enable the most up to date information to be provided; and
- b) item 10 (Final Approval of the 2021/22 Annual Report, 2021/22 Summary Annual Report and Representation Letters) is taken at the end of the agenda to accommodate external presenters.

3. Declarations of Interest – *Tauaakii whaipaaanga*

No members of the Council declared a Conflict of Interest.

4. Public Forum – *AAtea korero*

No members of the public wished to speak.

5. Chief Executive Report

The Chief Executive (CE) spoke to his report in particular staff vacancies and the generally positive effect of inflation on contracts. He then responded to questions from Members concerning the effect of vacancies on service level agreements, normal vacancies numbers, CE savings, and use of recruitment agencies.

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

6. Draft Work Programme – 2023

The Governance and Assurance Manager took the report as read. Staff responded to questions from Members concerning the Letter of Engagement.

Staff Action: *Staff undertook to report the Letter of Engagement to the March 2023 Strategic Risk and Assurance meeting.*

Resolved: (Ms Horne/Mayor Southgate)

That the Strategic Risk and Assurance Committee:

- a) receives the report;
- b) adopts the draft work programme for the Strategic Risk and Assurance 2023 Committee; and
- c) notes that a wider Schedule of Reports for the Strategic Risk and Assurance Committee, Council, and other Committees for 2023 will be updated and provided to the Strategic Risk and Assurance Committee in 2023.

7. Safety and Wellness Report - 1 August 2022 to 31 October 2022 (*Recommendation to the Council*)

The People, Safety and Wellness Manager spoke to the report noting the change in focus to validation of progress and continuous improvement. Staff responded to questions from Members concerning the result of the engagement survey, the 3% decrease in overall engagement, the Executive Leadership Team's focus to improve the survey results and productivity, positive health and safety results from the survey, effect of staff vacancies on other staff, and what is available to staff to support their mental health.

Resolved: (Ms Horne/Mr Robertson)
That the Strategic Risk and Assurance Committee recommends that the Council receives the Safety and Wellness Report – 1 August 2022 to 31 October 2022.

Cr Hamilton joined the meeting (10.02am) during the discussion of the above item. He was present when the matter was voted on.

Mayor Southgate left the meeting (10.16am) during the discussion of the above item. She was not present when the matter was voted on.

8. Risk Management Report - December 2022

The Enterprise Risk Lead spoke to the report noting that there were no significant changes since the last report. Staff responded to questions from Members concerning Strategic Risk 9 'failure to respond to Climate Change', biodiversity, future works to be undertaken in relation to risk controls and measurements, and Council's risk profile being adequate and matching global risks.

Resolved: (Ms Horne/Mr Robertson)
That the Strategic Risk and Assurance Committee receives the report.

Mayor Southgate re-joined the meeting (10.20am) during the discussion of the above item. She was present when the matter was voted on.

9. PwC - Internal Audit Update and Report

Representatives of PricewaterhouseCoopers spoke to the report in particular the Strategic Property report. Along with staff, they responded to questions from Members concerning the timeline for the next year's internal audit, and outstanding actions from the Strategic Property report that were to be completed in the next 6 months.

Resolved: (Ms Horne/Cr van Oosten)
That the Strategic Risk and Assurance Committee receives the report.

Item 10 (Final Approval of the 2021/22 Annual Report, 2021/22 Summary Annual Report and Representation Letters) was deferred to the end of the agenda to accommodate presenters' availability.

10. Annual Credit Rating Report - S&P Global Ratings

The Finance Director outlined the report noting that it was an annual report to the Committee and the purpose of S&P's assessment. Staff responded to questions from Members concerning risk to Council's future rating mainly being the Capital Programme and debt to revenue ratio.

Resolved: (Ms Horne/Deputy Mayor O'Leary)
That the Strategic Risk and Assurance Committee receives the report.

11. Audit New Zealand Final Audit Plan 2021/22

The Finance Director took the report as read.

Resolved: (Ms Horne/Cr van Oosten)
That the Strategic Risk and Assurance Committee receives the report.

12. General Insurance Activity Update

The Insurance Lead spoke to the report noting that overall premiums had increased by only 9% and was within budget. Staff responded to questions from Members concerning Council's various insurance policies.

Resolved: (Ms Horne/Mayor Southgate)
That the Strategic Risk and Assurance Committee:
a) receives the report; and
b) notes the renewal of Council's general insurances.

Mr Robertson left the meeting (10.49am) during the discussion of the above item. He was not present when the matter was voted on.

13. Compliance Reporting Update

The Governance and Assurance Manager took the report as read.

Staff Action: Staff undertook to update members on the health and Safety Management policy.

Resolved: (Ms Horne/Cr Hamilton)
That the Strategic Risk and Assurance Committee receives the report.

Mr Robertson re-joined the meeting (10.54am) during the discussion of the above item. He was present when the matter was voted on.

14. Organisational Improvement Report

The Finance Director outlined the report, noting that the attachment included the recommendations from the Organisational Improvement Register. Staff then responded to questions from Members concerning controls to be introduced to the Ibis Breeze software that was used for financial modelling and timelines for improvements.

Resolved: (Ms Horne/Mr Robertson)
That the Strategic Risk and Assurance Committee receives the report.

The meeting was adjourned 11.01am to 11.20am.

*Deputy Mayor O'Leary and Cr Hamilton retired from the meeting during the above adjournment.
Mayor Southgate left the meeting during the above adjournment.*

16. Resolution to Exclude the Public

Resolved: (Ms Horne/Cr van Oosten)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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

General subject of each matter to	Reasons	for	passing	this	Ground(s) under section
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be considered	resolution in relation to each	the passing of this resolution
C1. Legal Risks - Committee Update) Good reason to withhold information exists under	Section 48(1)(a)
C2. SR4 (Loss of Information or Access to Systems)) Section 7 Local Government Official Information and Meetings Act 1987	

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to maintain legal professional privilege	Section 7 (2) (g)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)

The meeting went into a public excluded session at 11.21am.

The meeting returned to the open session at 11.39am.

The meeting was adjourned from 11.39am to 12.15pm.

Cr Naidoo-Rauf retired from the meeting during the above adjournment.

Mayor Southgate re-joined the meeting during the above adjournment.

15. Final Approval of the 2021/22 Annual Report, 2021/22 Summary Annual Report and Representation Letters (Recommendation to Council)

The Financial Director spoke to the report noting that the verbal clearance from Audit NZ had not been received. Audit NZ representatives then outlined the process and apologised for the delay in the clearance of the Audit. Staff responded to questions from Members concerning alternative options should clearance not be received from Audit NZ, confirmation that accounts would remain open until the annual report is adopted, changes in the Annual report, and the changes to the letters of representation that had been circulated to Members.

Resolved: (Ms Horne/Cr Tauariki)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) recommends, subject to final approval from the Chair and Deputy Chair of the Strategic Risk and Assurance Committee and Cr van Oosten as Chair of the Finance and Monitoring Committee, that the Council:
 - i. adopts the Annual Report 2021/22 and the Summary Annual Report 2021/22; and
 - ii. approves the letter of representations to Audit New Zealand be signed by the Chief Executive and the Mayor on behalf of Council.

The Chair closed the meeting with a karakia.

The meeting was declared closed at 12.38pm.

Council Report

Item 6

Committee: Strategic Risk and Assurance Committee
Date: 29 March 2023
Author: Lance Vervoort
Authoriser: Lance Vervoort
Position: Chief Executive
Position: Chief Executive
Report Name: Chief Executive Report

Report Status	Open
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee (SRAC) of the key risks faced by Hamilton City Council that the Chief Executive would like to highlight.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Key areas of interest to be highlighted at this meeting are health & safety, increased costs, the impact of Cyclone Gabrielle, and Council's Future Fit programme.
4. Other topics including risks, may be included in the verbal update should they become a matter of concern to the Chief Executive following submission of this report.
5. A more detailed review of Council's key risk topics is included in the Risk Management report and Safety and Wellness report to this Committee meeting.
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Health & Safety

7. The health and safety of our staff and contractors continues to be a priority. The Safety & Wellbeing report presented later in this agenda highlights the efforts and focus of the business continues to make in support of driving an improved safety culture and performance.
8. Staff shortages remain in some areas of Council because of staff vacancies and sickness, including some with Covid-19 and needing to self-isolate. This continues to create stress and fatigue for a number of staff in the business at this time.
9. Feedback from staff on Council providing free health insurance continues to be positive and very much appreciated. Anecdotal evidence is that many staff are now taking the opportunity to attend to their ongoing medical concerns, and the flow on effect of this for Council is supporting a lift in engagement and promotion of Council being an employer of choice in Hamilton.

10. People Leaders continue to support staff by regularly checking in on their wellbeing and helping them prioritise their workload to manageable levels.

Increased costs of serving Hamiltonians

11. Increasing costs to serve is a significant problem for Council. The continued global impacts from the war in Ukraine and the COVID-19 hangover has driven increases in inflation as the demand for products, materials and labour is outstripping supply. Higher interest rates are also a significant contributor to increasing costs.
12. The 2023-24 Annual Plan is under development and managing these cost increases to minimise the impact on Hamiltonians is challenging. Living within our means whilst delivering on our 10 Year Plan commitments is a balance of priorities. Staff are working with elected members to deliver a meaningful and impactful Annual Plan that addresses this balance as best as possible.

Impact of Cyclone Gabrielle

13. Cyclone Gabrielle has had a devastating impact on many parts of Aotearoa and Council's thoughts are with all those suffering significant hardship as a result. The need to rebuild many communities is a New Zealand wide priority.
14. Hamilton was lucky enough to survive the cyclone relatively unscathed however a by-product of this event could be an even more restriction in access to key materials and suppliers to support the completion of our capital programme. Council staff are monitoring the situation carefully and will update elected members as the situation develops and relevant information comes to hand.
15. Staff will be working with Elected Members to develop a 2023/24 Annual Plan to address these challenges as best as possible.

Council's Future Fit programme

16. Late last year Council launched its Future Fit strategic programme. There are four key workstreams: a high-level review and redesign of Council's Operating Model; implementing any changes identified in our current Operating Model; continuing the implementation of "Our Way of Working" and working through the current government reform programme and its impact on Local Government.
17. Future Fit wraps these key strategic activities under one umbrella to ensure Council's Change Management and Communication activities, as well as individual initiatives contained in each work stream, are aligned, and appropriately sequenced across the organisation.
18. This is an exciting programme of work that will deliver a Council that is well placed to continue to deliver significant benefits to the wellbeing of our community post government reforms. A key focus is to optimise the cost of serving our community as well simplify what we do as much as possible.
19. However, change is difficult for some and as we work through this programme it will bring times of uncertainty for our workforce. Significant efforts are underway to allay fears by regularly communicating progress and findings as well as driving engagement in the many opportunities that Future fit will bring to staff and Hamiltonians.

Financial Considerations - *Whaiwhakaaro Puutea*

20. There are no financial implications in relation to receiving this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

21. Staff consider the matter of this report to be of low significance and that the recommendations comply with Council's legal requirements.
22. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

23. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
24. The subject matter of this report has been evaluated in terms of the ('the 4 wellbeings') during the process of developing this report.
25. The recommendations set out in this report are consistent with that purpose.
26. No known social, economic, environmental, or cultural considerations were identified in the development of this report.

Risks - *Tuuraru*

27. There are no known risks associated with the recommendation of this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

28. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance and no engagement is required.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 29 March 2023
Author: Dan Finn
Authoriser: David Bryant
Position: People, Safety & Wellness Manager
Position: General Manager People and Organisational Performance
Report Name: Safety and Wellness Report - 1 November 2022 to 31 January 2023

Report Status	<i>Open</i>
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Purpose – *Take*

1. To inform the Strategic Risk and Assurance Committee on safety and wellness strategic progress, performance, and activities for the period covering 1 November 2022 to 31 January 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi* (Recommendation to the Council)

2. That the Strategic Risk and Assurance Committee receives this report; and
3. That the Strategic Risk and Assurance Committee recommends that the Council receives the report.

Executive Summary - *Whakaraapopototanga matua*

4. This report is focussed on our continued progress of key strategic activities that are aligned to risks, relationships, and resources. To provide governance with a more comprehensive overview of our progress we have included supplementary updates on wider activities, assurance, and successes.
5. Alignment of our Safety Management System (SMS) to the ISO45001 international standard continues to direct several key projects being undertaken to ensure we are meeting our legislative obligations.
6. Our Contractor Management Framework has been reviewed. To supplement this Framework, we have introduced a Contractor Management Handbook outlining Council's expectations of contractors undertaking work on our behalf. The Safety & Wellbeing Team continues to provide training and support across business units.

We continue to focus our efforts towards managing our risks, especially those critical risks associated with tasks and duties that could result in a serious injury or death. We have identified 13 critical safety risks across the organisation. See table below:

Working in a confined space	Working at height	Driving for work
Working with plant and machinery	Working with animals	Hazardous substances
Working with energy sources	Operating mobile plant and machinery in a workplace	Dealing with Aggressive and/or violent people
Working over and near water	Working in and around excavations	Lone working
Mental Health		

7. Working with the Coachio Group, we have introduced the bowtie risk assessment methodology. Bringing together workers exposed to these critical risks we have established teams who have assessed the risks and identified the controls currently in place, and what controls that could better mitigate the potential consequence of failure.
8. These risk teams have been assigned actions to verify and validate the information captured for each critical risk for assurance purposes. To gain greater buy-in and ownership, an ELT member has been assigned a critical risk as a senior sponsor.
9. We continue to see an uplift in the number of events reported through Ora (our safety incident management software system). This data capture provides meaningful reporting on the types of events, hazards, and inspections, providing useful insights to enable proactive intervention and programmes of work to support our people. These proactive measures provide a higher level of assurance.
10. Working with EcoPortal, the platform provider for Ora, the Safety & Wellbeing Team are building further enhancements as part of our Phase 2 rollout, which will include introducing additional modules such as Job Safety Analysis (JSAs), Inductions, Meetings and Permit to Work.
11. Staff consider the matters in this report to have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Strategic Progress - *Te ahunga whakamua rautaki*

12. The following workstreams outline Council's progress on our 'safety reset' activities previously communicated. They are designed to strengthen and support our wider safety and wellbeing strategy.

Workstream	Status	Next milestone	Comment
SafePlus review recommendations	100%	Recommendations completed	Outstanding recommendations have now been completed through the introduction of our finalised SMS and Ora
SMS development and implementation	100%	The Communications Team have finalised the design of the SMS.	The SMS has been uploaded under the Safety & Wellbeing Tile on Velocity
Technology and communication (Ora)	100%	The new incident management system (Ora) was launched on the 6 th of July 2022 replacing Vault.	Ongoing training and support will be provided by the H&S Team and IS as required
Critical risk management	70%	Organisational critical risks have been confirmed. Risk sponsors	Workshops scheduled for 15 th of March to verify the bowties. The S&W Team

		have been identified, and Risk Teams have been formed.	will have the bowtie software and be in a position to update.
Contractor management	95%	Finalisation of documentation and formulating process on Promapp. Investigating software to support contractor induction process	The Safety & Wellbeing Team are getting ready to run a pilot workshop for the Contractor Induction Module within 'Who's on Location', with the intent that it is rolled out on other sites.
Resourcing and structure review	100%	The Safety & Wellness Team have a full complement of people now on board.	Aligning with the Business Partnering Model meeting key stakeholders and building on a collaborative approach to support Council in Health, Safety & Wellbeing
<i>Table 1 Key workstreams</i>			

Risks and Incidents - *Ngaa Tuuraru me ngaa Paanga*

13. Incidents profiled for this reporting period are summarised below.
14. There was a total of 92 injuries reported, compared to 81 in the previous period. We continue to provide education and support to ensure events are being correctly reported. Of those injured, 9 resulted in lost time and 32 required medical treatment. Near hit reporting has decreased slightly from the previous period with 51 near hits recorded.



Council WorkSafe Notifiable Events

15. There was 1 event that was notified through to WorkSafe by Council. This event occurred while digging an excavation to undertake a repair on a water pipe. During excavation an electrical conduit containing a cable was damaged. Further details of this notifiable event can be found in **Attachment 1**. WEL completed the repair. WorkSafe responded with 'no action' to be taken.

Contractor WorkSafe Notifiable Events

16. There were no WorkSafe notifiable events reported from Contractors.

Relationships – *Whanaungatanga*

17. Our Safety & Wellbeing Business Partners are actively working on sites across the organisation to better support our operational areas. Building on key relationships is an important part of our business partnering model to establish credibility, to provide expert advice and give assurance to Council that we are meeting legislative requirements.
18. Staff wellbeing remains one of our key priorities, with 'mental health' identified as a 'critical risk'. During this reporting period we have seen an increase in the level of proactive onsite support provided by Vitae, who are one of two providers that we engage to help support our people. This aligns with the Te Whare Tapa Wha model which is part of the GoodYarn Mental Health workshops that are being delivered across Council.
19. Work Well accreditation continues to form part of our wellbeing strategy. We have now communicated our 2023 Action Plan and Annual Progress Report. We are working through some additional requirements identified by Te Whatu Ora Waikato to progress our assessment for silver accreditation, which we expect to occur this April 2023.
20. The Safety Governance Committee (SGC) met on the 6 December 2022. The next meeting is scheduled for 20 March 2023. An excerpt from the minutes is recorded below, and the full minutes are provided as **Attachment 2**.

'Tash Nolan from the Learning & Development Team presented the Employee Engagement results. This showed high participation and key indicators that teams could leverage off. The Terms of Reference for the Safety Governance Committee were asked to be reviewed and the makeup of the actual committee itself to be considered.'

Resources – *Rauemi*

21. We are pleased to advise that an appointment has been made for the vacant Safety & Wellbeing Business Partner position. Our new starter will commence on the 27th of March 2023. We are currently interviewing for a Business Analyst to support data capture, trend analysis and reporting.

Assurance - *Kii Taurangi*

22. Progress continues towards the near completion of the recommendations made in the Council's 'State of Safety' review. Designed to measure the level of safety maturity across Council, the updated heatmap (**Attachment 3**) provides visibility on the progress of corrective actions assigned to each business unit.
23. The Safety & Wellbeing team are on track to commence internal auditing processes between July – December 2023. The purpose of these assurance activities is to verify by way of evidence that we are meeting health and safety legislative requirements in all respects.

Success and Recognition - *Angituutanga me ngaa Mihi*

24. There is real benefit for our Safety & Wellbeing Business Partners collaborating with staff on sites. Having a better understanding and appreciation of the actual work is being done provides them with the best opportunity to be able to advise and support improving health and safety practices. We have Amanda Barlow, Lewis Snapes and Corina Martin out on site at the Foreman Road development completing safety observations which is one of our leading key performance indicators.



Financial Considerations - *Whaiwhakaaro Puutea*

25. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

26. Staff confirm that any recommendations in this report comply with Council's legal and policy requirements.
27. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

28. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
29. The subject matter of this report has been evaluated in terms of the 4 well-being's during the process of developing this report and these are outlined below:

Social

30. The matters and risks highlighted in this report may have the capacity to affect social wellbeing should they materialise. Social wellbeing continues to be prioritised and is considered alongside Council's risk management processes.

Economic

31. The matters and risks highlighted in this report may have the capacity to affect economic wellbeing should they materialise. Identifying and measuring the economic costs of accidents, the relationship between operational requirements and safety and determining the inter-relationship between safety and other organisational goals and priorities. Economic wellbeing continues to be prioritised and is considered alongside Council's risk management processes.

Environmental

32. The matters and risks highlighted in this report may have the capacity to affect environmental wellbeing should they materialise. Environmental protection includes programmes to reduce risks to the environment from contaminants like hazardous materials and waste. Environmental wellbeing continues to be prioritised and is considered alongside Council's risk management processes.

Cultural

33. Staff consider the matters and risks highlighted in this report to not have a direct impact on the cultural wellbeing.

Risks - *Tuuraru*

34. There are no risks associated with the recommendations in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

35. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

36. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - WorkSafe Notifiable Event cable Strike City Delivery 22.11.28

Attachment 2 - Safety Governance Committee Meeting - Minutes 22.12.06

Attachment 3 - Risk Assurance report - State of Safety update 22.11.22

WorkSafe Notifiable Event

DATE OF EVENT:	28 November 2022 at 12:30pm
LOCATION:	48 Heath Street, St Andrews, Hamilton
BUSINESS GROUP INVOLVED:	City Delivery
WHAT HAPPENED?	While digging an excavation with a spade and digger to undertake a repair to a water pipe, an electrical conduit was damaged with the digger bucket
WHAT IMMEDIATE ACTION HAS BEEN TAKEN:	The crew identified the damage and immediately reported this back to the Duke Street team, as is the correct emergency response process. The crew also called WEL Energy to attend site to assess and undertake the electrical conduit repair. WEL energy staff arrived and ensured the site was safe and called the WEL energy repairs team to come to site and undertake this work. The WEL energy repair team arrived at site at approximately 2pm
NEXT STEPS:	<ul style="list-style-type: none"> • The Health, Safety and Quality Advisor and Health Safety and Quality coordinator attended site to assess and commence the investigation • Finalise investigation and close out Ora event • Safety & Wellbeing Lead to notify Worksafe

Meeting Minutes

Item 7

Safety Governance Committee

Time and date:	1:00pm, Tuesday 6 December 2022
Venue:	Learning Hub, Level 3
In Attendance:	Greg Dearsly (Independent Chair), Lance Vervoort (Chief Executive), Dan Finn (People, Safety & Wellness Manager), David Bryant (GM POP), Helen Paki (GM Community), Marie Snowball (Safety & Wellbeing Lead), Claire Toko (H3), Virginie Maene (Minutes), Tash Nolan (PSW)
Apologies:	Eeva-Liisa Wright (GM – Infrastructure Operations) Dion Liddell (AWUNZ)

1. Welcome

Meeting opened by the Chair who welcomed everyone to the last meeting of the year.

2. Confirmation of previous minutes and review of the Action Register

The minutes of the Safety Governance Committee Meeting held Wednesday 7 September 2022 have been confirmed.

Moved by: David Bryant

The previous meetings action register was reviewed and amended as follows.

Action	Assigned To	Due Date	Comments	Status
Review regulations for Plant, Structures and Working at heights and consider how these will apply to HCC.	Marie	Next meeting	Considered approach using the hierarchy of control MBIE is quiet, Q1 should have a draft, main difference is written requirements. Toward end of 2023 introduction of the law.	Ongoing
Lance to confirm with Ewan and Olly if they would like to stay on the Committee	Marie	Next Meeting		

Attachment 2

Meeting Minutes

3. Review Safety & Wellbeing strategy and deliverables 2022

Dan presented the PSW Strategic Focus Areas to the Committee and a discussion was had by the committee.

Comments:

- Good example of recruiting the right people, best since the seven years.
- All the stats and data from Ora are now starting to give us insights and we can set up work programmes accordingly.
- PSW has partnered well with the business, they are working at the sites every week.
- Supporting injury management is improving.
- When you put safety lens on cost-of-living crisis, people may be less concentrated.
- EM inductions / He waka eke noa / Roadshows are all excellent opportunities to demonstrate our commitment to Health and Safety from the top.

Marie gave update on current projects of work: Ora, Contractor Management, Work Injury Management and Council's critical risks.

4. Safety and Wellbeing KPIs - recommendations for 2023

Marie Snowball presented the Safety and Wellbeing KPI's to the Committee and a discussion was held.

5. Employee engagement results

Tash Nolan presented the Employee Engagement Results.
High participation shows that people care.

Comments:

- We still need to work on breaking down the stigma around mental health.
- Better technology, systems and processes are what attracts young people to the workforce.
- Training modules have been set up for Health and Safety Representatives.
- Dr Lucy Hone has a PHD in resilience and has an interesting TED talk on this subject.

6. Review Terms of Reference and Committee make-up

Comments noted from discussion

- How can we help ELT?
- Soft skills are most important now as a leader and the ability to inspire.
- Project sponsors for some critical risks – we needed to guide ELT
- EM inductions would have been better for GMs to bring real examples to the table (Risk workshops?)
- What are all leaders doing about Health and Safety

Meeting Minutes

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Meeting Minutes

Item 7

Attachment 2

- Develop an ELT Charter /ELT Commitment, e.g., to get out once a quarter
- Is part of SMS, how can we make this more real
- Business partners with EAs perhaps managing GM's diaries
- Having an independent chair adds a lot of value and external lens.
- Permission was granted to Marie to change the Terms of Reference for the Committee.
- We use a Western construct of Health and Safety system – How do we integrate Tikanga into our Health and Safety practices.
- How do we link our committee to the org strategy – How does this committee honour what HCC is already doing? Speak to Muna to show what we can do more on this committee.
- Does D&I also need to be included in this? Further work to be done.
- Room to rest for any kind of religion?
- Treaty partnership needs to be honoured
- Deputy chair? Not needed
- Get Lance to confirm if Ewan and Olly still want to be part of the committee
- Tracy Wood – does not attend often – do we need a comms person?
- Review union representation to provide sufficient access to all three union partners
- Pick meeting dates for the year and send them out to union attendees
- **Are there any areas that we would like to address?**
- Increasing security issues (personal security/security breaches) – consider for agenda for first 2023 meeting?
- Perhaps Julie A should be part of the committee from a risk point of view
- This committee should be pushing actions to go to the ELT agenda, we can ask for assurances
- Original intent was to ensure that our senior attendees were delivering on their due diligence
- Action for early March – draft ToR to Lance – Maree + Dan

7. Completed Actions Register

Action	Assigned To	Due Date	Comments	Status
Plant, Structures and Working at heights – New regulations	H&S Team	Next meeting	Amanda Barlow presented on this item during this meeting	Completed
Looking at make-up of committee.	Dan	Next meeting	Eeva-Liisa should be here from Infrastructure Operations. Their group has a lot of critical risks areas. Let's review annually, we might swap areas around, so all the exec team gets some exposure.	Completed
It was agreed more time was required to digest the Monitoring What Matters survey results and discuss at next meeting.	Dan Finn	Next meeting		Completed

Meeting Minutes

Further follow up from Governance to confirm Safety and Wellness updates to be included at full Council Meetings.	Dan Finn		Dan to discuss with Becca, more discussion on that. Minutes and reports will go to full council and SRA - quarterly	Completed
Ensure presentations and documents relating to the next meeting are sent out in advance	Marie/Dan	Next meeting	To provide members with time to review and consider questions as part of the discussion	Completed
Investigate if the Chaplain/Counsellor service could be rolled out across the whole Organization.	Marie Snowball	Next meeting	Service can be scaled up if require, based on interest and operational need	Completed
Speak to Lee-Ann Jordan and Kelvin Powell on setting up interdepartmental learning with Mark's team/leadership.	Helen Paki	Next meeting	A new role has been created which will pick this up	Completed

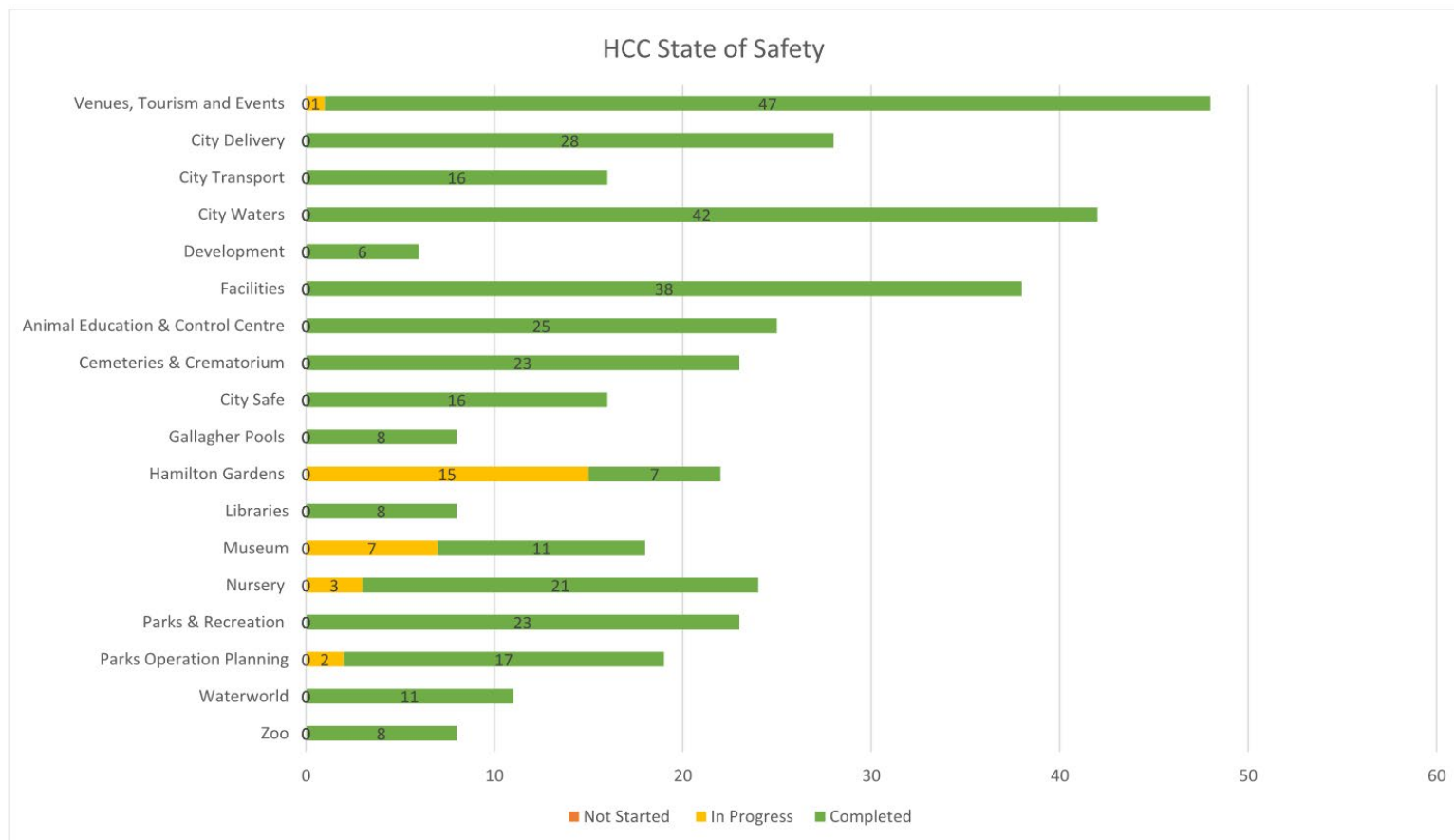
The meeting was declared closed at 3:43pm.

Next Meeting: 20 March 2023

State of Safety Review — Progress update 1 November 2022 – 31 January 2023

Item 7

Attachment 3



Council Report

Committee: Strategic Risk and Assurance Committee

Date: 29 March 2023

Author: Julie Ambury

Authoriser: David Bryant

Position: Enterprise Risk Lead

Position: General Manager People and Organisational Performance

Report Name: Risk Management Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Hamilton City Council's nine strategic risks, three organisational risks and any potentially significant emerging risks.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Council's strategic and organisational risks have been reviewed over the last quarter and where relevant, have been updated to reflect the changing risk environment.
4. While there has been no movement in residual risk ratings for all strategic and organisational risks this quarter, the impact of the North Island's severe weather events through January and February has had and will continue to have implications for risk assessment across the board including:
 - i. Deployment of staff to support the Civil Defence Emergency Management response and ongoing recovery efforts in affected areas.
 - ii. Additional financial pressure on an economy already feeling significant pain.
 - iii. Highlighting conversations about planning where and how we grow.
 - iv. Unavailability of external resources impacting on progress and cost of some projects.
 - v. Our readiness to respond had we been more directly impacted.
 - vi. Increased pressure on staff and resources in response to incidents.
5. These implications are consistent with what we are seeing in the global risk landscape which indicates the cost of living dominating global risks over the next two years and climate action failure dominating the next decade.
6. Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

7. The Strategic Risk and Assurance Committee meeting of 16 May 2019 approved, for monitoring purposes, eight strategic risks and three organisational risks (as set out below). At subsequent meetings, staff reported on the status of each risk and associated treatment plans. A ninth strategic risk relating to climate change was added in 2020.
8. The purpose of this report is to highlight significant activity over the last quarter for each risk. Where a risk has no significant update this quarter it has not been included in this report. The attached Risk Register sets out more detail on all strategic and organisational risks including treatment plans.
9. A review of Council's strategic risks with the Executive Leadership Team took place in May 2022. The outcome of this review included proposed changes to risk names and descriptions which were taken to the Strategic Risk and Assurance Committee Workshop on 8 June 2022. Changes to risk names and descriptions were discussed by the Committee and approved.
10. Risk names and descriptions for organisational risks have since been reviewed and updated with risk owners and responsible managers using the same approach applied to strategic risks.

Discussion - *Matapaki*

Strategic Risk 1 – Failure to Respond to a Disaster

11. This risk description is 'A lack of preparedness leads to **a failure to respond or an ineffective response to a natural or human induced disaster event** resulting in compromised community resilience.' This risk links to Strategic Risk 4 – Loss of information or access to systems, Strategic Risk 8 – Failure to respond to a crisis or emergency and Strategic Risk 9 – Failure to respond to climate change.
12. There is no change to the residual risk rating for this risk – it remains at very high.
13. In November 2022, an external monitoring and evaluation assessment of Council's civil defence emergency management (CDEM) progress was undertaken to measure achievement of goals set out in the National CDEM Strategy, and to benchmark Council's capacity and capability to perform the required emergency management roles and responsibilities.
14. The report was taken to the [Community and Natural Environment Committee meeting of 16 February 2023](#). The report provided an overall capability assessment result of 75.1% (an increase from the last assessment in 2019 of 70.9%), demonstrating increased levels of knowledge and experience across the CDEM team. High scores were achieved in the areas of capability to respond to and manage emergencies, leadership, local welfare structure and staffing, and public information.
15. Further opportunities for development were identified in the areas of recovery planning structures and arrangements, hazard research, and developing a wider understanding of the city hazard scape, community engagement and education on community risk profiles and community resilience.
16. The development areas will be added into our yearly work plan and supported by funding bids in the next Long-Term Plan.
17. In the aftermath of Auckland Anniversary weather events and Cyclone Gabrielle, Hamilton has been providing a steady supply of staff to support the response and recovery efforts in affected areas of the North Island. To date 40 staff have been deployed to Auckland, Thames, Hawkes Bay and to the Waikato Regional Operations Centre. This equates to 1,240 hours of staff time.

18. For more than half of those staff deployed, this has been their first exposure to a real event. Our staff have been able to seamlessly integrate into these responses and performed to a high standard. Council should have a good degree of confidence that we can provide a creditable and professional response to local emergencies that may arise.

Strategic Risk 2 – Significant Negative Impact on Financial Strategy

19. This risk description is 'A major economic or financial shock event **negatively impacts Council's financial strategy, fiscal and monetary position** resulting in significant financial pressure on Council.' This risk links to Strategic Risk 7 – Failure to deliver our work programmes.
20. There is no change to the residual risk rating for this risk – it remains at medium.
21. Inflation remains an ongoing risk to the capital portfolio. The capital goods inflation eased back in the September and December 2022 quarters but remains high at 2.1% for the quarter and 11.1% for the 2022 calendar year. Civil construction however, continued to increase reaching 15.4% at the end of 2022. The outlook has not improved following Cyclone Gabrielle which will push demand higher for roading, bridges, water and sewerage systems, and general construction materials as well as an expected increase in insurance premiums. Labour will also be in high demand as the rebuild gains momentum. The recovery activity will be ongoing for some time and inflationary pressures are likely to remain throughout. There continues to be a risk of cost escalation and challenges getting both labour and materials for capital projects.
22. Globally the outlook is for softer demand and higher interest rates. This will flow into demand for New Zealand's exports and will potentially dampen tourism demand as well. Migration is now positive for the first time since the country entered its first lockdown in 2020. Migration tends to increase demand and have some inflationary impact, though it should help with labour constraints in some areas.
23. The RBNZ has increased the official cash rate to 4.75% and maintains its intention to continue to raise rates through 2023. Residential mortgage rates are now sitting over 7% for most rates. As the moves have been well signalled, a significant increase in mortgage rates is not expected as banks have already priced in the increase. The residential construction market is being pinched though, with consenting now easing in the infill areas on top of the falls we saw in 2022 for greenfield consenting. House prices are predicted to fall further in 2023 with predictions of between 12% and 20% falls. To date greenfield house prices have held up better. While Development Contribution (DC) revenue in 2022/23 has remained at high levels, this continues to be a risk for DC revenue over the next two years.
24. Staff will continue to actively monitor and report on economic conditions and their impact on DC revenue, capital expenditure and operational budgets via the Annual Plan process and via the Finance and Monitoring Committee.

Strategic Risk 3 – Failure to Meet Compliance Standards

25. This risk description is 'Compliance requirements from Central Government and regional council or changes in community expectations leads to **a failure to meet compliance standards** resulting in increased exposure to litigation.' This risk links to Strategic Risk 6 – Political changes negatively impact strategic direction.
26. There is no change to the residual risk rating for this risk – it remains at high.
27. Central Government's reform agenda continues to progress, albeit with a signal from Prime Minister Chris Hipkins, that his government intends to slow down their programme of work. Recent reform work includes the release of the latest Future for Local Government report, progression of the Three Waters reform, and release of two of the three new Bills that will replace the Resource Management Act.

28. Of note is the release of the [National Party position on three waters reform](#) to repeal and replace the current model. With national elections being held later in 2023, this is an area that has the potential to cause significant uncertainty.

Strategic Risk 4 – Loss of Information or Access to Systems and Services

29. This risk description has been updated from 'Unauthorised access to Council's IT infrastructure (e.g. cyber-attack, IT service/asset failure) results in a loss of Council's information or access to systems impacting on service continuity with ongoing reputational, legal and financial consequences' to 'In the event of a cyber-attack, IT service or technology asset failure there is a risk that **confidential information or Council services are compromised or fail, or there is a loss of information** resulting in ongoing reputational, legal and financial consequences.' This risk links to Strategic Risk 1 – Failure to respond to a disaster and Strategic Risk 8 – Failure to respond to a crisis or emergency.
30. This risk name and description was updated to reflect more accurately the refined scope of SR4 considering the following context:
- i. We have taken all necessary measures to protect ourselves from credible cyber threats
 - ii. We have created resilience and redundancy in our environment to support continuation of our services and information
 - iii. Our business continuity and disaster recovery activities support rapid recovery of our services and prevent or minimise data loss and service disruption
31. There is no change to the residual risk rating for this risk – it remains at high.
32. Commentary and treatment plans relating to this risk contains confidential and commercially sensitive information and are covered in the Loss of Information or Access to Systems Report presented to the Committee in the public excluded part of this meeting.

Strategic Risk 5 – Failure to Deliver Growth Outcomes

33. This risk description is 'Step-changes in growth requirements or demand or consequences of growth means **Council can't deliver expected growth outcomes** resulting in increased costs and the perception that growth delivers negative outcomes for the community.'
34. There is no change to the residual risk rating for this risk – it remains at high.
35. The Strategic Growth and District Plan Committee deliberated on the draft Hamilton Urban Growth Strategy (HUGS) following public submissions and hearings late last year. The strategy is due for adoption in April 2023. The strategy sets out where, when, and how growth will occur over the next 50 years to support community wellbeing. The three outcomes are growing up and out from the central city, growing along transport corridors and supporting the development of quality greenfield communities.
36. The housing market has softened since the beginning of 2022. House sales have fallen as have prices, particularly for low quality homes. The new-build market is experiencing a significant drop off in enquiry, with greenfield more impacted than brownfield where enquiry and activity remains constant. We expect demand to be lower in the next 18 months but will come back from 2024. We continue to monitor consenting at every stage as well as monitoring house prices and other economic indicators.
37. Plan Change 12 has been notified, submissions received and opened for further submission on 28 November 2022. Hearings commenced 14 February 2023.

Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction

38. This risk description is 'Political stakeholders make unanticipated changes or decisions or take actions that **negatively impact Council's strategic direction** resulting in significant changes to Council's form or function, resourcing and work programme.' This risk links to SR3 – Failure to meet compliance standards.
39. There is no change to the residual risk rating for this risk – it remains at very high.
40. Staff have established a cross-council reform team to determine the potential impacts of the suite of reforms on Council's form and function and will communicate potential change to the wider organisation as information becomes available. Smaller teams have been established to focus on each of the individual reform work programmes; Three Waters, Resource Management, and the Future for Local Government.
41. Visibility of the reform programme is provided to Council through regular reports.
42. The Resource Management (RM) Reform has reached a significant milestone with the release of the Spatial Planning Bill, and the Natural and Built Environment Bill that provide the detail of the new planning system. Council has provided comprehensive submissions to the Environment Select Committee on both Bills and will be presenting these on Friday 3 March 2023.
43. Council is opposed to the changes proposed in the new legislation and has noted the wide-ranging impacts for Council (and local government in its entirety) if the legislation is to progress in its current form. The move to regional planning will remove many of the functions that district, and city councils currently carry out to plan and deliver their communities.

Strategic Risk 7 – Failure to deliver our Work Programmes

44. This risk description is 'An ongoing shortage of necessary resources (people and materials) means **we are unable to deliver our work programmes** resulting in constrained growth and negative long-term outcomes for the community.' This risk links to Strategic Risk 2 – Significant negative impact on financial strategy.
45. There is no change to the residual risk rating for this risk – it remains at very high.
46. Due to ongoing conflict in the Ukraine and the Covid-19 pandemic, supply chain issues remain, impacting on delivery of our work programmes. Previous commentary has referred to cost escalation impacting on the delivery of our work programmes, which it continues to do. For commentary relating to cost escalation and the additional impacts of Cyclone Gabrielle, refer SR2 Significant negative impact on financial strategy.
47. Consistent poor weather over the traditional summer months is likely to have an impact on the progress and cost of some projects and the national workload following the cyclone will likely have a serious impact on external resource availability.
48. Staff are continuing to work on understanding the root causes for deferrals and have plans in place to mitigate these where possible. Through the 2022-23 Annual Plan work has been done with the Elected Members to ensure we start the year with a deliverable capital works programme.
49. Internal resourcing requirements continue to be reviewed as part of each long-term or annual plan process, supply chain insights are routinely obtained through close relationships with the construction industry and ongoing collaboration with the NZ Infrastructure Commission, Construction Accord and the Waikato Branch of Civil Contractors NZ (CCNZ) and provision of pipeline of work opportunities to CCNZ. A resource management tool measuring availability of project management resources against demand has been used by the Facilities Unit and Capital Projects Unit. So far, this tool has proved useful for planning for future project management needs to enable delivery of both the planned programme and break-in projects.

50. While there is no change to the residual risk rating for this risk, it continues to be closely monitored as our ability to deliver our work programmes continues to be impacted by external factors (such as those mentioned above) even though we have been successful in obtaining Central Government funding – project deferrals reflect this.

Strategic Risk 8 – Failure to Respond to a Crisis or Emergency

51. This risk description is ‘A lack of Council’s preparedness leads to **a failure to respond or an ineffective response to a crisis (e.g., pandemic) or emergency (e.g. security attack)** resulting in compromised business resilience.’ This risk links to Strategic Risk 1 – Failure to respond to a disaster and Strategic Risk 4 – Loss of information or access to systems.
52. There is no change to the residual risk rating for this risk – it remains at very high.
53. A review of our organisational Business Impact Analysis (BIA) was completed late last year. The review process included workshops with key staff and the Executive Leadership Team to identify and rank critical facing services according to the level of impact on Council if the service were to be fully stopped or lost. The updated organisational BIA will inform operational-level BIAs and business continuity plans as part of our ongoing business continuity management work programme.
54. A draft incident management manual is currently under review by our Business Services Leadership Team (BSLT). The manual – “How we do incident management” provides instructions and information to enable completion and implementation of an incident management plan. It has been written with the user in mind and is relevant to every Hamilton City Council employee, irrespective of their role or location in the organisation or potential role in an incident. We expect to be able to provide a final draft to this Committee in June 2023.

Strategic Risk 9 – Failure to Respond to Climate Change

55. This risk description is ‘Climate change causes **changes to our community and City we have not anticipated or planned for** which will negatively impact on the wellbeing of our community.’ This risk links to Strategic Risk 1 – Failure to respond to a disaster.
56. There is no change to the residual risk rating for this risk – it remains at very high.
57. Over January and February staff attended a series of workshops to complete the Council climate change risk identification process. Both direct and indirect risks were identified through this process and have been documented in a risk workbook. The assessment of the direct risks is underway and will be completed in early April. The risks will be assessed against three timeframes – now, 2050 and 2100 and against two climate futures (RCP4.5 and RCP8.5). The results of the risk assessment will be included in the Long-Term Plan 2024-34 Activity Management Plans (AMPs) and in SHIELD - Council’s enterprise risk management system. A report on the outcomes of the risk assessment will be provided at the June 2023 Strategic Risk and Assurance Committee.
58. We have commenced a review of the controls and treatments for this strategic risk. In the next update we will include more controls and treatments from across the organisation that are supporting our management of Strategic Risk 9.

Organisational Risk 1 – Failure to Provide a Safe and Healthy Work Environment

59. This risk description is 'Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a **failure to provide a safe and healthy work environment for Council staff or workers** (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.'
60. There is no change to the residual risk rating for this risk – it remains at HIGH.
61. Severe weather events in late January put a strain on our roads and core infrastructure and caused wide-spread flooding across parts of our city. The impact of these events resulted in an increase in the number of callouts, a heightened risk profile of work undertaken by some teams and placed increased pressure on staff and resources.

Organisational Risk 2 – Failure to Provide a Safe Environment for the Community

62. This risk description is 'Ineffective or inadequate safety and security management at our community attractions and facilities might mean **we fail to provide and maintain a safe environment for the community** resulting in a serious injury incident or fatality and increased exposure to litigation.'
63. There is no change to the residual risk rating for this risk – it remains at high.
64. In recent months we have seen an increase in public safety incidents at our facilities and this mirrors a general spike in crime in the community against people and property. To minimise the risk to staff and community safety we have proposed an initiative under Better Off Funding to increase City Safe staff on three fronts:
 - i. To move the City Safe officers involved in River Safety from a trial basis to permanent.
 - ii. A trial of a mobile operation of City Safe officers at our three high risk sites (Waterworld, Hamilton Gardens and Hamilton Zoo).
 - iii. A trial of an additional five City Safe staff in the central city to increase presence.
65. Cyclone Gabrielle had a significant impact on many parts of New Zealand, and we were very fortunate in Hamilton to not experience the full force of the Cyclone. We did however still have over 200 requests for clearing fallen or damaged trees logged within the first 24 hours of the Cyclone. Our parks and recreation teams had prepared several days before the Cyclone by implementing a command structure, engaging arborist contractors to be on standby and identifying the order which crews would be called in. Once effects from the Cyclone started to be felt crews triaged each request to ensure the most dangerous trees were given priority. This enabled all trees categorised as dangerous to be removed or stabilised within 48 hours and parks to be reopened as soon as possible.

Organisational Risk 3 – Failure of Critical Assets

66. This risk description is 'Incorrect investment (timing and/or amounts) results in the unexpected **failure of critical assets** (loss of levels of service).
67. There is no change to the residual risk rating for this risk – it remains at very high.
68. An Asset Criticality Framework guidance document has been created internally and rolled out to staff as part of our Long-Term Plan 2024-34 AMP (Activity Management Plan) Workshop – this excluded the Waters, and Transport assets as they have existing frameworks in place.
69. 2024 Baseline AMPs are currently being created as a part of the development of the next Long-Term Plan. As part of this process, critical asset groups will be identified, with risk and mitigation measures described.

70. The Department of Internal Affairs (DIA) oversight provisions apply to projects over \$10m not in the Annual Plan. There is a low risk that such projects will occur. In the event they did occur the decision-making risk would sit with the DIA as the decision maker. This does not impact any investment planning as Council does this through the Annual Plan process.

Emerging Risks

71. There are no emerging strategic or organisational risks to report this quarter.

Global Risk Landscape

72. In January, the World Economic Forum released [The Global Risks Report 2023](#) which presents the results of the latest Global Risks Perception Survey. Below are key findings of the report.
- Cost of living dominates global risks in the next two years while climate action failure dominates the next decade (*refer graphic below*)
 - As an economic era ends, the next will bring more risks of stagnation, divergence and distress
 - Geopolitical fragmentation will drive geoeconomic warfare and heighten the risk of multi-domain conflicts
 - Technology will exacerbate inequalities while risks from cybersecurity will remain a constant concern
 - Climate mitigation and climate adaptation efforts are set up for a risky trade-off, while nature collapses
 - Food, fuel and cost crises exacerbate societal vulnerabilities while declining investments in human development erode future resilience
 - As volatility in multiple domains grows in parallel, the risk of polycrises (where disparate crises interact such that the overall impact far exceeds the sum of each part) accelerates.



73. The Global Risks Report will be used to form the basis of our annual review of strategic and organisational risks ahead of the June Strategic Risk and Assurance Committee.

Options

74. The Committee has the option to make recommendations to the Council and/or Chief Executive on the matters outlined in this report.

Financial Considerations - *Whaiwhakaaro Puutea*

75. There are no financial implications in relation to receiving this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

76. Staff confirm that this Risk Management Report complies with Council's legal and policy requirements.
77. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

78. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
79. The subject matter of this report has been evaluated in terms of the 4 wellbeings' during the process of developing this report as outlined below.
80. The recommendations set out in this report are consistent with that purpose.

Social

81. The risks highlighted in this report have the capacity to affect social wellbeing should they materialise. Social wellbeing continues to be prioritised through Council's management of the risks and opportunities arising from the risks outlined in this report.

Economic

82. The risks highlighted in this report have the capacity to affect economic wellbeing should they materialise. Threats and opportunities relating to external material and human resources could impact on economic wellbeing locally, regionally, nationally, and globally with the continued active resurgence of Covid-19. Council's management of the risks and opportunities in this report continues to reflect the impact on economic wellbeing.

Environmental

83. Council continues to manage its response to the impact on the environment by establishing services that are safe and sustainable and embedding climate change considerations into priority projects across Council. Finding opportunities such as this means that environmental wellbeing continues to be prioritised.

Cultural

84. Staff consider the matters set out in this report do not have a direct impact on cultural wellbeing.

Risks - *Tuuraru*

85. The Strategic & Organisational Risk Register (**Attachment 1**) identifies the risks discussed in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui***Significance**

86. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a medium level of significance.

Engagement

87. Community views and preferences are already known to the Council.
88. Given the medium level of significance determined, the engagement level is medium. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic and Organisational Risk Register - March 2023



Strategic & Organisational Risk Register

Q3 2022/23





Risk Team, Governance and Assurance Unit
10 March 2023

How to read this document

Strategic risks are defined as 'the risk of an event or impact that is external to Council and could impact the organisation's strategies, including Council's Financial Strategy, Long Term Plan and 30 Year Infrastructure Strategy'.

Organisational risks are defined as 'the risk of an event or impact that is internal or external to Council and could impact the whole organisation'.










Pages 2-3 provide a summary of strategic and organisational risks. Movement from the previous quarter is shown by the following indicators:




Indicator	Description	Indicator	Description
	No change from previous		Increase in residual risk rating from previous
	New risk		Decrease in residual risk rating from previous

Pages 4 onwards provides additional detail, including risk causes and existing controls and treatment plan updates, for each strategic and organisational risk.

Residual risk rating is applied to each risk following assessment of each risk category using the following likelihood and consequence matrix:

		CONSEQUENCE				
		Minor	Moderate	Serious	Major	Catastrophic
LIKELIHOOD	Almost Certain	H	H	VH	E	E
	Likely	M	H	VH	VH	E
	Possible	L	M	H	VH	VH
	Unlikely	L	M	M	H	VH
	Rare	L	L	L	M	H

Strategic Risk Name	Risk Description	Risk Owner	Residual Risk Rating
SR1 Failure to respond to a disaster	A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 Loss of information or access to systems and SR8 Failure to respond to a crisis or emergency.	Helen Paki	Very High 
SR2 Significant negative impact on financial strategy	A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes.	David Bryant	Medium 
SR3 Failure to meet compliance standards	Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 Political changes negatively impact on strategic direction.	David Bryant	High 
SR5 Failure to deliver growth outcomes	Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community.	Blair Bowcott	High 
SR4 Loss of information or access to systems and services	In the event of a cyber-attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences. SR4 links to SR1 (Failure to respond to a disaster) and SR8 (Failure to respond to a crisis or emergency).	Murray Heke	High 
SR6 Political changes negatively impact strategic direction	Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme. Links to SR3 Failure to meet compliance standards.	Blair Bowcott	Very High 
SR7 Failure to deliver our work programmes	An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 Significant negative impact on financial strategy.	Chris Allen	Very High 
SR8 Failure to respond to a crisis or emergency	A lack of Council's preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4.	David Bryant	Very High 
SR9 Failure to respond to climate change	Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community.	Julie Clausen	Very High 

Organisational Risk Name	Risk Description	Risk Owner	Residual Risk Rating
OR2 Failure to provide a safe environment for the community	Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation.	Helen Paki	High 
OR1 Failure to provide a safe and healthy work environment	Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.	David Bryant	High 
OR3 Failure of critical assets	Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service)	Eeva-Liisa Wright	Very High 

Strategic Risk 1

SR1 Failure to respond to a disaster

A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 Loss of information or access to systems and SR8 Failure to respond to a crisis or emergency.

Risk Owner	Helen Paki	Category	Disaster Recovery/Business Continuity Strategic
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Risk Cause

1. Natural disaster event without warning or build up
2. Severe weather events that increase in intensity, including those events that are a result of climate change
3. Critical asset failure that impacts the safety of Hamiltonians water, energy, telecommunications, financial, transportation
4. Disaster caused by failure of human-made structures
5. Pandemics

Inherent Risk Rating	4 - Very High - Possible x Catastrophic
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Existing Controls

1. Annual external (NEMA) capability assessments
2. Collaboration on emergency management response approach
3. Co-located EOC in a dedicated leading-edge centre
4. Early warning processes are in place at a national and regional level
5. Emergency Management Framework
6. Emergency management training program
7. Robust emergency exercise schedule in place
8. Asset and service monitoring capability
9. Council has established an Incident Management Team
10. Criticality assessments and asset identification ratings
11. Engineering standards identified and managed
12. Activity Management Plans (AMPs)
13. Availability of technical expertise
14. Infrastructure Strategy
15. Regional and national emergency services relationship management
16. Council has responsibility for climate change response
17. District Plan

Residual Risk Rating	4 - Very High - Possible x Major
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Responsible Manager(s)	Kelvin Powell Helen Schlegel	Mitigation	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – March 2023
Implement workplan to address findings raised in Capability Assessment by December 2023	November 2022 An external monitoring and evaluation assessment of Council's emergency management capacity and capability to perform the required emergency management roles and responsibilities was undertaken. A workplan has been developed to incrementally address the specifics identified as areas for improvement	March 2023 Major weather events - Auckland Weather Bomb, Cyclone Gabrielle. HCC CDEM staff deployed to affected areas across North Island to support the response and recovery efforts in affected areas of the North Island. To date 40 staff (1,240 hours) have been deployed to Auckland, Thames, Hawkes Bay and to the Waikato Regional Operations Centre. Half of the staff had not previously been deployed.

Strategic Risk 2			
SR2 Significant negative impact on financial strategy			
A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes.			
Risk Owner	David Bryant	Category	Financial
Risk Cause			
1. Global financial or pandemic crisis 2. Rapid increases in inflation, **finance sector credit contraction, interest rates, oil prices, or a rapid decline in NZD – leading to significantly higher construction input costs, debt costs, and significant pressure on household rates affordability 3. Critical infrastructure failure 4. Major construction industry failure 5. Major government policy changes negatively impact Council's income streams or cost base 6. Natural or manmade disaster (including deliberate attacks on critical infrastructure or pandemic) has an impact on the economy (e.g. affects national imports/exports, which has a flow on effect) 7. Recession (two successive quarters of negative GDP growth)**			
Inherent Risk Rating	4 - Very High - Likely x Major		
Existing Controls			
1. PwC, as Council's treasury partner 2. Financial forecasting cycles at the Finance & Monitoring Committee 3. Monitoring of macro trends 4. Additional \$100M bank facility 5. Financial scenario modelling 6. Council's ability to urgently reprioritise and reduce capital spending 7. Ability to urgently reprioritise and reduce community LOS spending			
Residual Risk Rating	2 - Medium - Unlikely x Serious		
Responsible Manager(s)	Greg Carstens Tracey Musty Virginie Maene	Mitigation	Accept

Strategic Risk 3

SR3 Failure to meet compliance standards

Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 Political changes negatively impact on strategic direction.

Risk Owner	David Bryant	Category	Environmental Political Strategic
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Risk Cause

1. Central government changes the regulatory standards for compliance: including resource management, environmental (including climate change and pollutant management), corporate (including health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (including traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the 10 Year Plan). This also includes wide-ranging regulatory changes in response to an incident such as a pandemic or natural disaster
2. Continued or serious breaches leading to increased compliance requirements and regulation
3. Community service-level expectations in management of water quality, recycling, climate change and other services not being met
4. Failure to plan long term for consenting requirements (both as a regulator and a regulated entity)
5. Regional Council changes its policies to ensure legislative compliance (e.g. Healthy Rivers policy)
6. External audit identifying major non-compliance within HCC operations (e.g. by IANZ)
7. Legal challenge to HCC policy or practice resulting in findings of non-compliant practices
8. Change in stakeholder partner expectations for environmental performance
9. Changes to our own District Plan impacting other parts of the business (e.g. changes to resource consents affect consented Three Waters activities)
10. Increased cost of compliance
11. Compliance standards at odds with each other

Inherent Risk Rating 4 - Very High - Possible x Major

Existing Controls

1. Advice available from external legal service providers - ad hoc basis
2. Central oversight of bylaw and Council policy programme at HCC
3. Competency assessments and training in place for staff
4. Council has access to Lexis Nexis database
5. Council has established an Incident Management Team
6. External experts – for example advice on HR, taxation matters.
7. Internal legal advisor resource
8. Internal programme for continuous improvement in place
9. Internal resource allocated for specific compliance changes
10. Key stakeholders engaged for central government submissions
11. Local and regional council relationships established
12. Notification protocols in place for unforeseen events
13. Regular legal services advice and input from other specialist experts
14. Regular reporting, accreditation and auditing by independent providers

Residual Risk Rating 3 - High - Possible x Serious

Responsible Manager(s)	Anna Hildyard Mish Hawthorne	Mitigation	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – March 2023
Legislative Compliance - Implement organisational monitoring and reporting by May 2023	September 2022 New Treatment Action. Using Shield to manage and monitor compliance	March 2023 No update - ongoing treatment plan

	with legislation across the organisation.	
	December 2022 No update - ongoing treatment plan	
Develop additional Compliance Training modules by August 2023	December 2022 Similar to Privacy training on line modules, the legal team will look at training on a regular basis and developing on line learning modules for a range of 'core' competencies - LGOIMA, Protected Disclosures, Conflict of Interest, Fraud, bribery and corruption, insurance (in conjunction with the insurance team) as well as adhoc training on issues as they arise.	March 2023 LGOIMA training has been created and is currently awaiting final approval before roll-out. No other updates - ongoing treatment plan

Strategic Risk 4

SR4 Loss of information or access to systems and services

In the event of a cyber attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences. What does the above mean to us? We have taken all necessary measures to protect ourselves from credible Cyber threats. We have created resilience and redundancy in our environment to support continuation of our services and information. Our Business Continuity and Disaster Recovery activities support rapid recovery of our services and prevent / minimize data loss and service disruption. SR4 links to SR1 (Failure to respond to a disaster) and SR8 (Failure to respond to a crisis or emergency).

Risk Owner	Murray Heke	Category	Disaster Recovery/Business Continuity Technology
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Risk Cause

1. IT/OT technology advances – positive and negative
2. Inadequate identification of IT security threats, trends, themes, detection and responses
3. Poor IT/OT Security awareness / culture / behaviours
4. Poor IT/OT security operational practices
5. Release and change management processes lacking a security focus – not “secure by design”
6. Privacy Breach
7. Poor asset and service lifecycle management leading to asset and service failure
8. Inadequate architecture
9. A supplier being breached
10. Inadequate competency at organisational level
11. Specific targeting and malicious exploitation of security vulnerabilities across Council IT asset infrastructure, or Operational Technology
12. International trends and attacks not being considered in NZ
13. Malicious activity (e.g. cyber attack, phishing etc.) targeting central and local government entities.
14. Inadequate access control to key systems
15. Zero-day attacks

Inherent Risk Rating	4 - Very High - Possible x Catastrophic
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Existing Controls

1. Access to Hamilton City Council services are managed effectively
2. Business continuity and disaster recovery (BCDR) processes
3. Contractual service level agreements are monitored and maintained
4. Council has established an Incident Management Team
5. Cyber recovery planning processes
6. Data is backed up and available
7. External and internal security audit and reviews
8. Information and assets have implemented processes and controls
9. National and international cyber-attack trends are monitored
10. National Cyber Security Centre (NCSC) monitoring and trend analysis
11. NZ National Cyber Security Centre (NCSC)
12. Ongoing Cyber awareness education
13. Physical environments have physical and technology safeguards
14. Policies, Standards and Enablers are documented
15. Response plans processes are in place and tested
16. Reviews on Council's IT technology environment
17. Risk based approach - Three lines of defence
18. Risk management frameworks, methods and tools are fit for purpose
19. Security Governance and Risk Management practices implemented
20. Systems and information are secured by design
21. Technical support from key vendors - Microsoft and Fujitsu
22. Timely and accurate reporting
23. Tools, systems and resources
24. Vulnerability and anomaly detection tools

Residual Risk Rating		3 - High - Unlikely x Major	
Responsible Manager(s)	Karl Bout Liz Pearson Monjur Ahmed DJ Jordan	Mitigation	Mitigate
Treatment Plans			
A separate public excluded report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Cyber Security and Risk Improvement Schedule			

Strategic Risk 5

SR5 Failure to deliver growth outcomes

Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community.

Risk Owner	Blair Bowcott	Category	Community and Wellbeing Service Delivery Strategic
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Risk Cause

1. Wider economic downturn
2. Significant change in the market – either demand or supply side, due to e.g. construction cost inflation and restrictions on credit
3. Population growth rates change (either natural change or through internal or international migration rates)
4. Changes in growth projections as a result of climate change impacts on population spread in New Zealand and overseas
5. Inadequate skills, data or modelling and scenario planning
6. Council's decisions that impact desired growth outcomes e.g. growth opened on too many fronts, lack of funding for desired levels of outcome etc
7. Changes in Government Policy or legislation impact on desired growth outcomes or our ability to effectively respond to growth
8. Central Government funding and financing initiatives such as Housing Infrastructure Fund, Infrastructure Funding (IFF) and Financing and the Infrastructure Acceleration Fund (IAF)
9. Inadequate provisions in of application of the District Plan to deliver positive outcomes for people / environment
10. Neighbouring councils make growth decisions around Hamilton's border that are not aligned with Hamilton's desired growth strategy
11. Requests from developers for unplanned, out of boundary and/or out of sequence developments
12. Groups within Council planning and budgeting for growth separately versus in a joined-up way
13. Significant change in public perception of growth or growth outcomes
14. Tougher environmental standards (links to SR3) placing constraints on growth to the extent it makes it unaffordable

Inherent Risk Rating 4 - Very High - Possible x Major

Existing Controls

1. Numerous strategies and plans in place to manage growth outcomes
2. Future Proof Partnership and work programmes
3. Engagement with Central Government
4. Engagement with neighbouring Councils on strategic growth planning
5. Whole of Council Programme/spatial approach to new growth areas.
6. Preparation of growth programme business cases
7. Growth Programmes team
8. Strategic Development Forum
9. Communications and engagement strategies for Growth
10. National Policy Statement Urban Development
11. Changes to District Plan (plan changes) where required
12. Zoning Decision Process
13. Submissions on any neighbouring councils plan changes.
14. Management of Resource Consent applications
15. Draft out of Boundary Principles developed
16. Private Developer Agreements
17. Monitoring the broader environment
18. HCC Growth and Development Contributions model

Residual Risk Rating 3 - High - Possible x Serious

Responsible Manager(s)	Karen Saunders Greg Carstens Mark Davey Hannah Windle Nicky Swan Tunde Balvanyos	Mitigation	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – March 2023	
Deliver revised Hamilton Urban Growth Strategy, by April 2023	<p>September 2022 HUGS outcomes approved by Strategic Growth Committee on 26 July 2022. Designed document to HUGS reference group 15 August 2022. Consultation is planned to commence late Oct/Nov 2022.</p> <p>December 2022 Final draft of HUGS adopted and approved for consultation from 18 October to 20 November 2022. Submissions hearings planned for 5 December 2022, with final strategy to be adopted at the Strategic Growth & District Plan Committee in early 2023.</p>	<p>March 2023 Deliberations held at the Strategic Growth & District Plan Committee on 23 Feb 2023. Final changes are now being made. The strategy is scheduled to be adopted at the 20 April 2023 Strategic Growth & District Plan Committee.</p>	
Actively participate and contribute to the Future Proof Priority Development Areas workstream to identify and progress opportunities to enable development at pace and scale in these areas, by Dec 2022	<p>September 2022 Future Proof Strategy was adopted in June 2022. Work underway to develop the Future Development Strategy for the sub-region. PDA Trackers to be presented to Future Proof Implementation Committee early September 2022. Focus priority development areas have been reduced to 5 areas (from 8) to allow for more focussed actions to occur.</p> <p>December 2022 Future Proof Priority Development Areas Working Group undertook a deep dive on Ruakura and Central City areas identifying actions that will support removal of barriers for achieving outcomes for the future communities in these areas. The successful Infrastructure Acceleration Fund grant is a big enabler development and getting more people to live and work the central city. The next round of Future Proof Trackers are due to FPIC in March 2023.</p>	<p>March 2023 This is now well established and so will change to a control.</p>	
Growth modelling environment improvements	<p>September 2022 There are four enhancements in this programme of work. Two are completed (update Machine learning algorithm - Cellular Automata; upgrade growth model UI) and two are underway (feasibility model; presentation layer upgrade). Both are on track and all on budget.</p> <p>December 2022 No update</p>	<p>March 2023 Four improvements tracking well and within budget. This is now considered a control.</p>	
Actively respond to opportunities to secure growth funding to enable growth (e.g. IAF, IFF), ONGOING	<p>September 2022 New Treatment Action. Central City IAF application discussions with Kaainga ora and developers have been occurring through July/August. The request by Kaainga ora in</p>	<p>March 2023 Handed over from GF&A to team established to deliver and report on IAF grant programme, led by Growth Programmes and City Development</p>	

	<p>August 2022 for substantial additional funding from Council places the success of the bid in question. Staff are seeking direction from Elected at the Council meeting on 18 August 2022</p> <p>December 2022 On 17 November, Minister of Housing Hon Dr Megan Woods announced Hamilton City Council will receive a \$150.6 million grant to fund infrastructure to support new housing in the central city. The grant will fund a new water reservoir and pump station, pedestrian and cycling bridge, and investigations into other strategic three waters and transport infrastructure. This will enable up to 4000 homes in the central city and surrounds between now and 2034.</p>	
Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by late 2023	<p>September 2022 Plan change 12 has been recommended by the DP committee for Council approval to publicly notify on the 19th August 2022. Subject to Council approval on the 18th August Plan Change 12 will be publicly notified the following day.</p> <p>December 2022 Plan change 12 has been notified, submissions received and is due to open for further submissions on 28th Nov. Hearings are due to commence 14th Feb 2023.</p>	<p>March 2023 Plan Change 12 hearings commenced. Next tranche of hearings due September 2023.</p>

Strategic Risk 6

SR6 Political changes negatively impact strategic direction

Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme. Links to SR3 Failure to meet compliance standards.

Risk Owner	Blair Bowcott	Category	Political Service Delivery Strategic
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Risk Cause

1. Political changes including central government strategic direction and legislative changes creates risk or opportunities
2. Local political changes, including potential misunderstanding of Council's intent
3. Political personalities, trust and relationships and change of key personnel – positive & negative
4. Failure to manage stakeholder relationships, communication and engagement tactics, including due to a lack of resource or need to balance priorities
5. Short term focus overshadows long term cost benefit outcomes
6. Political sovereignty/patch protection, lack of alignment or willingness to compromise ie boundaryless approach vs localism
7. Financial strategy misaligned with wider context
8. International events, trends or decisions influence NZ
9. Major projects or initiatives for the benefit of Hamilton accelerating or slowing down
10. Relationships with neighbouring territorial authorities are ineffective or adversarial due to differences of opinion or priorities

Note Political risk is essentially the probability that a political action/decision will significantly affect Council's strategic direction —whether positively or negatively.*

Inherent Risk Rating 4 - Very High - Likely x Major

Existing Controls

1. Collaborative governance group meetings
2. Culture, expectation and policies of HCC organisation
3. Establishment of a reform programme within council
4. Monthly SLT discussion to ensure awareness of strategic initiatives
5. Participation in national and regional advisory groups
6. Participation in processes to influence government policy direction
7. Proactive steps taken at the start of each local government triennium
8. Regular Council briefings
9. Regular engagement with stakeholders at political and executive level
10. Regular meetings with Government Ministers and MPs

Residual Risk Rating 4 - Very High - Likely x Major

Responsible Manager(s)	Hannah Windle Mish Hawthorne Nicky Swan	Mitigation	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – March 2023
Establish an internal programme to address all legislative change/reform that will affect local government – including 3 waters, RMA and Future for Local Government	September 2022 The internal cross-council reform team continues to meet to investigate the impacts of the ongoing suite of central government reform that will impact the form and function of local government. Staff facilitated a session with elected members and senior staff from the	March 2023 The reform team has provided submissions to central government on the Spatial Planning Bill and the Natural and Built Environments Bill. EMs and staff will be presenting to the Environment Select Committee on Friday 3 March 2023 to communicate HCC's position. The

	<p>Ministry for the Environment to discuss the impacts of Resource Management Reform in August 2022 where councillors provided feedback. It is likely that new RM legislation will be released in mid-October which is soon after local government elections. Council staff have reached out to LGNZ to highlight to central government the risks of this timing, and the ability for new councils to provide detailed and quality submissions at the same time that new councillors are being inducted.</p> <p>December 2022 The reform team is focussing on responding and providing feedback to the latest Future for Local Government Report, and drafting submissions on the Spatial Planning Bill and Natural and Built Environments Bill. The submission period for this is likely to be short and coincides with the holiday period. With a number of new elected members, this makes it challenging to develop a comprehensive response whilst at the same time upskilling new councillors on the background, current system and proposed changes.</p>	<p>reform leads have also established regular interactions with the Future Fit and transformation teams to ensure that any change eventuating from reform is aligned with or incorporated into these programmes. Council also provided feedback on the latest Future for Local Government review report on 28 February 2023.</p>
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Strategic Risk 7

SR7 Failure to deliver our work programmes

An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 Significant negative impact on financial strategy.

Risk Owner	Chris Allen	Category	Financial People Service Delivery
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Risk Cause

1. Major construction sector skills/labour shortage - capacity and capability
2. Political changes in the labour market (e.g. immigration policy changes)
3. Regional or national investment decisions leading to increased demand for construction resources and market congestion – i.e. significant increase in capital portfolios nationally
4. Supply chain company failures
5. Supply chain investment confidence - i.e. forward work confidence to invest in people, plant and technology
6. Key construction material shortages or delays - particularly pipes, bitumen, oil, steel, aggregate and concrete
7. COVID-19 absenteeism
8. Supply chain breakdown
9. Increased work programmes driven by additional funding (i.e. central government investment)
10. Third-party dependencies (utility companies, Waka Kotahi, developers)
11. Significant Weather Events (e.g cyclone, unusually wet construction season)

Inherent Risk Rating 5 - Extreme - Almost Certain x Catastrophic

Existing Controls

1. Adjustment of cost escalation provisions in the 2021/31 Long Term Plan
2. Established procurement planning frameworks
3. Forward works pipeline visibility and supply chain engagement
4. Procurement optimisation
5. Utilising panel arrangement for procurement and engagement
6. Portfolio Framework in place
7. Resource management tool for Project Management

Residual Risk Rating 4 - Very High - Almost Certain x Serious

Responsible Manager(s)	Sarah Seel Alexis Chavez Anita Oliver Kelly Stokes	Mitigation	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – March 2023
Optimise procurement processes and contracts to enable HCC to be a construction industry client of choice.	September 2022 No update. December 2022 Work is underway on the review of the Financial Delegations Policy. Training and upskilling of Project Management staff in procurement processes.	March 2023 Project Management staff have started the Clever Buying Course and benefits are evident in contracting processes. Workshops with Procurement to streamline processes.
Develop and implement a resource management tool measuring assessing availability of resources against demand for project management by July 2023	September 2022 New Treatment Action. Tool is in development and a pilot is being trialled by the Facilities Unit.	March 2023 Resource Management Tool has been used to in the Development Group to assess future workload

	December 2022 Pipeline of the projects are being measured against the project management resources available.	and request appropriate project management resources.
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Strategic Risk 8

SR8 Failure to respond to a crisis or emergency

A lack of Council's preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4.

Risk Owner	David Bryant	Category	Environmental People Service Delivery
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Risk Cause

1. Large scale physical attack on people in public places (e.g. a terrorist attack)
2. Physical attack on city critical infrastructure, e.g. Waste Water Treatment Plant, Water Treatment Plant, reservoirs designed to compromise integrity of service
3. Civil unrest – political or social unrest resulting in a security or safety threat to people or assets
4. Chemical or biochemical attack, contamination or similar event
5. Fire or water damage within our premises or working environments
6. Significant shortage of key staff in one or more areas
7. Death or injury to staff, residents or customers
8. Disruption to supply chains
9. Denial of access to our facilities (e.g. a bomb threat)
10. Power or water outages
11. Natural or man-made hazards including those requiring us to evacuate staff from our facilities
12. Pandemics

Inherent Risk Rating 4 - Very High - Possible x Catastrophic

Existing Controls

1. Business Continuity Management Policy and plans
2. Business continuity and disaster recovery (BCDR) processes
3. Council has established an Incident Management Team
4. Security Risk Assessments

Residual Risk Rating 4 - Very High - Possible x Catastrophic

Responsible Manager(s)	Julie Ambury	Mitigation	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – March 2023
Adopt and implement accepted recommendations from SRAs by 31 March 2023	<p>September 2022 Community Group continue to prioritise and deliver recommendations identified in the SRA. SRA review programmed for Q2 to update in December.</p> <p>December 2022 Community Group continue to prioritise and deliver recommendations identified in their SRAs. SRA review pushed out to Q1 CY2023.</p>	<p>March 2023 A review on progress of Community Group SRA recommendations is underway. This will feed into the organisation wide review of SRA recommendations for reporting back to the June 2023 SRAC meeting.</p>
Review of Organisational Security Risk Assessment (OSRA) by 31 March 2023	<p>September 2022 Programmed for Q2 to update in December.</p> <p>December 2022 Pushed out to Q1 CY2023.</p>	<p>March 2023 Will be completed as part of broader organisation-wide review of SRAs for reporting back to the June 2023 SRAC meeting.</p>

Review enterprise-level BIA to guide operational-level BIA alignment by 23 December 2022	December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.	March 2023 Enterprise Business Impact Analysis completed and recommended next steps have been integrated into existing risk and resilience work programme.
Develop and deliver Crisis, Emergency & Incident Management guidelines and procedures by 23 December 2022	September 2022 New Treatment Action. External consultant has been engaged to develop and deliver guidelines and procedures. Kick-off meeting was held 26 July and first working group workshop 22 August. ELT also updated 22 August. December 2022 Second workshop held on 13 October with a focus on incident management in order to deliver an output (draft incident management guidelines) by end December.	March 2023 Draft Incident Management Manual has been completed and reviewed by the working group and BSLT. Next steps are ELT approval, SRAC input (June) then finalise and implement.
Develop a Resilience Management Policy by 31 March 2023	December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.	March 2023 Development of a Resilience Management Policy is underway in preparation for the June SRAC workshop/meeting.
Refresh the BCP template by 31 March 2023	December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.	March 2023 First operational level BIA and BCP update is scheduled for April. An updated BCP template will be developed and used for this and subsequent operational level BIA and BCP updates.
Establish resilience working and governance groups by 30 June 2023	December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.	March 2023 Some thinking underway. Will update again in June.
Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates by 31 July 2023	December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.	March 2023 Currently working with business units to develop a schedule for updating operational level BIAs and BCPs. Working toward end of June for Tier 1, Tier 2 and critical internal functions supporting Tier 1 and Tier 2, and end of September for all other business units.
Develop and implement a resilience training and testing programme by 28 June 2024	December 2022 New Treatment Action. Agreed action to address findings from BCM Internal Audit.	March 2023 Not yet started.

Strategic Risk 9

SR9 Failure to respond to climate change

Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community.

Risk Owner	Julie Clausen	Category	Climate Change
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Risk Cause

1. Council's strategies and plans do not adequately consider appropriate climate change scenarios
2. Changes in political direction (including local, regional and national) on climate change
3. Economic, social and technological shocks resulting from the transition to a lower-carbon economy
4. Uncertainty in the climate modelling on the physical climate change and transition impacts for Hamilton, making it hard to estimate impacts on particular Council activities
5. Misalignment between Council's climate change strategies and operational activities
6. Failure to consider climate change appropriately in fit for purpose activity management
7. Failure to appropriately consider climate change in growth decisions.

Inherent Risk Rating	4 - Very High - Likely x Major
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Existing Controls

1. Activity Management Plans incorporate climate change considerations.
2. Climate change steering group established and operational
3. Our Climate Future: Te Pae Tawhiti o Kirikiriroa
4. Climate Change Policy
5. Next steps for our climate future - our plan 2022/23
6. Council has responsibility for climate change response

Residual Risk Rating	4 - Very High - Likely x Major
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Responsible Manager(s)	Charlotte Catmur Paula Gardner	Mitigation	Mitigate
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Treatment Plans

Treatment Plan	Previous Update	Update – March 2023
Climate Change Policy tools and guidance developed by March 2023	<p>September 2022 Assessing tool options and started developing the guidance for policy implementation.</p> <p>December 2022 A contractor appointed to develop the guidance and update all relevant templates and processes. Draft guidance has been prepared and will be ready to roll out in early 2023.</p>	<p>March 2023 Guidance and a workbook for staff to complete has been prepared. Training and information will be rolled out in March and April 2023 for staff to start completing the climate change impact statements.</p>
Undertake a Risk assessment for Hamilton City Council including both the physical climate change and transition risks following the Ministry for the Environment Guidance by June 2023	<p>September 2022 Discussion with Waikato Regional Council on alignment with the regional risk assessment.</p> <p>December 2022 Council climate change risk assessment commissioned. Risk identification stage underway. Waikato Regional Council phase 1 risk identification completed, 286 risks were identified. These are</p>	<p>March 2023 Risk identification workshops were completed in February and risk assessment workshops are scheduled for March. The final report is due in early April. This will then be shared with staff to inform Activity and Asset Management Plans for the next long term plan.</p>

	helping to inform our risk identification process.	
Establish an understanding of emission reduction pathway for the city by June 2023	<p>September 2022 Project planning underway and discussions commenced with consultants</p> <p>December 2022 Consultants have been appointed. Work to understand the current emissions reduction actions in the 2021-22 Long Term Plan and the impact of the Emissions Reduction Plan actions in Hamilton has commenced.</p>	<p>March 2023 Consultants have delivered a draft model of the emissions trajectory for Hamilton. A workshop with key staff is scheduled for March to test the model and will be finalised in early April to support long term plan discussions.</p>

Organisational Risk 1			
OR1 Failure to provide a safe and healthy work environment			
Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.			
Risk Owner	David Bryant	Category	People
Risk Cause			
<ol style="list-style-type: none"> 1. Poor safety culture and/or behaviours across organisation 2. Failure to understand duties and accountability relating to health and safety 3. Critical health and safety risks not identified, assessed and mitigated adequately 4. Safety Management System (SMS) ineffective or inefficient or implementation failures 5. Inadequate contractor management frameworks, including procurement and assurance practices 6. Not sharing or acting on information and lessons learnt – internal and external to Council 7. Complacency leading to greater risks being taken 8. Failure to properly engage with and listen to staff 9. Staff under resourcing leading to identified risks not being mitigated appropriately 10. Time pressures and or complacency leading to acceptance of high levels of risk 			
Inherent Risk Rating	5 - Extreme - Likely x Catastrophic		
Existing Controls			
<ol style="list-style-type: none"> 1. (SMS) is being updated to better achieve our safety objectives 2. Appropriate resources available for Council capabilities 3. Assurance activities are carried out regularly int / ext 4. Council has an effective safety governance structure 5. Council safety software system that provides reporting 6. Council's critical safety risks are reviewed regularly. 7. Prequalification and Safety Standards for Contractors 8. Council undertakes an annual engagement survey 9. He waka eke noa - Our Way of Working 			
Residual Risk Rating	3 - High - Rare x Catastrophic		
Responsible Manager(s)	Marie Snowball Dan Finn	Mitigation	Mitigate
Treatment Plans			
A separate report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Health and Safety strategic direction and improvement schedule.			

Organisational Risk 2			
OR2 Failure to provide a safe environment for the community			
Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation.			
Risk Owner	Helen Paki	Category	Community and Wellbeing
Risk Cause			
1. Poor HCC understanding of the health and safety risks within the facilities and services provided and managed by Council 2. Failures in safety-in-design planning for our amenities and services provided to the community 3. Failures in asset maintenance 4. Failure in due diligence on assets purchased for use by the community or staff 5. Failure in due diligence on maintenance 6. Human error / inappropriate behaviours / criminal behaviour or damage at Council assets 7. Complacency leading to greater risks being taken by the community on public safety issues 8. Failure to properly engage with and listen to the community 9. Failure to act on staff and public information or lessons learned from near misses and incidents (including lessons from other industry experiences) 10. Internal BCP and Pandemic Plans are not adhered to 11. Failure to consider climate change impacts on the community safety and wellbeing			
Inherent Risk Rating	5 - Extreme - Likely x Catastrophic		
Existing Controls			
10. Communication plans for new projects around safety requirements 11. Community education support for ongoing Community safety 12. Condition assessments for assets 13. Emergency and safety response training drills 14. Emergency response and Pandemic plans 15. Incorporated risk assessments and safety in design planning 16. Maintenance and monitoring plans – buildings 17. Management drop-ins and Unit Audits 18. Operational asset maintenance (trees and operational infrastructure) 19. Specific staff training programmes in facilities & service management 20. Subject matter expert support – internal and external 21. Traffic management plan adoption per requirements 22. Mechanism for public to report issues that require action to us			
Residual Risk Rating	3 - High - Unlikely x Major		
Responsible Manager(s)	Jo Keall Helen Schlegel Donna Burt	Mitigation	Mitigate
Treatment Plans			
Treatment Plan	Previous Update	Update – March 2023	
Design and implement an appropriate monitoring and reporting framework for risks relevant to OR2	September 2022 SRA dashboard and monitoring report presented to CLT and now in use. Further enhancements required. Consider closing this Treatment Action once enhancements are made and adding as a Control. December 2022	March 2023 The insights from the dashboard are being shared at CLT on a quarterly basis. We need another three months to develop this further before we move this to a control.	

	The SRA dashboard and other reporting measures are being used and continue to be refined.	
Deep dive into security risks by November 2023	(New Treatment Plan)	March 2023 Deep dive into security risks to ensure risks and areas requiring action are understood. Reporting of these risks needs to commence to ensure there is alignment across the organisation.
Updated Business Continuity Plans by November 2023	(New Treatment Plan)	March 2023 BCPs to be updated. Yearly review cycle to be established and business practices embedded to ensure that relevant staff refresh on their contents ahead of significant known events.

Organisational Risk 3

OR3 Failure of critical assets

Incorrect investment (timing and/or amounts) results in the unexpected failure of critical assets (loss of levels of service).

Risk Owner	Eeva-Liisa Wright	Category	Compliance and Regulatory Environmental Financial Reputation Service Delivery
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Risk Cause

1. Failure to identify all critical assets
2. Failure to accurately forecast capacity limits or inaccurate demand forecasting on critical assets
3. Failure to accurately forecast useful life on critical assets
4. Failure to future proof asset to allow for pending changes in requirements
5. Failure to procure/renew the asset with an appropriate replacement
6. Failure to install asset correctly (including poor procurement processes to begin with)
7. Assets being operated outside of design scope or change in demand or that the operation of the asset exceeds design assumptions.
8. Failure to carry out and prioritise planned maintenance and renewal of critical asset
9. Failure to deliver renewal of the asset within scheduled timeframe
10. Inadequate budget allocated for maintenance and renewal of critical assets
11. Incorrect analysis in development of maintenance and renewal requirements
12. Insufficient resources to deliver renewal of assets on time and within allocated budgets
13. Failure to adequately consider climate change in critical asset investment
14. Insufficient skilled, knowledgeable and experienced staff and low investment in the ongoing building of staff capability to ensure critical assets remain functional, resilient and levels of service remain
15. Misalignment in the timing of investment with the required levels of service or that key deliverable dates not identified appropriately
16. Poor or incomplete asset data
17. Stakeholder specifications and expectation of asset increase making the asset no-longer fit for purpose
18. Critical manufacture service agents unavailable to resolve major failure of critical assets
19. Critical resources unavailable due to supply chain shortages
20. Utility service and third-party critical impacts (stakeholder relationships)
21. Limited anomaly detection capability and poor identification of vulnerabilities
22. Failure to identify threat actors who wish to exploit technology vulnerabilities

Inherent Risk Rating 4 - Very High - Likely x Major

Existing Controls

Asset Management Controls

1. 3 yearly Independent asset management maturity
2. Regular monitoring and submission on industry change
3. Resourcing for Activity Management Plan (AMP) funded
4. Infrastructure Strategy is in place.
5. Modelling and master planning of strategic assets
6. Plan policy in place to set standards
7. 3 yearly Activity Management Plans int. ext. reviewed
8. Asset Strategy Team in place to drive org consistency
9. Manage, monitor, operate and maintain critical assets

Operational Controls

10. Processes in place Re: supervision design and test
11. Quarterly Threat and Risk assessments
12. Training and development plans in place for staff
13. Business Continuity and Essential Maintenance Plans

Planning Controls

14. Annual review of build/Facilities capital programme
15. Anomaly detection and vulnerability scanning capability
16. Solutions for redundancy (physical and process) in place

17. Project management and procurement processes are in place
18. Staff have project management skills and experience

Procurement Controls

19. Robust procurement process followed to identify/scope
20. Maintenance and service agreements in place with the supplier
21. Speciality contracts in place to maintain critical assets
22. Stakeholder engaged before procure/replacement of asset

Residual Risk Rating		4 - Very High - Possible x Major	
Responsible Manager(s)	Anita Oliver	Mitigation	Mitigate
	Tania Hermann		
	Jo Keall		
	Claire Toko		
	Maria Tipene		
	Mandy Smith		
	Becca Brooke		
Treatment Plans			
Treatment Plan	Previous Update	Update – March 2023	
Implement the Organisational Asset Management Improvement Plan by June 2024	<p>September 2022</p> <p>The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. Three actions are completed, 16 are in progress. The Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 2 are currently in progress.</p> <p>December 2022</p> <p>The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. Eight actions are completed, 17 others are in progress. The Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are currently in progress.</p>	<p>March 2023</p> <p>The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 32 organisational improvements to be undertaken. This Plan has a horizon out to June 2024. The improvements have been organised into 4 streams of work with one of the streams relating to Resilience and Criticality. Of the 6 tasks relating to Resilience and Criticality, 3 are complete and one is in progress.</p>	
Implement Asset Criticality Framework by June 2024	(New Treatment Plan)	<p>March 2023</p> <p>Asset Criticality Framework document (excluding asset groups of Waters and Transport whom have existing frameworks) has been developed and workshopped. As part of the update of AMPs, identification and management of critical assets will be updated</p>	

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 29 March 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: PwC - Internal Audit Update and Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee (SRAC) on internal audit progress to 10 March 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Council's internal audit function incorporates engagements and actions from PricewaterhouseCoopers (PwC) and Council's internal audit programme.
4. This report provides an update on progress by PwC on the internal audit work stream.
5. Since the last report to this committee, there are five updates to note:
 - i. Vendor Analytics engagement has been completed and the final report is attached.
 - ii. Legal & Compliance framework engagement planning is being finalised.
 - iii. Resource consent engagement planning has commenced.
 - iv. Delegations to Positions has had initial planning done.
 - v. An updated internal audit plan is attached.
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.
7. Council's internal audit function incorporates engagements delivered by PwC and internal Council staff. This report provides an update on progress on all internal audit engagements.

Discussion – *Matapaki*

8. PwC Internal Audit Plan – progress summary 2022/23

Engagements Completed	Status
Business Continuity Planning	
Strategic Property	
Vendor Analytics – due December 2022 This engagement has been completed and the final report is attached.	

Engagements in Progress	Status
Legal & Compliance framework – due March 2023 This engagement is yet to commence.	
Resource Consents – due June 2023 This engagement is yet to commence.	
Three Waters – due June 2023 This engagement will be replaced by another engagement due to the 3 waters transition.	

KEY

	Completed or on track
	Currently behind, expect to get back on track
	Permanently delayed

9. HCC internal audit engagements – progress summary

Engagements in Progress – 2022/23	Status
Contracts – Health & Safety Audits – due September 2022 This engagement has been completed.	
Contract KPIs – due September 2022 This engagement has been completed.	
Vendor Analytics – due December 2022 Refer above.	
Payroll Processes – due March 2023 This engagement is yet to commence. This will depend on the timing of the implementation of the new HR and payroll system.	
Delegations to Positions – due June 2023 This engagement is yet to commence. Some initial planning has been completed. Staff are still finalising the revised policy.	

Financial Considerations - *Whaiwhakaaro Puutea*

10. The cost of PwC annual internal audit programme is \$150,000 (GST excl.) and is a regular operating activity funded through the Annual Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

11. Staff confirm that the matters in this report comply with the Council's legal and policy requirements.
12. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

13. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
14. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
15. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

16. Any known risks have been identified relevant to the matters in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

17. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

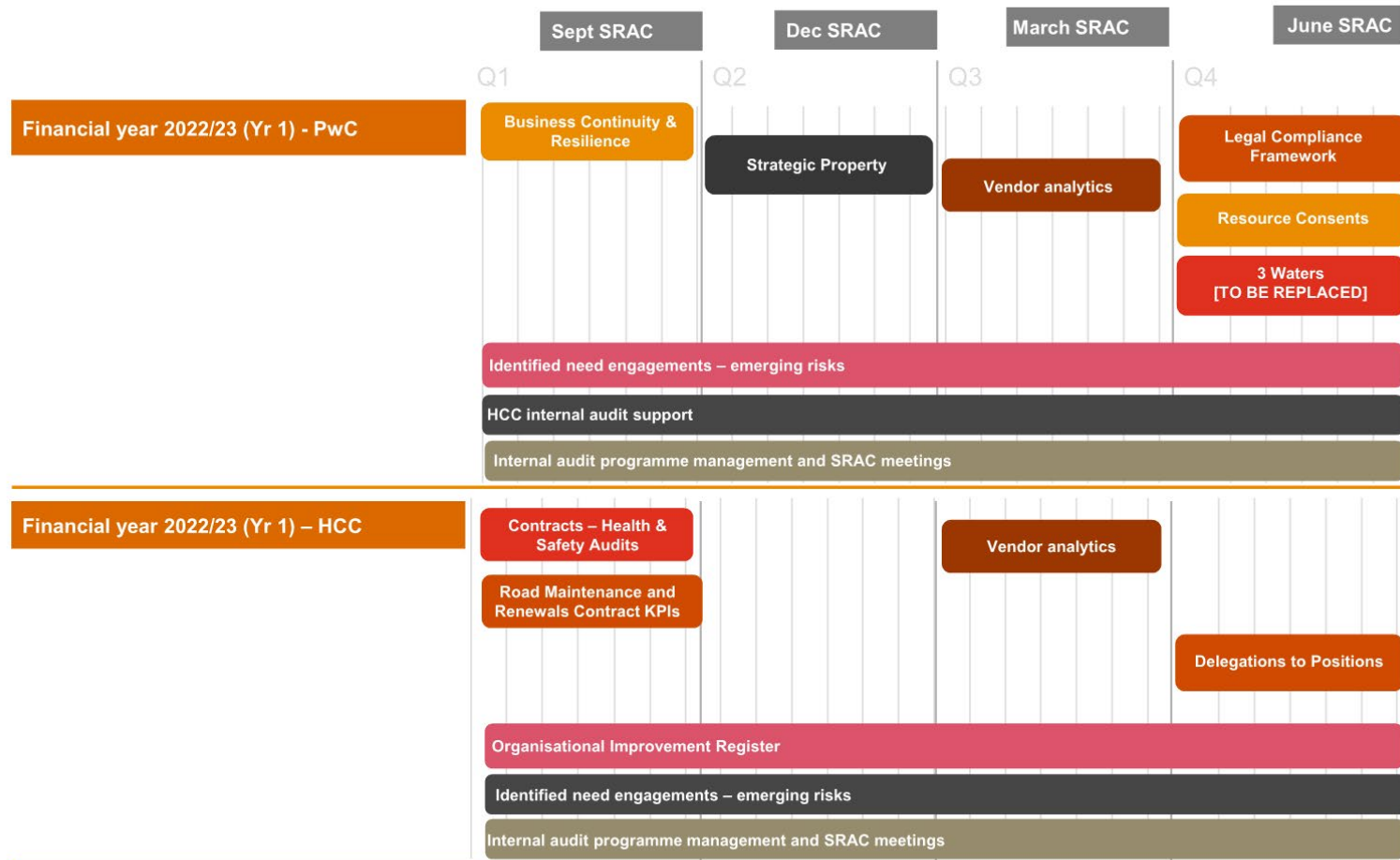
18. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Updated PWC Internal Audit Plan

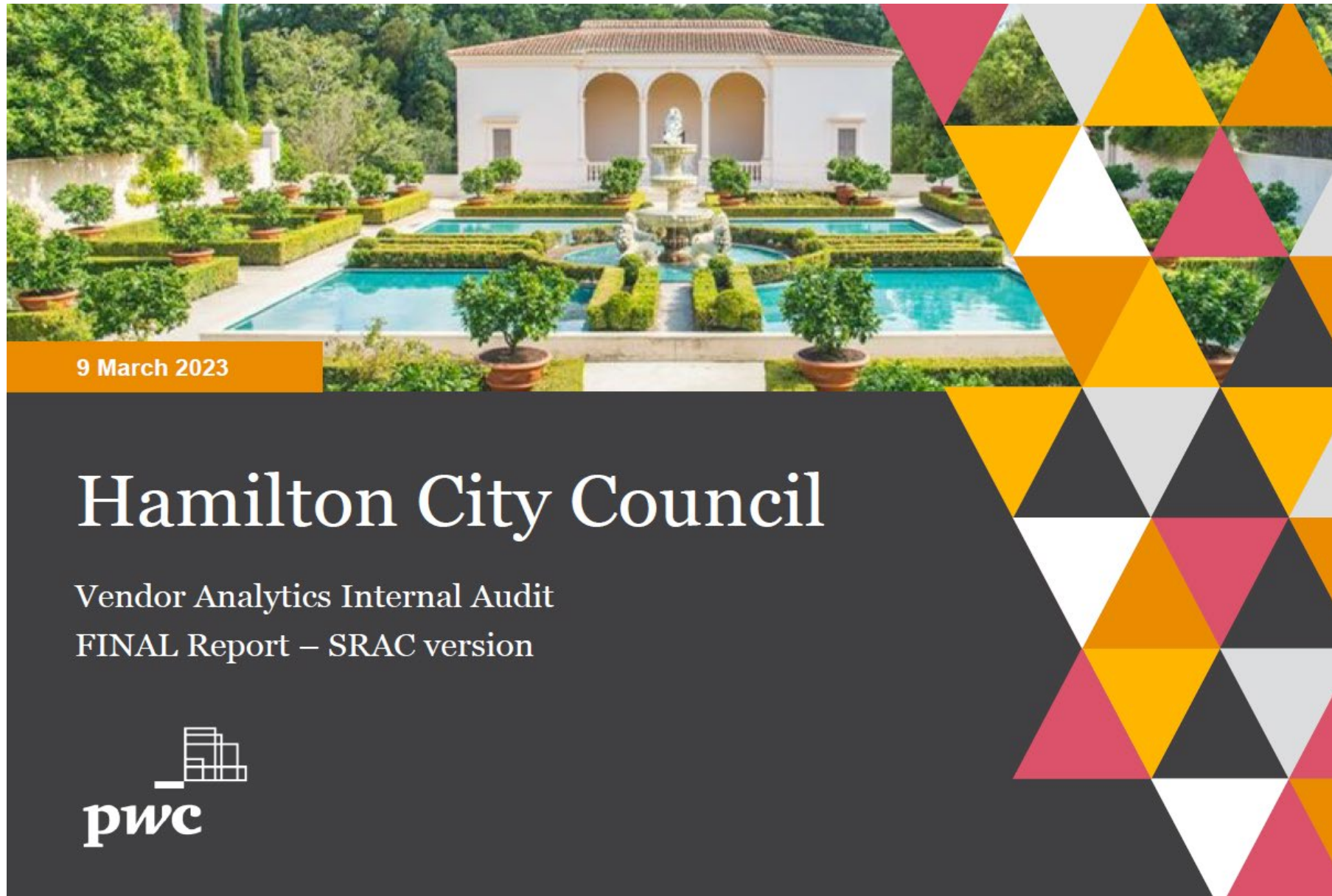
Attachment 2 - Hamilton City Council - Vendor Analytics Review by PWC

Internal Audits Timeline for 2022/23



Internal Plan for FY22 - 25
PwC

March 2023
11



David Bryant
GM People & Organisational Performance
Hamilton City Council
PO Box 3010
Hamilton

9 March 2023

Vendor Analytics Internal Audit Report

Dear David

In accordance with our Terms of Reference dated 23 September 2022, and the terms and conditions in our Contract for the provision of internal audit services dated 1 July 2017, we are pleased to provide our observations and recommendations for the Vendor Analytics Internal Audit.

We would like to extend our appreciation to management for the assistance provided with this engagement.

Yours faithfully



Matthew White
Partner
PricewaterhouseCoopers
Hamilton, New Zealand

Item 9

Attachment 2

Contents

1. Executive summary	4
2. Appendix	9



Users of this deliverable

This report is intended solely for the use of Hamilton City Council. The Executive Sponsor for this engagement is David Bryant (GM People & Organisational Performance).



Private and Confidential

This deliverable is provided solely for Hamilton City Council for the purpose for which the services are provided. Unless required by law you shall not provide this deliverable to any third party, publish it on a website or refer to us or the services without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom our deliverable is disclosed or otherwise made available. No copy, extract or quote from our deliverable may be made available to any other person without our prior written consent to the form and content of the disclosure.



Inherent Limitations

We have performed our engagement in accordance with relevant ethical requirements of the Code of Ethics issued by the New Zealand Institute of Chartered Accountants, and appropriate quality control standards. This engagement does not constitute a review, audit, or assurance engagement as defined in the standards issued by the External Reporting Board. Accordingly, this engagement is not an assurance engagement, nor is it intended to, and will not result in, the expression of an assurance, audit or review opinion, or the fulfilling of any statutory audit or other assurance requirement.

1

Executive Summary

Executive summary

Objective

The objective of this engagement was to provide Hamilton City Council (Council), specifically the Executive Leadership Team (ELT) and Strategic Risk and Assurance Committee (SRAC), with a targeted analysis of Council's vendor system data in Authority to identify potential anomalies in relation to master data and transactions that might require further investigation or provide general opportunities for improvement.

Scope and approach

The scope of our engagement is to undertake vendor data analytics procedures and report the results following Council's investigation of the data analytics output. The procedures cover the period 1 July 2021 to 30 September 2022.

Please refer to Appendix B for the full scope and approach.

Scope limitations

Our scope does not include:

- review, investigation, and clearance of any potential unusual transactions identified by our procedures
- quality assurance of the results.

It should be noted that the data analytic procedures are not guaranteed to find all unusual transactions or fraud, even if material. The results are dependent on the scope of procedures selected by management, the quality of data available and management follow-up of the results.

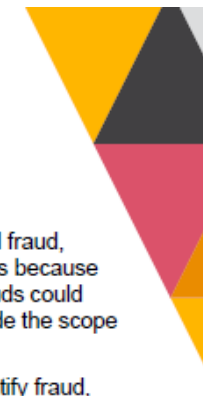
We will assume that all data provided will be extracted from the respective systems and provided to us without intervention or manipulation. We will not verify the accuracy, completeness or validity of the information made available to us.

We note that Usual Transaction Analysis (UTA) procedures may highlight unusual transactions and anomalies in master data and transactional information provided to us by the Council. The UTA procedures are entirely dependent upon the accuracy of data provided by Council. We stress that the transactions and profiles identified in the results are merely the results of the procedures and are not necessarily indicators of fraud or non-compliance.

The procedures we will perform may not detect all cases of financial fraud, processing errors or suspicious transactions, even if material. This is because there are inherent limitations with UTA procedures, for instance frauds could occur in ways that have not been anticipated or are otherwise outside the scope of the procedures performed.

UTA procedures should not, in isolation, be directly relied on to identify fraud, non-compliance or internal control weaknesses.

This internal audit does not constitute a review, audit, or assurance engagement as defined in the standards issued by the External Reporting Board. Accordingly, this engagement is not an assurance engagement, nor is it intended to, and will not result in, the expression of an assurance, audit or review opinion, or the fulfilling of any statutory audit or other assurance requirement.



Executive summary

Overview

The Authority system has been in place for approximately three years and it was timely to perform the in-scope analytics to identify any potential issues in master data and transactional processes.

Council investigation of the potential anomalies identified legitimate reasons for the majority of potential anomalies and also identified a number of areas that Council needs to improve its processes in relation to:

- Conflicts of interest management
- Master data maintenance
- GST processes
- Purchase Orders being raised after invoice received
- Review of segregation of duties
- Procurement efficiencies (e.g. vendors with a high number of invoices)
- Credit notes
- Duplicate invoices.

These are summarised on the next two pages along with actions to be taken to address the process improvements.

46,052 Invoices
20,256 Purchase Orders
10,145 Vendors
\$530,410,365 worth of Invoices

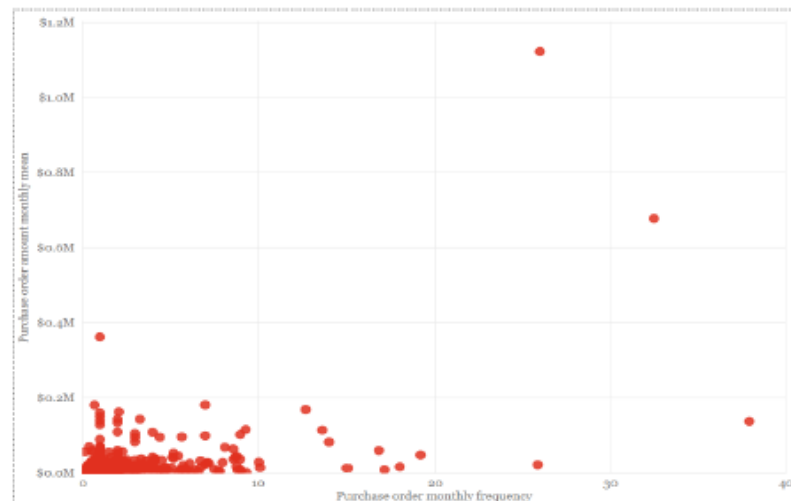
Hamilton City Council | Vendor Analytics Internal Audit Report - SRAC
PwC

Insights

We have selected a number of highlights outlined below:

- 99% of GST on invoices is either at 15% or zero-rated
- No inconsistencies noted between vendors named on the invoice and those being paid
- 4% of invoices had one day payment terms, 94% had 20 day terms, the rest 7 day terms
- 3,803 invoices without a PO
- No invoice splitting was identified
- 49% of purchase orders raised retrospectively
- 514 credit notes worth \$1,508,144
- 201 instances of duplicate vendors (by name)

Example below of the type of analysis performed to provide procurement efficiency insights:





Executive summary

Consolidated recommended actions for consideration

Observations	Recommended actions	Priority
1. There was one potential Conflict of Interest (COI) identified in our analysis and this had been identified appropriately by management at the time and is no longer active. Further improvements in the COI processes were identified as a result of this. <i>(Related procedures: PP02, PP23, PP53, PP99)</i>	1.1 Formalise a process that allows capture of staff/elected members conflict of interest declarations on an ongoing basis. An understanding of the specific conflict relationships present should also be recorded to enable assessment of risks relating to associated transactions.	
	1.2 Develop an integrity report and ensure that non-employee financial transactions are reviewed against declared interests and employee bank accounts at periodic intervals. Transactions that match specified parameters, will then be escalated to the Finance Director to report to SRAC.	
2. Purchase order segregation of duties controls were circumvented as 62 purchase orders were raised and approved by the same person. <i>(Related procedure: PP03)</i>	2.1 Investigate how the identified purchase orders were able to be raised and approved by the same person and perform remedial action urgently.	
	2.2 Review staff members' Authority access controls and ensure that appropriate delegations and work flows are in place.	
	2.3 Educate staff to ensure they understand why segregation of duties is necessary.	
3. Duplicate invoice controls are not blocking all instances of duplicate invoices (43 potential identified, 8 investigated, with 2 not yet corrected). <i>(Related procedure: PP09)</i>	3.1 Complete investigation of duplicate invoices identified and request refunds from the vendor where needed.	
	3.2 A duplicate invoices report is to be developed for regular review by the Accounts Payable team.	
4. Vendor master data contains duplicate vendor records. Vendor master data has been deleted for vendors related to 4 transactions during the period. <i>(Related procedures: PP26, PP59, PP23)</i>	4.1 To continue the ongoing process of cleansing and reviewing the name and address registers.	
	4.2 IS Business Analysts to investigate how to add deleted vendor information back into Authority.	
	4.3 Ensure that the Subject Matter Expert that manages the Contract System module understands the requirements around public records, including retention of supplier information over time.	

*Related procedures reference details are in appendix B

Executive summary (cont.)

Consolidated recommended actions for consideration

Observations	Recommended actions	Priority
5. GST errors occur due to disbursement expenses on invoices (relates mainly to legal invoices) or invoices being processed incorrectly in the system (2 instances identified from sample investigated). (Related procedure: PP05)	5.1 Investigate process around legal invoices where disbursements are shown as GST inclusive.	
	5.2 Implement reporting to monitor unusual GST application regularly.	
	5.3 Training is required for the business.	
6. Purchase orders are being raised after the invoice is received. (Related procedure: PP17)	6.1 Review process with vendors and users who are raising POs after the invoice is received. Internal communication to vendors and staff is in progress to require POs to be referenced on invoices for processing to occur. Invoices will begin to be pushed back if this information is not provided.	
7. Further monitoring of the purchasing process can improve efficiency and identify whether policies have been followed. (Related procedure: PP68, PP74, PP29)	7.1 Further analysis on average magnitude and frequency of vendor transactions would be valuable to monitor supplier and staff invoicing behaviours	
	7.2 Circumvention of procurement thresholds for quote and tender requirements should be reviewed periodically.	
	7.3 Authority has the ability to have more than one bank account used for payments. These are maintained in separate tables, one linked to payments, the other vendor master data. Audit only used the vendor master data. Council needs to verify that there are sufficient controls over the payments bank account data and that the system knows to use the correct bank account.	
8. There are vendors that have a high volume of credit notes. (Related procedure: PP22)	8.1 Discuss with Bidfood on whether there is a better process for ordering to reduce the manual Accounts Payable actions related to their account due to the high volume of credit notes.	
	8.2 Further analysis of how credits are processed is needed.	
9. Invoices can be held for up to 3 years before being processed in the system. (Related procedures: PP00)	9.1 Review process around document date when not in the current financial period.	

2

Appendices

Appendix A – Risk assessment framework

Impact

Level	Description
High	A significant weakness which could compromise Management's internal control.
Moderate	An issue which can undermine Management's internal control and should be addressed but with a lower priority than High.
Low	A weakness which does not seriously detract from the system of internal control but which should nevertheless be considered by Management.

Likelihood

Level	Description
High	Risk is likely or almost certain to happen (66-100%)
Moderate	Risk is possible to happen (36-65%)
Low	Risk is unlikely or rarely will happen (0-35%)

Risk Matrix

Likelihood	High	Moderate	Low
	Moderate	High	High
	Low	Moderate	High
	Low	Moderate	High
Impact			

Priority Rating

Level	Risk	Consequences of Risk Ratings
H	High	Requires immediate attention
M	Moderate	Requires attention/action underway within 3 months
L	Low	Requires attention/action underway within 6 months

Appendix B: Vendor Data Analytics Scope and Approach

Objective and scope

The **objective** of this engagement is to perform a targeted analysis of Council's vendor system data to identify potential anomalies in relation to master data and transactions that might require further investigation or provide general opportunities for improvement.

To do this, the **scope** of our engagement is to:

- undertake the vendor data analytics procedures contained within Appendix A
- report the results following Council's investigation of the data analytics output to the Council's Strategic Risk and Assurance Committee (SRAC).

Limitations

Our scope does not include:

- review, investigation, and clearance of any potential unusual transactions identified by our procedures
- quality assurance of the results.

It should be noted that the data analytic procedures are not guaranteed to find all unusual transactions or fraud, even if material. The results are dependent on the scope of procedures selected by management, the quality of data available and management follow-up of the results.

We will assume that all data provided will be extracted from the respective systems and provided to us without intervention or manipulation. We will not verify the accuracy, completeness or validity of the information made available to us.

We note that Usual Transaction Analysis (UTA) procedures may highlight unusual transactions and anomalies in master data and transactional information provided to us by the Council. The UTA procedures are entirely dependent upon the accuracy of data provided by Council. We stress that the transactions and profiles identified in the results are merely the results of the procedures and are not necessarily indicators of fraud or non-compliance.

The procedures we will perform may not detect all cases of financial fraud, processing errors or suspicious transactions, even if material. This is because there are inherent limitations with UTA procedures, for instance frauds could occur in ways that have not been anticipated or are otherwise outside the scope of the procedures performed.

UTA procedures should not, in isolation, be directly relied on to identify fraud, non-compliance or internal control weaknesses.

This internal audit does not constitute a review, audit, or assurance engagement as defined in the standards issued by the External Reporting Board. Accordingly, this engagement is not an assurance engagement, nor is it intended to, and will not result in, the expression of an assurance, audit or review opinion, or the fulfilling of any statutory audit or other assurance requirement.

Approach

Our approach to this engagement involves the following procedures:

Extracting the Data

We will liaise with you to obtain electronic extracts of the data we require to perform the procedures in an appropriate format. We will work with your team and third party service providers (if requested) to define the data extracts required and to determine the best way to receive those extracts in a secure manner.

The data requirements for the engagement will be documented in detail in a separate data request which will be agreed with you.

Appendix B: Vendor Data Analytics Scope and Approach

Data verification

We will assess the format and quality of the data we receive to determine whether it is sufficient for us to commence our analysis. We will work with you to re-extract or refine the data where necessary. The Council is responsible for ensuring that the data provided to us is complete, accurate and sufficient for the purposes of the engagement.

Data analysis

We will perform our data analysis to generate the initial results in line with the agreed procedures noted in Appendix A. We will perform integrity checking of the results prior to sharing them with you.

Workshop session

We will hold a workshop with you to collaboratively work through the results of the analysis.

Note that the initial results will report all unusual transactions or improvement opportunities identified, including potential "false positives". "False positives" are transactions that meet the parameters we agreed upon and therefore appear unusual, however may be legitimate business transactions due to specific circumstances affecting the transaction or unintended consequences arising from one or more of the parameters. The Council will be responsible for identifying and eliminating these "false positives".

Final data analytics output

We will present the final output of the data analysis after performing any required changes identified during the workshop.

The Council will then investigate the output and provide us with the outcome of the investigation to enable us to report the results of the internal audit to the SRAC.

Deliverable

A close out meeting and a written draft report will be prepared outlining key observations and recommendations.

Once management comments / results of the follow-up of anomalies have been received on our draft report, we will issue our final report.

Appendix B: Vendor Data Analytics Scope and Approach

ID	Analysis	Analysis description
PP00	Purchase to Pay transactions overview	Profiling of invoices by various dimensions like Entity, Vendor, Vendor Type (e.g. Employee), User, date (entry, document, approval and effective), payment terms and payment method
PP02	Payments to employee bank	Identify Payments made to employee bank accounts for Vendors that are not classified as employees. Testing includes tracking of Vendor bank account changes to detect if the bank account was changed for a Payment and then reverted back.
PP03	Segregation of duties	Visualise and use approval paths to identify how users are interacting with the system. Identify users who are entering and approving the same transactions within the system.
PP05	GST analysis	Calculate the GST applied on Invoices at the subledger level. GST is bucketed to identify unusual tax treatments.
PP09	Duplicate invoices - Different invoice ID or vendor	Identifies Invoices that appear to have been entered more than once. Match criteria includes: - Same Vendor and same amount OR - Same invoice number and same amount
PP14	Purchase invoice splitting - same invoice	Identify Invoice splitting patterns by identifying Invoices that belong to the same Vendor, vendor invoice number, document date but different amounts.
PP17	Retrospective purchase orders	Identify all Purchase orders that have a creation date or approval date after the Invoice document date
PP22	Credit note overview	Profiling of Credit notes by Test results
PP23	Vendor / employee relationship	Identification of Vendors sharing details with employees. Match criteria includes: - Same name - Same bank details Vendors marked as Employee are excluded from the analysis
PP24	Inconsistent payment vendor	Identify inconsistent Vendor used for Invoice and Payment transactions
PP26a	Duplicate vendors - Name	Identification of potential duplicate Vendor that match on name
PP26b	Duplicate vendors - Bank	Identification of potential duplicate Vendor that match on bank account.
PP26c	Duplicate vendors - VAT	Identification of potential duplicate Vendor that match on VAT
PP26d	Duplicate vendors - Address	Identification of potential duplicate Vendor that match on address.
PP26e	Duplicate vendors - Contact	Identification of potential duplicate Vendor that match on contact details
PP29	Bank account not in master data	Identifies Payments where the bank accounts does not match the Vendor master bank account.
PP34	Non-PO invoices	Identify all Invoices that do not have linked Purchase Orders
PP37	Vendor in P2P and Expenses	Identify Vendors that have been used for purchases that exist under both the P2P and Expenses channels (i.e. appears as a Merchant)

Appendix B: Vendor Data Analytics Scope and Approach

ID	Analysis	Analysis description
PP44	Credit notes profiling	Profiling of credit notes by various dimensions like Account code, Month, Period, Vendor, User, test results, etc.
PP53a	Vendor / Employee shareholder relationship	Identification of vendors which have existing employees registered as shareholder(s) on a Companies register.
PP53c	Vendor / Employee director relationship	Identification of vendors which have existing employees registered as director(s) on a Companies register.
PP53b	Vendor / employee shareholder relationship (excl. middle name in match criteria)	Identification of vendors which have existing employees registered as shareholder(s) on a companies register (excl. middle name in match criteria).
PP53d	Vendor / employee director relationship (excl. middle name in match criteria)	Identification of vendors which have existing employees registered as director(s) on a companies register (excl. middle name in match criteria).
PP56	3-way match (PO, GRN, INV)	Provides an analysis of all invoices posted in the period matching them to their respective purchase orders (PO) and/or goods receipt notes (GRN).
PP58	Same date PO, GRN and INV	Purchase order with goods receipt and invoice receipt of the same date indicates that potentially the purchases were completed before PO was created in the system.
PP59a	Payments to vendors marked as inactive or deleted	Payments made to vendors marked as 'inactive' or deleted in the entity's system at period end.
PP59b	Payments to vendors with a purchasing hold or block	Payments made to vendors with purchasing hold in the entity's system at period end.
PP59c	Payments to vendors marked as not to be paid	Payments made to vendors flagged as 'no payment' in the entity's system at period end.
PP68	Vendor transactional clustering	This test groups all vendors based on certain key characteristics (e.g. total spend, no. of orders etc). Vendors in a group share these characteristics and hence should be treated similarly. For instance vendors belonging to a "high value, high volume" group are clearly the key top vendors of the organisation
PP74	Supplier threshold analysis	Supplier trend analysis on avoiding Procurement Thresholds. For example: <ul style="list-style-type: none"> Transaction amounts frequently just under threshold that requires multiple quotes Transaction amounts frequently just under threshold that requires competitive tenders Transaction amounts frequently just under threshold that requires public tenders
PP99	Invoices from notified conflicts of interest	Identify invoices from vendors that are present on the list of notified conflicts of interest.

Thank you



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Council Report

Item 10

Committee: Strategic Risk and Assurance Committee

Date: 29 March 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: Organisational Improvement Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as at 28 February 2023.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Council's risk management programme includes the completion of external audits by Audit New Zealand, Office of the Auditor General (OAG), Waka Kotahi (NZ Transport Agency), Ministry of Business, Innovation and Employment (MBIE) and others, and internal audits by PricewaterhouseCoopers (PwC) and Council staff.
4. **Attachment 1** to this report is the Organisational Improvement Register.
5. This contains a detailed breakdown of all external audit recommendations and recent (2020 onwards) PwC internal audit recommendations. They are categorised by risk (low, moderate, high) and by their current status (complete and ready for reauditing, in progress, delayed or not yet started). For the items that are complete, the next audit round needs to occur before they can be cleared from the register.
6. Recommendations arising from internal audits performed by Council staff, and older PwC internal audits (2020 and prior) have been assessed for completion of the items and items added to the Organisational Improvement Register if uncleared.
7. All 'in progress' or 'delayed or not yet started' items are actively monitored on a quarterly basis.
8. Staff consider the matters have low significance and that the recommendations comply with Council's legal requirements.

Discussion – *Matapaki*

Organisational Improvement Register

9. The tables below summarise the status of the items contained within the attached Organisational Improvement Register.

Auditors	Complete	In progress	Delayed or not yet started	Total
PwC Internal Audits	30	31	9	70
Audit New Zealand Annual Audits	0	5	1	6
Audit New Zealand Long Term Plan Audit	2	1	0	3
Total	32	37	10	79

Risk	Complete	In progress	Delayed or not yet started	Total
Low	14	11	1	26
Moderate	9	16	4	29
High	9	10	5	24
Total	32	37	10	79

10. In addition to the above, there are upcoming audits in the following areas (none of which currently have any outstanding audit recommendations):

Who	What	Last Done	Next Due
Waka Kotahi	Transportation Procedural Audit	2021	2023
PwC	Tax Compliance Review	December 2017	Completed February 2023 Report to be provided at June 2023 Meeting
International Accreditation New Zealand (IANZ)	Building Consent Authority accreditation assessment	May 2022	May 2024

Financial Considerations - *Whaiwhakaaro Puutea*

11. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

12. Staff confirm that matters in this report comply with the Council's legal and policy requirements.

13. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matters in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

14. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
15. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
16. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

17. There are no known risks associated with this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

18. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

19. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Organisational Improvements Register Mar 2023

Hamilton City Council Organisational Improvement Register

Report	Focus area/ Issue	ID number	Recommendation	Date raised	Risk	Owner	Quarter 2 2023 Update	Status
PwC Internal Audit - Property Management Process (D-3631981)	There is a lack of process notes, reliance on key people and current manual processes have resulted in data entry errors.	1.3	Implement a second person review of key information entered into the register.	Feb-21	Low	Claire Foster (Senior Property Advisor - Strategic Property)	Met with Capital Accountant to discuss an internal audit process, not yet finalised.	In progress
	With multiple teams and systems used to manage Commercial property, there is a need for good communication and sharing of information.	2.1	Work with the Facilities team to improve processes in respect of the provision of (or facilitation of access to) property inspection records.	Feb-21	Low	Claire Foster (Senior Property Advisor - Strategic Property)	The Asset Manager is still developing the reporting for the 'building on a page'. Facilities have developed a reporting dashboard that gives information for all assets that SPU has access to.	In progress
	The creation of monthly invoices for operating expense recoveries is very manual and prone to error.	3.1	Simplify the receipt of information	Feb-21	Low	Claire Foster (Senior Property Advisor - Strategic Property)	Automation at this point is not possible, however this has been raised with IS and will be reviewed as Authority capability expands through upgrades. Discussions taking place with Revenue Team. The Business Administrator has implemented better manual processes and these are available through Content Manager should there be a different person in the role in the future. Process also mapped in Promapp.	In progress
		3.2	Implement a review process of the draft invoices	Feb-21	Low			In progress
		3.3	Investigate implementing a regular monthly invoice and wash up at year end	Feb-21	Low			In progress
PwC Internal Audit - Business Case and Benefits Realisation (D-3633275)	Alternative solutions should be put forward when procuring goods and services	1.1	Seek registrations of interest or perform a market scan to identify software suppliers that may meet HCC requirements.	Feb-21	Low	Sarah Seel (PMO Manager)	Completed. Staff are required to go to market for all IT projects in line with the Financial Delegations Policy.	Complete (ready for re-auditing)
		1.2	Identify which software packages offer similar solutions and include analysis of these in the Business Case, including costs, functionality and fit.	Feb-21	Low			Complete (ready for re-auditing)
	Assumptions in financial models should be clearly stated	2.1	All assumptions on financial forecasts to be clearly stated alongside the financial model(s).	Feb-21	Moderate	Sarah Seel (PMO Manager)	Both the Lite and Full Business Case Templates (D-2227966(v21) and D-2227966(v21)) have been updated with a section asking the author to include any assumptions that have been made in determining the budget estimates.	Complete (ready for re-auditing)
		2.2	Where HCC has developed alternative financial models, these should be reviewed by another analyst to check the assumptions and calculations.	Feb-21	Moderate		The Full Business Case Templates (D-2227966(v21)) has been updated with a instruction asking the author to ensure that all financial modelling have been reviewed by another analyst to ensure that assumptions and calculations are correct.	Complete (ready for re-auditing)
	Addressing identified risks in financial models by tracking them specifically.	3.1	Label risks uniquely, and track those in any financial models, showing the effect of the risk on the model's outcome.	Feb-21	Low	Sarah Seel (PMO Manager)	All risks in Full Business Cases will be recorded in Psoda which as a unique labelling system for risks so these can be tracked in any financial models and used to show the effect of risk on the models outcome.	Complete (ready for re-auditing)

Report	Focus area/ Issue	ID number	Recommendation	Date raised	Risk	Owner	Quarter 2 2023 Update	Status
PwC Internal Audit - Business Case and Benefits Realisation (D-3633275) (continued)	The four community wellbeings are not specifically included in the Project Management Framework or Business Case template.	4.1	The four community wellbeings are explicitly outlined in the Project Management Framework or Business Case template.	Feb-21	Low		Both the Lite and Full Business Case Templates have been updated with a section asking the author to explain how the project will deliver on improving the wellbeing of Hamiltonians in terms of the four well-beings.	Complete (ready for re-auditing)
	When to use a business case is unclear.	5.1	A decision tree matrix is developed within the Project Management Framework to guide staff whether a business case should be used.	Feb-21	Low	Sarah Seel (PMO Manager)	The Project Management Framework (D-3196491) has been updated to guide staff on whether a Business Case is required.	Complete (ready for re-auditing)
PwC Internal Audit - IBIS Breeze (D-3845480)	Calculations within the software	2.1.1	Council Finance team gain visibility of formulas and calculations being performed in Breeze to provide greater confidence in the consistency and accuracy of formula application.	Jun-21	Low	Candice Swanepoel (Financial Accounting Team Lead)	Currently being undertaken through Annual Plan 23/24 process.	In progress
	Changes in source data, sensitivities and assumptions	2.2.1	Council Finance team implement a policy and practice to utilise the locking feature for legacy batch sets to prevent further changes being implemented by mistake.	Jun-21	High	Candice Swanepoel (Financial Accounting Team Lead)	Completed. Once batch set changed to 'published' it cannot be edited.	Complete (ready for re-auditing)
		2.2.2	Outputs of Breeze to be developed to include summary details of the assumptions used.	Jun-21	High		Currently being undertaken through 2023/24 Annual Plan process.	In progress
		2.2.3	Breeze to be further developed to either force a refresh on change of assumptions, or display an alert to the user clearly and prominently within the system, indicating that a refresh is required before outputs can be relied upon. Alternatively, a status bar that tracks at what stage the batch set is at be included, so that the user knows what stage the batch set is at (e.g. inputs loaded/assumptions set/refresh run).	Jun-21	High		IBIS has yet to implement this functionality.	Delayed or not yet started
	Input validation controls	2.3.1	Breeze be further developed to restrict the user entered assumptions to a reasonable value such as between 0% and 100%, and warn the user if the range is outside expected parameters such as entering an inflation rate of 25%.	Jun-21	Moderate	Candice Swanepoel (Financial Accounting Team Lead)	Will be tested as part of the work undertaken for the 2023/24 Annual Plan.	In progress
		2.3.2	Breeze also be developed to default a rate (e.g. 0%) for all forecast periods when a new general assumption is created, rather than the user having to manually and individually add each period for the assumption to be applied.	Jun-21	Moderate		IBIS has yet to implement this functionality.	Delayed or not yet started
		2.3.3	A warning to the user is shown if a general assumption does not have any entry or is still set at the default rate.	Jun-21	Moderate		IBIS has yet to implement this functionality.	Delayed or not yet started
		2.3.4	When the business budgets are uploaded through the integration module, input totals should be reconciled automatically against the import file.	Jun-21	Moderate		IBIS has yet to implement this functionality.	Delayed or not yet started
		2.3.5	Develop total input reconciliation for the Psoda import within Breeze.	Jun-21	Moderate		New import process managed by HOC staff. Reconciliation report has been developed.	Complete (ready for re-auditing)
	Controls built into Breeze to check for errors	2.4.1	Breeze development integrate internal checks and present to the user such that they can have confidence the system is fully calculated and in balance.	Jun-21	Low	Candice Swanepoel (Financial Accounting Team Lead)	IBIS is progressing this	In progress
		2.4.2	There is a need to build in more comprehensive error checks and the error messages need to be user-friendly.	Jun-21	Low		IBIS has yet to implement this functionality.	Delayed or not yet started
	Software output review procedures	2.5.1	Council Finance team set a timeline to reduce the level of manual recalculation currently being performed in line with the implementation of the recommendations included in this report to maximise the efficiency of the Breeze system.	Jun-21	Moderate	Candice Swanepoel (Financial Accounting Team Lead)	This has been partially addressed through the new capital import process from Psoda and reconciliation report. Operational data is still manually reconciled.	In progress

Report	Focus area/ Issue	ID number	Recommendation	Date raised	Risk	Owner	Quarter 2 2023 Update	Status
PwC Internal Audit - IBIS Breeze (D-3845480) (continued)	Scenario version control processes	2.6.1	User access controls are implemented immediately to restrict ability of users in creating, editing and deleting batch sets.	Jun-21	High	Candice Swanepoel (Financial Accounting Team Lead)	Completed. User access managed by Business Support Accountant Team Leader, who restricts user access for batch sets.	Complete (ready for re-auditing)
		2.6.2	Processes around creating, locking and deleting batch sets be formalised and documented.	Jun-21	High		Process has been formalised and documented through Breeze training notes, available to all users on through the Breeze happy fox system.	Complete (ready for re-auditing)
	Refresh interruption warning/ status not permanently displayed	2.7.1	The Breeze system be developed to present the user with a permanent warning if a recalculation has been interrupted, such as an icon or message in the status bar. The message must remain in place until resolved and be understandable for the user.	Jun-21	Moderate	Candice Swanepoel (Financial Accounting Team Lead)	Completed. Error message is emailed to the user, and the process is stopped.	Complete (ready for re-auditing)
	Consistency of application of the assumptions within the software	2.8.1	Periodically review the chart structure for assumptions and ensure that they are appropriate and consistent (e.g. similar operational expenditure items have consistent inflation assumptions applied).	Jun-21	Low	Candice Swanepoel (Financial Accounting Team Lead)	As part of the 2023/24 Annual Plan process (and for all Annual Plans and Long Term Plans) the assumptions are reviewed for consistency.	Complete (ready for re-auditing)
		2.8.2	User access to change the chart structure be restricted to those Finance Team members that need the access.	Jun-21	Low		Completed- user access has been restricted.	Complete (ready for re-auditing)
	Speed of calculation and output production	2.9.1	Further development of the Breeze system to improve the speed of calculation and output production, enabling the system to be used for real time 'what if' scenario modelling.	Jun-21	High	Candice Swanepoel (Financial Accounting Team Lead)	While some minor fixes have been made to improve the speed of calculations, the system will never get to the point where it will be able to be used for real time 'what if' scenario modelling. Therefore request that this recommendation be removed.	Complete (ready for re-auditing)
	Reliance on third party to import data	2.10.1	Move the Psoda import process to being completed by the Council Finance Team.	Jun-21	Moderate	Candice Swanepoel (Financial Accounting Team Lead)	Testing of the import process being performed on 31 October 2022. Will be resolved as part of the 2023/24 Annual Plan process.	Complete (ready for re-auditing)
PwC Internal Audit - Cybersecurity - Phase One (D-4225140)		1	For the identified critical business services refine the threat profile to prioritise roadmap initiatives to address immediate threats.	May-22	High	Monjur Ahmed (Enterprise Technology Risk & Cybersecurity Manager - Information Services)	We have drafted a roadmap of initiatives. Further work to be done in the business.	In progress
		2	Develop a road map with specific details for the next 1 - 3 years	May-22	Moderate		An initial roadmap is developed and finalised with the aim to achieve risk-based Cybersecurity maturity at 'Managed' level by mid-2025.	In progress
		3	Review the current resource gaps and how these can be addressed	May-22	High		Resource gaps are part of constant and ongoing gap analysis. The Cybersecurity team is getting more structured with recently joined Enterprise Technology Risk and Cybersecurity Manager (Monjur Ahmed) and Senior Cybersecurity Engineer (Karim Bellouarak).	In progress
		4	When updating the cybersecurity Strategy, align the strategic actions with the corresponding NIST guideline	May-22	Low		We have agreed to align with NIST further complemented by ISO/IEC 27001:2013. On track for updating strategy in 2023 which includes incorporating recommendations by Gartner.	In progress
		5	Ensure that security by design is incorporated throughout the technology lifecycle from procurement, development, operations and disestablishment.	May-22	Moderate		This is a wider practice incorporating all teams within technology space. The Cybersecurity team is working alongside all relevant stakeholders in process improvement to ensure 'security by design' is adopted as a practice.	In progress
		6	Information services need to be part of the refresh of the BCPs and provide realistic RTO, RPOs that are currently realistic and understand from the business where these need to be improved and therefore instigate a process whereby over time the business required RTO, RPO are met based upon a cost/benefit assessment of the investment required.	May-22	High		Working with the business to identify BCP critical services and prioritised needs from IS. Currently work in progress.	In progress
PwC Internal Audit - Cybersecurity - Phase Two (D-4380424)		1	Redacted for security reasons.	Aug-22	High	Monjur Ahmed (Enterprise Technology Risk & Cybersecurity Manager - Information Services)	Redacted for security reasons.	In progress

Report	Focus area/ Issue	ID number	Recommendation	Date raised	Risk	Owner	Quarter 2 2023 Update	Status
PwC Internal Audit - Cybersecurity - Phase Two		2	Redacted for security reasons.	Aug-22	High	Monjur Ahmed (Enterprise Technology Risk & Cybersecurity Manager - Information Services)	Redacted for security reasons.	In progress
		3	Redacted for security reasons.	Aug-22	High		Redacted for security reasons.	In progress
		4	Redacted for security reasons.	Aug-22	Moderate		Redacted for security reasons.	In progress
		5	Redacted for security reasons.	Aug-22	Moderate		Redacted for security reasons.	In progress
PwC Internal Audit - Business Continuity Management	The Business Continuity policy is not fit for purpose and a resilience governance framework is not in place.	1	Develop a Resilience Management Policy incorporating business continuity, crisis, emergency and incident, and protective security management.	Oct-22	High	Julie Ambury (Enterprise Risk Lead - Governance and Assurance)	Due date 31 March 2023	In progress
		2	Establish resilience working and governance groups	Oct-22	High		Due date 30 June 2023	Delayed or not yet started
		3	Development and implement a resilience training and testing programme.	Oct-22	High		Due date 30 June 2024	Delayed or not yet started
	Align Council's enterprise-level Business Impact Assessment (BIA) risk assessment and the operational BIA	1	Review enterprise-level BIA to guide operational level BIA alignment.	Oct-22	High	Julie Ambury (Enterprise Risk Lead - Governance and Assurance)	PwC engaged to carry out this review.	Complete (ready for re- auditing)
		2	Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates.	Oct-22	High		Critical functions due by 30 April 2023 Enabling functions due by 31 July 2023.	In progress
	The Business Continuity Plan (BCP) should address key risks and dependencies highlighted by a BIA and Management should determine practical recovery strategies to guide investment, and detailed procedures to guide operation.	1	Refresh the BCP template	Oct-22	High	Julie Ambury (Enterprise Risk Lead - Governance and Assurance)	Due date 30 March 2023.	In progress
		2	Establish resilience working and governance groups	Oct-22	High		Due date 30 June 2023	Delayed or not yet started
		3	Development and implement a resilience training and testing programme.	Oct-22	High		Due date 30 June 2024	Delayed or not yet started
	Greater detail and clarity required in respect of the purpose, function and activities of the Strategic Property Unit (SPU) and associated objectives/ key performance indicators	1.1	Prepare a comprehensive statement of the SPU's purpose, objectives and basis for opportunity assessment, to be confirmed and agreed between the SPU and Council leadership.	Nov-22	Moderate	Nicolas Wells (SPU Manager)	Comprehensive statement of SPU's purpose, objectives and basis for opportunity assessment prepared. Awaiting Senior Leadership Team approval.	In progress
		1.2	Once increased detail regarding the purpose, function and objectives of the SPU are agreed, review dashboard reporting to reflect consistency with associated KPIs	Nov-22	Low		Dashboard reporting reviewed to ensure consistency with associated KPIs.	Complete (ready for re- auditing)
PwC Internal Audit - Strategic Property Unit Review (D-4490466)	Opportunities to explore options for increasing the capacity of existing team members to focus on strategic activities to benefit wider Council objectives and facilitate continuity/ succession planning	2.1	Prepare continuity planning including where internal resource can be used and identifying key contacts at external consultants where appropriate to ensure activities levels can be maintained with minimal interruption in the event of the absence of an SPU team member.	Nov-22	Low	Nicolas Wells (SPU Manager)	Strategic Plan prepared. External resources scheduled and key contacts identified.	Complete (ready for re- auditing)
		2.2	Upon completion of the wider Council property portfolio review and other internal unit management processes underway (which should include an assessment of potential future opportunity areas based on strategic direction), issue criteria for SPU engagement and prepare an internal SPU plan for identifying future opportunities proactively.	Nov-22	Moderate		Council property portfolio review in progress. Internal SPU plan for proactively identifying future opportunities in progress.	In progress

Report	Focus area/ Issue	ID number	Recommendation	Date raised	Risk	Owner	Quarter 2 2023 Update	Status
PwC Internal Audit - Strategic Property Unit Review (D-4490466) (continued)		2.3	Commence a process for identifying and assessing potential options to build future internal capability to maximise the longer term value of the extensive knowledge and experience of the existing SPU team.	Nov-22	Low		Process for identifying and assessing options to build internal capability commenced. Programme to maximise SPU experience and "value add" initiated.	In progress
		2.4	Consider options to re-allocate more of the less specialised business as usual tasks currently undertaken by the senior advisors in order to create increased capacity for strategic activities.	Nov-22	Low		Reallocation of BAU tasks to create increased capacity for strategic activities commenced.	Complete (ready for re-auditing)
	Opportunities for process/operational efficiency improvement.	3.1	Incorporate an outline structure for council/committee reports and an associated quality assurance process to be followed prior to submission.	Nov-22	Low	Nicolas Wells (SPU Manager)	Report review and quality assurance process implemented.	Complete (ready for re-auditing)
		3.2	Conduct a subsequent review of the use and effectiveness of the new risk management system following full population/implementation.	Nov-22	Low		Annual review of use and effectiveness of risk management systems, and processes scheduled.	Complete (ready for re-auditing)
		3.3	Schedule periodic reviews of the content of Promapp to ensure currency.	Nov-22	Low		Periodic Promapp content reviews scheduled.	Complete (ready for re-auditing)
		3.4	Consider a periodic (e.g. 3 yearly) panel refresh for external consultants	Nov-22	Low		Periodic panel refresh for external consultants undertaken.	Complete (ready for re-auditing)
		3.5	Continue to pursue efficiencies in invoicing processes to increase the capacity of the SPU team to undertake Strategic Property advisory activities.	Nov-22	Low	Kerryn Kane (Business Coordinator SPU)	Process improvement programme for invoicing in progress	In progress
		3.6	Institute and document a quality assurance process for the review of reports prior to submission, particularly in respect of numerical information, and ensure that completion is appropriately documented.	Nov-22	Moderate		Report review and financial quality assurance process implemented.	Complete (ready for re-auditing)
		3.7	Review the current checklists for projects/transactions within Promapp to facilitate their use as both a live status summary document throughout the course of a project and an annexure to reports/approval requests.	Nov-22	Moderate	Nicolas Wells (SPU Manager)	Current checklists for project/transactions in Promapp reviewed.	Complete (ready for re-auditing)
Audit New Zealand Annual Audit Management Reports	No Organisational Business Continuity Plan (BCP) or IT Disaster Recovery (DR) Plan	E-2141	Develop and test the organisational BCP and IT Disaster Recovery Plan.	2015	Moderate	Tony Oxley (IS Operations Manager - Information Services)	Supplier has now been engaged to: 1. Review existing HCC ITSCM process and update in line with best practice 2. Review existing HCC BCP and update in line with best practice 3. Review existing HCC DR plan and update in line with best practice 4. Develop playbooks and schedule for core critical HCC Services 5. Identify 2x core critical business applications and dry run play books for DR The above framework is due to be delivered by the end of 2022. Following this a proposal will go to Council in the 2023 calendar year for approval of the investment (approx. \$500k) required to then develop and implement the framework above.	In progress
	Improvements to payroll systems	E 2994	Payroll supporting documentation is filed in a manner that can be easily retrieved. Processes and controls should be reviewed on a regular basis. This will identify any gaps in the system and provide an opportunity for the Council to strengthen their controls.	2021	Moderate	Dan Finn (People, Safety and Wellness Manager)	These recommendations have been implemented to our satisfaction. Further improvements will be introduced with the implementation of our new payroll system in 2023	In progress

Report	Focus area/ Issue	ID number	Recommendation	Date raised	Risk	Owner	Quarter 2 2023 Update	Status
Audit New Zealand Annual Audit Management Reports (continued)	Manual processing of weekly timesheets	E-2789	Council implements an online timesheet function for processing weekly timesheets. This will reduce the risk of timesheet information being entered incorrectly into the system and serve as an efficient way to process weekly pay runs.	2019	Moderate	Dan Finn (People, Safety and Wellness Manager)	We are looking to implement a new Payroll system in 2023, which will include Payroll, Workforce Management (WFM) plus a number of other modules that support the employee life cycle. This is a very complex project that has been hindered by a number of influencers and as such we expect further delays in this project. As part of this implementation, electronic time sheeting will replace the manual processes that are associated with our present payroll system. Once introduced, this recommendation by Audit NZ can be closed.	In progress
	Bond and deposits register contains long outstanding bonds	E-2995	The register should be reviewed for aged bonds and deposits. The register should be cleared for any bonds and deposits that are no longer applicable or held.	2021	Low	Sarah Vaz (Accounting Manager)	Work is underway in the Finance and Planning units to identify bonds held for longer than the statutory deadline (8 years). These bonds will either be released to the customer, or retained by Council and allocated to the various units that will be required to undertake remedial work arising from the resource consent conditions.	In progress
	Approval of sensitive expenditure transactions		We recommend that all sensitive expenditure transactions are approved on a one-up basis (for example Mayor expenditure is reviewed by either the Deputy Mayor or CEO or both, and CEO expenditure is approved by the Mayor).	2022	Moderate	Louise Lukin (Director of Mayor's office)	A review of approvals process for the Mayor and Executive Office is being undertaken in conjunction with Finance	In progress
	Condition data in asset registers		We recommend that Council ensure that condition data is present in asset registers and available for valuers so that assets in poor condition are correctly reflected in the valuation	2022	Moderate	Megan Wittstock (Capital Accounting Team Leader)	To be reviewed as part of the next valuations. Due April 2023	Delayed or not yet started
Audit New Zealand Long Term Plan Audit (2021-31)	Funding from Waka Kotahi NZ Transport Agency	E-2820	Management to revisit their financial forecasts when the Waka Kotahi funding allocation is approved and, if required, update these as part of the Annual Plan process.	2021	Moderate	Martin Gould (Strategic Transport Activity Leader - City Transportation)	Staff have continued to monitor approved funding from Waka Kotahi, any differences have been reported and addressed through either the Finance Committee process or addressed through Annual Plan adjustments. Matter able to be cleared during next LTP audit.	Complete (ready for re- auditing)
	Cost savings	E-2821	Council implements adequate financial reporting processes to ensure that LTP costs savings are monitored and reported appropriately and consistently to the Council throughout the period of the long-term plan.	2021	Moderate	Julie Sanderson (Transformation Manager - Transformation)	Efficiency savings are included as budgeted line items within each area of Council. Where actual savings are identified, these are coded to this area and compared to budgeted savings targets. This information is presented as part of the regular Finance Committee reports. Matter able to be cleared during next LTP audit.	Complete (ready for re- auditing)
	Quality of asset-related forecasting information (including condition and performance information for critical assets)	E-2822	Council improve the quality of data about asset performance and asset condition for critical assets.	2021	Moderate	Mandy Smith (Programme Manager - Assets Strategy)	An Asset Criticality Framework guidance document has been created and rolled out as part of our AMP (Activity Management Plan) Workshop - this excluded the Waters and Transport assets as they have existing frameworks. 2024 Baseline AMPs are currently being created and critical asset groups will be identified, and risk and mitigation measures are described.	In progress
PwC Internal Audit - Growth Model (D-3530137)	Quality of Growth Model		Improve input data & parameter control measures	2020	Moderate	Greg Carstons (Growth, Funding & Analytics Manager)	Official experimentation – In addition to Action Plan, minor changes have been made to the version control system (HOME) to allow for detailed comments on changes in input files/parameters. Providing users follow appropriate documentation procedures, this mitigates the loss of change justification.	In progress
			Implement error checking of input files & build in error handling functionality into the script	2020	Moderate		Error handling has not been properly included in the script code, but has been tasked to be included before the next model run in May 2023.	In progress

Report	Focus area/ Issue	ID number	Recommendation	Date raised	Risk	Owner	Quarter 2 2023 Update	Status
PwC Internal Audit - Growth Model (D-3530137) (continued)			Improve the documentation and functionality of the script	2020	Moderate		The script has been fully commented with the intention of teaching a new user. This has subsequently been used successfully for onboarding. Naming conventions have not been modified. This is low priority and will be considered when the model is restructured (likely mid 2024).	In progress
PwC Internal Audit - Wairere Cobham Drive Interchange project (D-3530135)	Insufficient project information in Psoda to enable effective project management/governance	1	1.1 Identify the key information that the governance structure needs to maintain effective oversight over projects at a programme and portfolio level. 1.2 Populate Psoda with the key project data. 1.4 Update the steering group and capital investment board reporting to include key information.	Nov-20	High	Chris Allen (GM Development)	The employment of a special projects director and changes implemented in project management have improved the overall governance of projects at a programme and portfolio level and ensured an overall risk management assessment of the project portfolio including accruals and project spend.	Complete (ready for re-auditing)
	Monthly project financials are not complete or accurate	3	3.1 Provide training to project managers on accruals that emphasises the need for accuracy. 3.2 Implement a review of project accruals, particularly when no accrual is posted. 3.4 Include project spend to date figures in Psoda for multi year projects.	Nov-20	High			Complete (ready for re-auditing)
	Project risks and issues not kept up to date	5	5.1 Undertake a risk workshop with relevant parties, record the outputs of this into Psoda and consider the sufficiency of the remaining contingency sum.	Nov-20	High			Complete (ready for re-auditing)
PWC Internal Audit - Data Governance (D-3532751)	Data Governance	1	Provide a mandate and authority to an experienced individual who will be responsible to lead and drive the implementation of data governance across the organisation.	Nov-20	High	Murray Heke (GM Customer, Technology & Transformation)	Information Services has completed a data strategy and data governance implementation plan. Funding for the delivery of the initiatives identified in the implementation plan will be requested through the next Long Term Plan.	Complete (ready for re-auditing)

Council Report

Item 11

Committee: Strategic Risk and Assurance Committee

Date: 29 March 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: Annual Report 2023 Planning Update

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the plan and timetable for the 2023 Annual Report.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risks and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Staff are currently undertaking planning activities in relation to the 2023 Annual Report.
4. The statutory deadline for finalisation of the annual report has reverted to 31 October 2023.
5. Audit timeframes provided by Audit New Zealand (refer **Attachment 1**) will enable the Council to meet its statutory deadlines.
6. Audit New Zealand has requested a delayed June 2023 meeting to enable presentation of the Audit Plan due to the availability of the appointed auditor.
7. Staff consider the matter covered in this report is of low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

8. Audit New Zealand's clearance of other late audits and the sabbatical of the audit director until June 2023 will result in a delay in the finalisation of the audit planning document. Audit New Zealand has requested a delay of the June 2023 Strategic Risk and Assurance meeting to enable presentation of the audit plan.
9. The audit timeframes provided by Audit New Zealand have been incorporated into the finance planning timeframes and staff consider the timeframes will enable the Council to meet its statutory deadlines. Audit Focus areas for 2022/2023 will include the following:

- i. Management override.
- ii. The Government's three waters reforms programme. At this stage, there is no expectation that this will have an impact on the financial statements for 2022 except for disclosure similar to last year.
- iii. Fair value assessments and revaluations of PPE.
- iv. Service Performance Reporting: This is the first year that the Council is required to implement the PBE FRS 48, Service Performance Reporting.
- v. Planning is underway to ensure delivery of these key areas, including the revaluations per the revaluation schedule planned for April 2023.

Financial Considerations - *Whaiwhakaaro Puutea*

- 10. The cost of this engagement is funded through the 2021 – 2031 Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

- 11. Staff confirm that the matter of this report complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

- 12. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
- 13. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
- 14. The recommendations set out in this report are consistent with that purpose.

Risks - *Tuuraru*

- 15. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

- 16. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

Engagement

Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Audit New Zealand Memo to Strategic Risk and Assurance Committee 17 March 2023



Memo

Date: 17 March 2023
To: Strategic Risk and Assurance Committee (SRAC), Hamilton City Council
From: Naudé Kotzé, Audit Manager, Audit New Zealand
Subject: **Update on Audit Planning and timeframes for the 2022/23 annual audit**

1. The amendment of the Local Government Act (LGA), 2002 to extend reporting timeframes by 2 months is no longer applicable to this year's audit. Council needs to adopt the annual report by 31 October 2023 which is also the date our audit needs to be completed by. While we are early in 2023, we are confident about delivering the Hamilton City Council (HCC) audit within normal statutory timeframes.
2. During 2021 and 2022, the New Zealand audit profession, including Audit New Zealand, had faced significant auditor shortages. At Audit New Zealand we have worked very hard over the last year to resolve these shortages. We are now in a position where our auditor capacity is significantly improved, having been able to recruit from both international and domestic markets. At our local office (Hamilton) we have lifted our auditor complement.
3. Strengthening our local audit leadership. Separate from our auditor recruitment efforts we have also made a decision to strengthen the audit leadership in our Hamilton office and expect to be in a position to announce the appointment of a new Audit Director within the next few months.
4. We are now approaching 2023 as a transition year, moving from the challenges associated with Covid-19 through to operating against "normal" statutory timeframes. During that transition we are needing to manage our priorities carefully. The initial focus is on completing any remaining delayed June 2022 audits and alongside that remaining on top of the current audit rounds, such as the tertiary audit round due for completion on 30 April. This later audit round is significant for our Hamilton office it is largely responsible for the completion of the Te Pūkenga audit. Our focus for 30 June 2023 audits will gather momentum during late May.
5. The specific HCC scheduled timeframes for the 2022/23 audit, that have been discussed with management, are as follows:
 - Planning to be completed by mid-May 2023. We may have on site visits during the weeks 11 April and 1 May;
 - Presentation of the Audit Plan: June 2023. Please refer to section 5 below;

Memo-to HCC SRAC 17 March 2023

- First interim visit: 6 – 16 June 2023;
 - Second interim visit: 10 - 22 July 2023;
 - Final audit visit: 11 September to 19 October 2023; and
 - Adoption of the annual report and audit opinion issued: Not later than 31 October 2023.
6. We noted that the SRAC meeting is scheduled for 7 June 2023. The Appointed Auditor is returning from leave on 1 June 2023. In order to fulfil his professional obligations to engage with management and to review the planning documents, it will not be possible to present the audit plan to the SRAC on 7 June 2023. We kindly request that the SRAC consider deferring the meeting to 21 June in order for us to present our Audit Plan to the SRAC.
7. Audit focus areas for 2022/23 will include the following:
- Management override.
 - The Government's three waters reforms programme. At this stage, we don't expect that this will have an impact on the financial statements for 2022 except for disclosure similar to last year.
 - Fair value assessments and revaluations of PPE.
 - Service Performance Reporting: This is the first year that the Councils is required to implement the PBE FRS 48, *Service Performance Reporting*.

Council Report

Item 12

Committee: Strategic Risk and Assurance Committee

Date: 29 March 2023

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: Audit NZ Final Management Report 30 June 2022

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the Audit NZ Final Management Report for 30 June 2022

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Audit NZ completed their audit of the 30 June 2022 Annual Report, and issued their audit opinion, on 15 December 2022.
4. Audit NZ issued a non-standard audit report, without modifying their audit opinion on 15 December 2022.
5. An emphasis of matter paragraph is included in the audit report relating to the Government introduced legislation to establish four publicly owned water services entities.
6. Two new recommendations were made during the final audit, and 12 prior recommendations were closed.
7. Council has 5 open recommendations as at 30 June 2022.
8. The complete Management Report can be found in **Attachment 1**.
9. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

Audit recommendations: An overview - *Ko nga Tuutohu noo te Arotake Puutea: He Tiro whaanui*

10. Audit NZ use three categories to reflect the significance of their recommendations. These categories are marked as either beneficial, necessary, or urgent.

Prior year open matters

11. No organisational business continuity plan or IT disaster recovery plan. Audit NZs recommendation, that Council prioritise development and testing of Organisational Business Continuity and IT Disaster Recovery plans, has been marked as necessary. Council has identified several areas of focus related to the current backup environment and have engaged Fujitsu New Zealand to provide recommendations for making improvements.
12. Manual processing of weekly timesheets. Audit NZs recommendation, that Council implements an online timesheet function for processing weekly timesheets, has been marked as necessary. As part of Council's upcoming implementation of a new payroll system, electronic time sheeting will replace the manual processes that are associated with the present payroll system.
13. Improvements for payroll systems. Audit NZs recommendation, that supporting documentation is filed in a manner that can be easily retrieved and that processes and controls are regularly reviewed, has been marked as necessary. Council confirms there are no instances of supporting documentation not being available. Council identified one instance where signatures had not been documented on a Variable Data Report as evidence of review.
14. New recommendations:

Recommendation	Priority	Council Response
1. All sensitive expenditure transactions are approved on a one-up basis (for example Mayor expenditure is reviewed by either the Deputy Mayor or CEO or both, and CEO expenditure is approved by the Mayor).	Necessary	Audit NZ's comments have been noted and we will continue to work with the Mayoral Office to ensure one-up approvals are actioned where required.
2. Council ensure that condition data is included in asset registers and available for valuers.	Necessary	The Three Waters Asset Management Team confirms that condition data was not provided within the Data Extracts provided to Beca for the latest valuation. Council's Asset Management System (read Register) does however cater for, and captures asset information, data, and asset impairment based on known and verified condition or performance.

Financial Considerations - *Whaiwhakaaro Puutea*

15. This is a regular operating activity funded through the Long Term Plan.
16. There are no financial implications in relation to this decision.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

17. Staff confirm that this matter complies with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

18. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

19. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
20. The recommendations set out in this report are consistent with that purpose.
21. Economic wellbeing is managed through the efficient monitoring of Council's financial results. Diligent reporting of Council's budget to actual financial results is required to ensure Council is operating effectively and policy compliance is met.
22. There are no known social, cultural and environmental wellbeings associated with this matter.

Risks - *Tuuraru*

23. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

24. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

25. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Report to the Council on the audit of Hamilton City Council

Report to the Council on the audit of

Hamilton City Council

For the year ended 30 June 2022

Contents

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Key messages

We have completed the audit for the year ended 30 June 2022. This report sets out our findings from the audit and draws attention to areas where the Hamilton City Council (the City Council) is doing well and where we have made recommendations for improvement.

Audit report

We issued a non-standard audit report dated 15 December 2022.

Without modifying our audit opinion, we included an emphasis of matter paragraph in our audit report to draw attention to the disclosures in the financial statements relating to the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from authorities with effect from 1 July 2024.

Matters identified during audit planning

In our Audit Plan, we identified the following main focus areas for this audit:

- The risk of management override of internal controls.
- Property, plant and equipment revaluations and fair value assessments.

We did not identify any matters of significant concern in relation to these focus areas as a result of the audit work we completed.

Matters identified during the audit

During our audit, we identified that changes in accounting policy had been made by Council in relation to the following:

- Recognition of building consent revenue.
- Software as a Service (SaaS).

The Council changed its policy for recognising building consent revenue. The change resulted in a restatement of the 30 June 2021 balances with a decrease in fees and charges of \$1.4 million and an increase in payables and deferred revenue of \$5 million. We are satisfied that the disclosure made by Council in relation to the change is reasonable.

The change in policy for Software as a Service arose following the IFRS Interpretations Committee (IFRIC) publishing guidance clarifying how configuration and customisation costs incurred in implementing SaaS should be accounted for. The change in policy resulted in \$4.2 million of intangible work in progress (WIP) being transferred to operating and maintenance costs and \$214,000 was recognised as a prepayment. Of the \$4.2 million of WIP that was expensed, \$1.3 million related to 2021. As the amount was not material, Council did not restate comparative amounts. Management agreed to enhance disclosures on the matter in the financial statements.

In addition to the above, Council and group 30 June 2021 comparative year figures and 1 July 2020 opening balances required adjustments due to several matters relating to Waikato Regional Airport Limited (WRAL). We worked with management to enhance disclosures about the restatements.

Council's community outcome measure relating to a reduction in greenhouse emissions footprint was not audited as it forms part of the "other information" in the annual report.

We followed up on the status of issues outstanding from previous audits. A summary of the action taken in relation to these matters is set out in section 1.2 and further detail is provided in Appendix 1.

Thank you

We would like to thank the Council, management and staff for the assistance they provided during the audit. There were a number of queries and changes that were made in the later stages of the audit and Council staff were understanding and swift in responding. We appreciate Council's response and apologise for the late timing.



Clarence Susan
Appointed Auditor
8 February 2023

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Priority	Explanation
Urgent	<p>Needs to be addressed <i>urgently</i></p> <p>These recommendations relate to a significant deficiency that exposes the City Council to significant risk or for any other reason need to be addressed without delay.</p>
Necessary	<p>Address at the earliest reasonable opportunity, <i>generally within six months</i></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>
Beneficial	<p>Address, <i>generally within six to 12 months</i></p> <p>These recommendations relate to areas where the City Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>

1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Sensitive expenditure transactions are approved on a one-up basis.	4.1	Necessary
Condition data is included in asset registers and available for valuers.	4.2	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	3	-	3
Implemented or closed	1	11	-	12
Total	1	14	-	15

2 Our audit report

2.1 We issued a non-standard audit report



We issued a non-standard audit report on 15 December 2022. Our report included an unmodified opinion. This means we were satisfied that the financial statements and statement of service performance present fairly the City Council's activity for the year and its financial position at the end of the year.

Without modifying our audit opinion, we included an emphasis of matter paragraph in our audit report to draw attention to the disclosures in the financial statements relating to the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from authorities with effect from 1 July 2024.

The impact of these proposed reforms, once legislated, will mean the City Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and has been subject to its third reading. It has now received Royal Assent from the Governor-General. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water service entities.

In forming our audit opinion, we considered the matters set out below and in sections 3 and 4 of this report.

2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. The misstatements that have not been corrected are listed below along with management's reasons for not adjusting these misstatements. We are satisfied that these misstatements are individually and collectively immaterial.

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
2020/21					
Expenditure	1				1,260
Intangible assets WIP		(1,260)			
2021/22					
Expenditure	1				(1,260)
Intangible assets WIP		1,260			

Current year uncorrected misstatements	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Total parent and group		-	-	-	-

Explanation of uncorrected misstatements

- Council changed its accounting for the recognition of intangible assets relating to Software as a Service (SaaS) to be in line with the relevant accounting standards. Any change in accounting treatment as a result of a change in accounting policy should be disclosed and accounted for retrospectively. The change in policy is adequately disclosed in Note 38, Software as a Service, but no prior year adjustments were made as the amount is not material. The adjustment relating to 2020/21 was included in 2021/22.

The net impact on retained earnings and carrying value of intangible assets as at 30 June 2022 is nil.

2.3 Uncorrected disclosure deficiencies

There were no uncorrected disclosure deficiencies.

2.4 Uncorrected performance reporting misstatements

Detail of misstatement	Management's explanation for not correcting
Building consents processing time – one error was identified from the audit sample tested.	No adjustment was made because the impact of the error on the total reported result is not material.

2.5 Corrected misstatements

We also identified misstatements that were corrected by management. These corrected misstatements had the net effect of increasing equity by \$14.675 million compared to the draft financial statements. The corrected misstatements are listed in Appendix 2.

2.6 Corrected disclosure deficiencies

There were a number of disclosure deficiencies that management agreed to adjust. The corrected disclosure deficiencies are listed in Appendix 2.

2.7 Corrected performance reporting misstatements

There were a few performance reporting misstatements that management agreed to adjust. The corrected performance reporting misstatements are listed in Appendix 2.

2.8 Quality and timeliness of information provided for audit



Management needs to provide information for audit relating to the annual report of the City Council. This includes the draft annual report with supporting working papers.

The information provided to support the annual report was of a good quality and was provided on time.

3 Matters raised in the Audit Plan



In our Audit Plan of 14 October 2022, we identified the following matters as the main audit risks and issues:

Audit risk/issue	Outcome
Revaluation of assets - revaluation year	
<p>The City Council periodically revalues its asset classes. PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations are conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value.</p> <p>The asset classes revalued are a significant portion of Council's assets and there was a risk that errors in the process or calculation could result in a material misstatement.</p> <p>Due to the nature and value of the revaluations any bias or errors in the inputs used or calculations performed could result in a material misstatement in the value of asset classes being revalued.</p>	<p>The City Council revalued its land (including parks and gardens), buildings, three waters reticulation, wastewater treatment plant, water treatment plant and refuse asset classes as at 30 April 2022. We assessed the potential fair value movement for these asset classes between 30 April 2022 and 30 June 2022 in conjunction with those classes not revalued and determined that the potential movement is not material.</p> <p>For buildings, the majority of the assets were valued by Council staff and a peer review undertaken by an external party, Brian Smith Advisory Services Limited. The remaining building assets were valued by an independent valuer, Opteon. We reviewed the scope and findings of the peer review performed and were satisfied that it was appropriate. We were also satisfied that the peer reviewer engaged by the City Council is suitably qualified and experienced.</p> <p>For three waters, wastewater treatment plant, water treatment plant and refuse assets, an independent valuer (Beca) was contracted to value these assets. We were satisfied that the external valuers engaged by the City Council are suitably qualified and experienced.</p> <p>For these revaluations we have:</p> <ul style="list-style-type: none"> • reviewed the scope of the valuation performed and ensured it has been completed in accordance with the appropriate standards; • reviewed the controls over the valuation process (including the reliability of source data used)

Audit risk/issue	Outcome																
	<ul style="list-style-type: none"> ensured the entire asset class has been revalued; assessed whether the assumptions used are reasonable and supportable; and reviewed adjustments posted to the general ledger as part of the revaluation and related disclosures. <p>The revaluation process resulted in the following fair value gains being recognised:</p> <table> <tr> <td>Land</td><td>\$39.4 million</td></tr> <tr> <td>Buildings</td><td>\$18.5 million</td></tr> <tr> <td>Land, parks and gardens</td><td>\$120.4 million</td></tr> <tr> <td>Water</td><td>\$47.8 million</td></tr> <tr> <td>Wastewater</td><td>\$56.3 million</td></tr> <tr> <td>Stormwater</td><td>\$71 million</td></tr> <tr> <td>Refuse</td><td>\$4.2 million</td></tr> <tr> <td>Total</td><td>\$365 million</td></tr> </table> <p>Key drivers of the fair value increases include:</p> <ul style="list-style-type: none"> market movements (for land); and construction cost increases. <p>These increases are in line with audit expectations and are considered reasonable given city growth and inflation movements.</p> <p>We did not identify any matters of significant concern as a result of the audit work we completed. However, we have made one recommendation for improvement in section 4.2.</p>	Land	\$39.4 million	Buildings	\$18.5 million	Land, parks and gardens	\$120.4 million	Water	\$47.8 million	Wastewater	\$56.3 million	Stormwater	\$71 million	Refuse	\$4.2 million	Total	\$365 million
Land	\$39.4 million																
Buildings	\$18.5 million																
Land, parks and gardens	\$120.4 million																
Water	\$47.8 million																
Wastewater	\$56.3 million																
Stormwater	\$71 million																
Refuse	\$4.2 million																
Total	\$365 million																

Audit risk/issue	Outcome
Revaluation of investment property	
<p>The fair value of the City Council's investment properties needs to be assessed annually in accordance with the requirements of PBE IPSAS 16, <i>Investment Property</i>. Given the volatility in the property market there is potential for large valuation movements year on year, which need to be accounted for within the Statement of Comprehensive Income. Due to the nature and value of the revaluations, any bias or errors in the inputs used or calculations performed could result in a material misstatement in the value of the investment property.</p>	<p>The City Council's investment properties were revalued by an independent valuer, Colliers. The fair value of investment properties increased by \$1,354k from \$39,526k as at 30 June 2021 to \$40,880k as at 30 June 2022.</p> <p>Key drivers of the fair value increase include:</p> <ul style="list-style-type: none"> • Strong demand for similar properties. • An increase in market rentals. <p>The increase is in line with audit expectations and are considered reasonable.</p> <p>We have:</p> <ul style="list-style-type: none"> • assessed relevant controls that management has put in place for the valuation; • obtained an understanding of the underlying data; • evaluated the qualifications, competence and expertise of the external valuer used; and • reviewed the method of valuing the investment properties and assessed if the applicable method used is in line with the financial reporting framework, including the reasonableness of the assumptions used. <p>No issues were identified from our work performed.</p>

Audit risk/issue	Outcome
Property, plant and equipment – fair value assessments	
<p>The City Council periodically revalue certain asset classes, including land, buildings and infrastructure. PBE IPSAS 17, <i>Property, Plant and Equipment</i>, requires that valuations be conducted with sufficient regularity to ensure that the carrying value does not differ materially from fair value. A revaluation was not scheduled for the following asset classes during the 2021/22 financial year:</p> <ul style="list-style-type: none"> • Parks and Gardens. • Roding. <p>Fair value assessments were required to be completed for these classes of assets to confirm that there is no material difference between their carrying amount and their fair value.</p>	<p>We reviewed the City Council's significant variance threshold and assessment of fair value against carrying value for each asset class not scheduled to be revalued this year.</p> <p>We are satisfied that there is no material difference between the carrying amount and the fair value for these classes of assets.</p>
Major capital projects	
<p>The City Council has a significant ongoing capital programme.</p> <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects. This includes ensuring:</p> <ul style="list-style-type: none"> • project costs are reviewed to ensure these are appropriately classified as capital or operational in nature; • work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation; 	<p>We reviewed the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • the correct classification of costs as either capital or operational in nature; • appropriate capitalisation point for completed assets, including transfers from work in progress; • the reasonableness of depreciation rates and useful lives applied to asset components; and • the disclosures included within the financial statements, including those relating to capital commitments. <p>We did not identify any matters of concern as a result of the audit work completed.</p>

Audit risk/issue	Outcome
Major capital projects	
<ul style="list-style-type: none"> • WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project; • asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion; • the value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway; and • capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements. 	
Software as a Service (SaaS)	
<p>Entities can sometimes incur significant costs when implementing cloud computing arrangements. Until recently, there has been no specific guidance on this subject in IFRS or IPSAS accounting standards. The IFRS Interpretations Committee recently published decisions clarifying how arrangements in respect of a specific part of cloud technology, SaaS, should be accounted for. The agenda decisions must be applied by for-profit entities. For PBEs, the agenda decisions can be referred to in determining the accounting treatment because the underlying intangible asset standards are consistent between IFRS and PBE IPSAS. The City Council should consider whether or not their accounting policy is consistent with the Committee's decision and should consider whether costs relating to SaaS are correctly accounted for and appropriate disclosures are included in the financial statements of the City Council. The key issues are whether such costs:</p> <ul style="list-style-type: none"> • shall be capitalised as an intangible asset and amortised; or • expensed when incurred; or 	<p>The City Council revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC guidance. The policy was applied retrospectively and disclosed as a change in accounting policy in Note 1.</p> <p>We reviewed the City Council's process for determining the accounting treatment for associated costs and found this to be aligned with IFRIC guidance.</p> <p>We also assessed the appropriateness of associated disclosures in Note 38: Software as a Service and found that 2021 comparative figures were not included (a requirement under PBE IPSAS 3 for changes in accounting policies). We included this in our uncorrected misstatements.</p> <p>Other than this, we considered the disclosures in Note 1 and Note 38 to be reasonable.</p>

Audit risk/issue	Outcome
<ul style="list-style-type: none"> expensed over the term of the software as a service (SAAS) arrangement (including capitalising as a prepaid service if paid upfront). <p>Changes to the classification of asset balances as a result of the IFRIC's decision should be treated as a change in accounting policy and accounted for retrospectively. This would require a restatement of prior period amounts in accordance with PBE IPSAS 3 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p>	
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>To address this risk we performed the following audit procedures:</p> <ul style="list-style-type: none"> tested the appropriateness of selected journal entries; reviewed accounting estimates for indications of bias; and evaluated any unusual or one-off transactions, including those with related parties. <p>We did not identify anything of concern.</p>
Rates	
<p>Rates are Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The City Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.</p>	<p>We considered the City Council's compliance with aspects of the LGRA that potentially materially impact on the financial statements. This included review of the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS).</p> <p>We also reviewed selected differentially set and targeted rates to assess whether the matters and factors used are consistent with the LGRA.</p> <p>No instances of non-compliance with the LGRA were identified from our review.</p>

Audit risk/issue	Outcome
Three Waters Reform	
<p>The Three Waters Reform programme is expected to result in structural changes to how water supply, wastewater and stormwater assets are owned and managed in the local government sector. This could have a significant impact on the structure of the Group.</p> <p>On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure currently owned by local authorities, with effect from 1 July 2024.</p> <p>There are still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities.</p> <p>Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.</p> <p>The Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	<p>We reviewed the City Council’s disclosure included in the annual report regarding the Three Waters Reform programme (included in the statement of accounting policies) and are satisfied that the disclosure is reasonable.</p> <p>Our audit report includes an emphasis of matter paragraph which draws the reader’s attention to this disclosure.</p>

4 Matters identified during the audit



4.1 Approval of sensitive expenditure transactions

During our testing of sensitive expenditure transactions, we identified several instances where Mayor and CEO expenditure was not approved on a one-up basis.

Recommendation

We recommend that all sensitive expenditure transactions are approved on a one-up basis (for example Mayor expenditure is reviewed by either the Deputy Mayor or CEO or both, and CEO expenditure is approved by the Mayor).

Management comment

Audit NZ's comments have been noted and we will continue to work with the Mayoral Office to ensure one-up approvals are actioned where required.

4.2 Condition data in asset registers

During our review of the Three Waters valuation report, we identified that condition data was not included in asset registers, therefore Beca did not take condition into consideration for the valuation. This creates a risk that assets in poor condition are not correctly reflected in the valuation.

Recommendation

We recommend that Council ensure that condition data is included in asset registers and available for valuers.

Management comment

The Three Waters Asset Management Team confirms that condition data was not provided within the Data Extracts provided to Beca for the latest valuation. Council's Asset Management System (read Register) does however cater for, and captures asset information, data, and asset impairment based on known and verified condition or performance.

There is an accepted view that condition factors tend not to be used to adjust remaining useful asset lives as these are more subjective and less reliable than age-based methods for assessing fair value. Subjective condition grades are generally deemed to be too coarse for valuation purposes. Had there been evidence of any confirmed significant and additional asset impairment based on known and verified condition or operational performance not already acknowledged in Council's asset management and financial systems, this information would have been provided to the valuer for consideration during the last valuation.

In addition, across the two separate valuations carried out recently (linear and treatment plant/reservoir assets), site and asset inspections were carried out by the independent valuer on numerous representative above ground and visible assets to non-invasively identify and assess asset condition that could have materially reduced current remaining asset life.

It is our opinion that the provision of potentially subjective condition data for the latest valuation would not have significantly, or materially affected remaining asset life data provided to, considered by, and received back from our valuer.

However, in order to mitigate any potential risk that assets in poor condition may not correctly be reflected in future valuations, Council acknowledges and accepts Audit NZ's recommendation to, in future, include Asset Condition data fields in the Asset Management System data extracts supplied to valuers for valuation purposes.

5 Public sector audit



The City Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the City Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the City Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We have also considered if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the City Council carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by City Council;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the City Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the City Council or by one or more of its members, office holders, or employees.

Based on the audit work that we performed this year, we did not identify any issues or concerns.

6 Group audit



The group comprises:

- Hamilton City Council (Parent);
- Waikato Innovation Growth Limited (Group); and
- Waikato Regional Airport Limited

We have not identified any of the following during our audit for the year ended 30 June 2022:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

7 Useful publications



Based on our knowledge of the City Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
Performance reporting	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications. Link: The problems, progress, and potential of performance reporting
The Office of the Auditor-General, the Treasury and Audit New Zealand have jointly prepared good practice guidance on reporting about performance. The guidance provides good practice examples from public organisations in central government. Those working in other sectors may also find this useful.	On Audit New Zealand's website under good practice. Link: Good practice in reporting about performance — Office of the Auditor-General New Zealand (oag.parliament.nz)
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Public accountability	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications. Link: Building a stronger public accountability system for New Zealanders

Description	Where to find it
Setting and administering fees and levies for cost recovery	
This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.	On the Office of the Auditor-General's website under publications. Link: Setting and administering fees and levies for cost recovery: Good practice guide
Managing conflicts of interest involving council employees	
This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.	On the Office of the Auditor-General's website under publications. Link: Getting it right: Managing conflicts of interest involving council employees
Establishing a new "public entity"	
This document is for people making policy decisions about establishing a new public entity. It sets out questions to help you consider what accountability requirements a new public entity should have.	On the Office of the Auditor-General's website under publications. Link: Accountability requirements to consider when establishing a new "public entity"
Covid-19 implications for financial reporting and audit in the public sector	
Audit New Zealand Executive Director Steve Walker and Head of Accounting Robert Cox joined an online panel hosted by Victoria University of Wellington and the External Reporting Board. They discuss the effects of Covid-19 and the economic recovery on financial reporting and audit in the public sector.	On our website under good practice. Link: Covid-19 page Link: Webinar

Description	Where to find it
Sensitive expenditure	
The Auditor-General's good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders "setting the tone from the top." It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.	On the Office of the Auditor-General's website under good practice. Link: Sensitive expenditure
Good practice	
<p>The OAG's website contains a range of good practice guidance. This includes resources on:</p> <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG's website under good practice. Link: Good practice

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
Improvements for payroll systems		
Supporting documentation is filed in a manner that can be easily retrieved. Processes and controls are reviewed on a regular basis.	2021	No instances of supporting documentation not being available, however we identified one instance where signatures had not been documented on a Variable Data Report as evidence of review. Issue outstanding.
Manual processing of weekly timesheets		
The Council implement an online timesheet function for processing weekly timesheets. This will reduce the risk of timesheet information being entered incorrectly into the system and serve as an efficient way to process weekly pay runs. Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information.	2019	As part of Council's upcoming implementation of a new payroll system, electronic time sheeting will replace the manual processes that are associated with our present payroll system. Issue in progress.
No organisational business continuity plan or IT disaster recovery plan		
The City Council prioritise development and testing of Organisational Business Continuity and IT Disaster Recovery plans.	2015	Work continues on developing Disaster Recovery and Business Continuity Plans. A schedule of work for 2023 is currently being planned. Issue in progress.

Implemented or closed recommendations

Recommendation	First raised	Status
Management of access to City Council's onsite server and communications room		
A review and reduction of access to the Level 8 server room is undertaken and procedures are established to IS formalise approval and monitoring of access.	2021	Six monthly reports are received from Facilities for validation of bona fide access accounts, with associated remediation. Any addition to these lists is carried out by Facilities subsequent to receiving IS approval. Ongoing monitoring part of BAU. Issue cleared.
Review of network login accounts needed		
Cyclical reviews of network logins accounts are performed, and redundant account access is removed.	2021	A process is now in place for active deterioration of accounts (removal of non-active accounts after a period of time). Integration with the Day Force project will also allow for closure of network accounts once an employee is classified as having left Council (resulting in fewer dormant accounts). Issue cleared.
Capital commitments		
Investigate further to determine why the capital commitment register does not reconcile with the financial statements.	2021	The register now reconciles with the financial statements. No issues were identified during the testing of capital commitments this year. Issue cleared.
Building valuation – confidence rating grade		
Address the areas for improvements identified in the valuation report. Consider the impact of the grade assigned to the valuation and whether it is appropriate when concluding on the valuation.	2021	Due to improvements made in asset data, the confidence rating in the valuation report has progressed from C (uncertain) to B (reliable). Issue cleared.

Recommendation	First raised	Status
Building valuation – appropriateness of valuation methods		
Appropriate valuation methods are used in determining the value of buildings.		A new valuer (Opteon) was used for the building valuations this year. Council is comfortable with the valuation methods they employed. Issue cleared.
Building valuation – cost adjustment factor		
Review calculations used in valuation reports and confirm inputs are consistent with the documented valuation methodology. Review movements between the date of indices used and year end and consider whether these movements are significant and conclude whether the valuation still reflects fair value.	2021	Council reviewed calculations used in the valuation report for 2022 and confirmed inputs are consistent with the documented valuation methodology. Council also reviewed movements between the date of indices used and year-end and considered these movements to be insignificant. Council concluded that the valuation still reflects fair value. Issue cleared.
Approval of work in progress to be capitalised		
Formal reviews and approvals are performed and captured before the completed templates are submitted for recording in the financial system.	2021	A new process has now been implemented to ensure appropriate approvals are captured. Issue cleared.
Property, plant and equipment work in progress		
Engage with service providers on a regular basis to obtain as-built data as soon as possible after project completion.	2021	A cross-organisational Capitalisation Taskforce has been established to improve capitalisation of new assets. This has helped to ensure as-built data is received in a timely manner. Issue cleared.
Transport revaluation recommendations from Beca		
Address the areas for improvement identified in the valuation report.	2021	A new process has now been implemented to ensure appropriate approvals are captured. Issue cleared.

Recommendation	First raised	Status
Transport revaluation – use of indices to be reviewed		
Unit rates should be investigated in the next valuation of transportation assets and should reflect recent costs based on roading contracts.	2021	A cross-organisational Capitalisation Taskforce has been established to improve capitalisation of new assets. This has helped to ensure as-built data is received in a timely manner. Issue cleared.
Improvements needed to Fujitsu monthly reporting and monitoring		
We recommend that a full review of Fujitsu reporting be done and that the reports be actively used to monitor and improve controls and ensure services are being provided.	2020	All recommendations have been implemented and ongoing monitoring is part of Council's BAU. Issue cleared.
Improve data for water and wastewater treatment plants		
<p>We recommend that the Council continues to improve the quality of the water and wastewater treatment plants asset data. This will reduce the risk that assets are valued on inaccurate assumptions, such as the remaining useful life of the assets.</p> <p>We also recommend that as the SCADA equipment assets for the wastewater treatment plant and water treatment stations do not have an indefinite life, they be depreciated in line with the Council's accounting policy. This ensures the depreciation expense is correctly recognised in the financial statements.</p>	2019	<p>Per the 2022 valuation report, asset data has been assigned a confidence level of B (reliable) – this is an improvement from the 2018 rating (C).</p> <p>Council confirms that the SCADA equipment assets are now being depreciated.</p> <p>Issue cleared.</p>

Appendix 2: Corrected misstatements

Current year corrected misstatements	Reference	Assets Dr (Cr)	Liabilities Dr (Cr)	Equity Dr (Cr)	Financial performance Dr (Cr)
Derivative financial instruments – current asset	1	48,000			
Derivative financial instruments – non-current asset		3,748,000			
Derivative financial instruments – non-current liability			(3,796,000)		
Other current financial assets – investments	2	10,709,354			
Cash and cash equivalents		(10,709,354)			
Total parent and group		3,796,000	(3,796,000)	-	-
Prior year corrected misstatements	Reference	Assets Dr (Cr)	Liabilities Dr (Cr)	Equity Dr (Cr)	Financial performance Dr (Cr)
Investment in associates	3	12,864,000			
Share of associates' surplus					1,811,000
Other reserves (gain in revaluation reserves)				(14,675,000)	
Total parent and group		12,864,000	-	(14,675,000)	1,811,000

Explanation of corrected misstatements

- 1 To correctly classify the recognition derivative financial instruments.
- 2 To correctly classify balanced funds and fixed interest investments.

- 3 To correctly recognise Waikato Regional Airport Limited movements (50% share is equity accounted).

Corrected disclosure deficiencies

Detail of disclosure deficiency
Adjustment to comparative year financial statements Disclosure did not detail adjustments of prior year comparatives to reflect movements in Waikato Regional Airport Limited (WRAL) financial statements between draft and signed versions.
Events after balance date Disclosure did not detail significant movement in interest rate swaps as of November 2022 when compared to balance date arising from movement in the official cash rate (OCR).
Investment in associates Disclosure did not break down assets and liabilities into current and non-current or the equity accounted carrying amount for associates.
Share of associate other comprehensive revenue and expense (OCRE) movement The share of associate OCRE movement was not separately disclosed.
Other financial assets Disclosure did not detail short term investments in Milford and Forsyth Barr.
Numerous minor amendments There were a number of minor amendments including revised wording, internal referencing, removal of wording etc.

Performance reporting misstatements

Detail of misstatement
<p>Water and wastewater</p> <p>The reported result for the median resolution time for urgent water callouts was incorrectly reported as two (2) hours in draft one. This was subsequently corrected to 1.9 hours.</p> <p>The reported result for the median resolution time for urgent wastewater callouts was incorrectly reported as two (20 hours in draft one. This was subsequently corrected to 2.2 hours.</p>
<p>Land Transport</p> <p>Increase in number of fatalities was incorrectly disclosed as four. This was subsequently corrected to five.</p>
<p>Quality of life survey</p> <p>Details of the survey were not provided. A disclosure was subsequently included in the annual report.</p>
<p>Minor amendments</p> <p>There were some minor amendments including revised wording, internal referencing, removal of wording etc.</p>

Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit we have carried out an engagement in relation to Hamilton City Council's debenture trust deed, which is compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the City Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$276,060 (excl. GST and disbursements), as detailed in our Audit Proposal Letter.</p> <p>A fee of \$8,600 was charged during the period for the Debenture trust deed limited assurance engagement</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the City Council or its subsidiaries during or since the end of the financial year.</p>

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Council Report

Committee: Strategic Risk and Assurance Committee
Date: 29 March 2023
Author: Michelle Hawthorne
Authoriser: David Bryant
Position: Governance and Assurance Manager
Position: General Manager People and Organisational Performance
Report Name: Compliance Reporting Update

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee of any protected disclosures or instances of fraud or corruption since the last Strategic Risk and Assurance Committee meeting.
2. To inform the Strategic Risk and Assurance Committee of any matters of significant non-compliance with the Privacy Act 2020.
3. To inform the Strategic Risk and Assurance Committee of the status of Council's policy reviews.

Staff Recommendation - *Tuutohu-aa-kaimahi*

4. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

5. There are no protected disclosures or instances of fraud or corruption to report since the last Strategic Risk and Assurance Committee meeting.
6. There is no significant non-compliance with the Privacy Act 2020 to report since the last Strategic Risk and Assurance Committee meeting.
7. A list of current Council and Management Policies is attached to the report as **Attachment 1**.
8. Staff consider the matters in this report have a low level of significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Protected Disclosures

9. Council has a current Protected Disclosures Management Policy. The purpose of the Protected Disclosures Policy is to set out procedures enabling employees (defined broadly in the policy) to disclose allegations of serious wrongdoing to designated officers, without fear of reprisal.

10. At each meeting the Strategic Risk and Assurance Committee is advised of any protected disclosures that have been made since the Committee last met. The Strategic Risk and Assurance Committee is also advised of any reports on investigations into past disclosures that have been completed since the Committee last met. There are no protected disclosures to report to the Strategic Risk and Assurance Committee.

Fraud and Corruption

11. Council has a Fraud and Corruption Management Policy in place.
12. The purpose of the Fraud and Corruption Management Policy is to prevent fraud and/or corruption and ensure the overall integrity and performance of Council. It provides a consistent and transparent approach to reporting and responding to allegations of fraud and/or corruption.
13. In accordance with the Fraud and Corruption Management Policy, allegations are investigated to determine if there is an actual, perceived, or potential instance of fraud and/or corruption involving an employee, representative, or external party to Council.
14. If an allegation of fraud or corruption is established, the Fraud and Corruption Management Policy requires the incident to be reported to the Chair of the Strategic Risk and Assurance Committee and for an appropriate response plan to be developed.
15. No incidents of fraud or corruption have been established since the Strategic Risk and Assurance Committee last met. There has been one investigation completed which is reported as part of the Legal Compliance report.
16. Staff note that the Fraud and Corruption Management Policy is due for review, this will be commenced later in Q2 this year. As part of this review staff will look at earlier reporting and the thresholds for doing so to the Chair of the Strategic Risk and Assurance Committee.
17. Staff intend to review and promote training as well as an online module to raise awareness within the organisation.

Privacy Act 2020

18. There are no notifiable breaches of the Privacy Act 2020 to report to the Committee.

Council and Management Policy Schedule

19. The Strategic Risk and Assurance Committee chair has requested a list of current Council and Management Policies for review. These are attached to the report as **Attachment 1** and is current as of 25 November 2022. The details of the list can be discussed at the Committee meeting.

Financial Considerations - *Whaiwhakaaro Puutea*

20. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

21. Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.
22. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

23. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
24. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
25. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

26. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

27. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

28. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Policy List as at March 2023

Strategic Risk and Assurance Committee – Policies Update as at 25 November 2022

KEY
In progress
Paused/awaiting prioritisation or resourcing
Current

COUNCIL POLICIES						
Committee	Policy	Sponsor/ Group	Last reviewed date	Next review date	Status	Related Legislation
Council	Corporate Hospitality and Entertainment Policy	GM POP	Jul-15	Jul-18	Review paused	n/a
Infrastructure and Transport	Hamilton Gateways Policy	GM Infrastructure Operations	Dec-15	Oct-18	Review scheduled for Jan-July 2023	n/a
Infrastructure and Transport	Streetscape Beautification and Verge Maintenance Policy	GM Community & GM Infrastructure Ops	Nov-12	Nov-18	Review scheduled for Jan-July 2023	n/a
Community & Natural Environment	Citizens Initiated Referenda Policy	GM POP	Jul-16	Jul-19	Review paused	Local Electoral Act 2001
Community & Natural Environment	Community Occupancy Policy	GM Community	Nov-18	Apr-21	Review in 2023	n/a
Community & Natural Environment	Open Space Provision Policy	GM Community	Jun-18	Jun-21	Under review	n/a
Community & Natural Environment	TAB Board Venue Policy	GM Growth	Dec-18	Dec-21	Review scheduled for early 2023	Racing Industry Act 2020
Economic Development Strategic Growth and District Plan	Business Improvement District (BID) Policy 2019	GM Growth	Jun-19	Jun-22	Under review	n/a
Economic Development Strategic Growth and District Plan	Sale and Disposal of Council Land Policy	GM Growth	Sep-19	Jul-22	Due for review	n/a
Community & Natural Environment	Class 4 Gambling Venue Policy	GM Growth	Sep-19	Sep-22	Review scheduled for early 2023	Gambling Act 2003
Council	Delegations to Positions Policy	GM POP	Jun-21	Oct-22	Under review -0 due to Council April 2023	Local Government Act 2002
Economic Development Infrastructure and Transport	Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy	GM POP	Jun-21	Nov-22	Current	Local Government Act 2002
Strategic Growth and District Plan	Dangerous and Insanitary Buildings Policy	GM Growth	May-18	May-23	Current	Building Act 2004
Strategic Risk & Assurance	Growth Funding Policy	GM Growth	Jun-21	Jun-23	Current	n/a
Strategic Risk & Assurance	Risk Management Policy	GM POP	Aug-20	Jun-23	Current	n/a
Council	Significance and Engagement Policy	GM Strategy and Communications	Aug-20	Aug-23	Current	Local Government Act 2002
Community & Natural Environment	Smokefree and Vapefree Outdoor Areas Policy	GM Community	Sep-20	Sep-23	Current	n/a
Economic Development Infrastructure and Transport	Municipal Endowment Fund Policy	GM Growth	Sep-20	Sep-23	Current	n/a
Community & Natural Environment	Three Waters Connections Policy	GM Infrastructure Operations	Sep-20	Sep-23	Under review	n/a
Community & Natural Environment	Community Assistance Policy	GM Community	Oct-20	Oct-23	Current	n/a
Community & Natural Environment	City Honours Policy	GM Strategy and Communications	Oct-20	Oct-23	Current	n/a
Community & Natural Environment	Psychoactive Substances (Local Approved Products) Policy	GM Growth	Oct-18	Oct-23	Current	Psychoactive Substances Act 2013
Community & Natural Environment	Domain Endowment Fund Policy	GM Community	Nov-20	Nov-23	Current	n/a
Community & Natural Environment	Trading in Public Places Policy	GM Community	Dec-20	Dec-23	Current	n/a
Economic Development Strategic Growth and District Plan	International Relations Policy	GM POP	Mar-21	Mar-24	Current	n/a
Finance and Monitoring	Development Contributions Policy	GM Growth	Jun-22	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Funding Needs Analysis Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Investment and Liability Management Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Rates Remissions and Postponements Policy	GM POP	Jun-22	Jun-24	Current	Local Government Act 2002
Finance and Monitoring	Rating Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002; Local Government Rating Act 2002
Finance and Monitoring	Revenue and Financing Policy	GM POP	Jun-21	Jun-24	Current	Local Government Act 2002
Community & Natural Environment	External Funding Applications Policy	GM Community	Jun-21	Jun-24	Current	n/a
Economic Development	Freeholding of Council Endowment Land Policy	GM Growth	Aug-21	Aug-24	Current	Hamilton Domain Endowment Act 1979
Council	Delegations to officers specific to the Resource Management Act 1991	GM Growth	Oct-21	Oct-24	Current	Resource Management Act 1991
Community & Natural Environment	Monuments and Memorial Art Policy	GM Community	Nov-21	Nov-24	Current	n/a
Community & Natural Environment	Permanent Public Art Policy	GM Community	Nov-21	Nov-24	Current	n/a

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Attachment 1

Economic Development	Event Sponsorship Policy	H3 & Events	Mar-22	Mar-25	Current	n/a
Community & Natural Environment	Naming of Roads, Open Spaces and Council Facilities Policy	GM Infrastructure Ops and GM Growth	Jun-22	Jun-25	Current	n/a
Infrastructure and Transport	Hamilton Parking Policy	GM Infrastructure Operations	Aug-22	Aug-25	Current	n/a
Community & Natural Environment	Disability Policy	GM Community	Sep-22	Sep-25	Current	n/a
Council	Elected Members Support Policy	GM POP	Nov-22	Nov-25	Current	Local Government Act 2002
Council	Climate Change Policy	GM Strategy and Communications	Jun-22	Jun-27	Current	n/a
Community & Natural Environment	Dog Control Policy	GM Community	May-15	Feb-23	Current	Dog Control Act 1996
TBC	(Proposed) Procurement Policy	GM POP	Proposed	proposed	Under consideration	
Community & Natural Environment	(Proposed) Tree Policy	GM Community	proposed	proposed	Under consideration	n/a
TBC	(Proposed) Bi-lingual Policy	GM Strategy and Communications	proposed	proposed	Under consideration	n/a
Community & Natural Environment	Provisional Local Alcohol Policy (LAP)	GM Community	consideration	consideration	Under consideration	Sale and Supply of Alcohol Act 2012

OTHER GOVERNANCE DOCUMENTS						
Council Committee	Document	Sponsor/ Group	Last review date	Next review date	Status	Related legal provisions
Council	Committee Terms of Reference and Governance Structure	People and Organisational Performance	Nov-22	Nov-25	Current	Local Government Act 2002
Council	Elected Member Code of Conduct	People and Organisational Performance	May-22	May-25	Current	Local Government Act 2002

MANAGEMENT POLICIES						
Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Records Management	Defines the role and functions of Records Management and establishes the principles and responsibilities of Hamilton City Council and its officers to ensure appropriate management of records..	Dec-14	Dec-17	Under review	Information Systems	Susan Souren/Chris Mardon
Herbicide Use	To provide high level guidelines around the use of herbicides in the management of unwanted vegetation.	Mar-15	Mar-18	Under review	City Parks	Maria Barrie
Smoke Free Workplace	To provide a healthy work environment for workers and visitors to our facilities and open spaces. It is an additional requirement that sets our minimum standard above current legislation to prevent the detrimental effects of smoking on the health of people who do not smoke, or who do not wish to smoke.	Oct-16	Mar-20	Under review	People, Safety & Wellness	Marie Snowball
Gifts and Hospitality	To explain the principles and procedures for Council Staff to follow when considering whether to accept or decline offers of Gifts or Hospitality.	Mar-17	Jul-20	Under review	Finance	Igor Magud
Lighting on Parks	To provide clear guidelines to inform decision making around which Hamilton City parks will be lit to enable their safe night-time use and to specify the manner in which lighting will be provided.	Aug-17	Aug-20	Due for review	Parks & Open Spaces	Luke Archbold
Study Assistance Policy	To support staff who wish to continue to develop their personal and/or professional skills through further study, in support of their career development whilst working at Council. The purpose of this Policy is to outline relevant information in support of staff pursuing further study through approval, which is relevant and beneficial to both the staff member and Council.	Mar-18	Mar-21	Under review	People, Safety & Wellness	Dan Finn
Harassment, Bullying and Discrimination	To provide a safe and supportive working environment for all its employees and customers. To promote awareness of the issues and define workplace harassment, bullying, discrimination and conflict.	May-18	May-21	Under review	People, Safety & Wellness	Dan Finn
Asset Management	To outline the organisation's approach to asset management to ensure the City's physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned and cost effective manner.	Jun-18	Jun-21	Under review	Programme Manager, Assets Strategy	Paul Gower
Treasury	To outline approved policies and procedures in respect of all treasury activity to be undertaken by Hamilton City Council ("HCC"). The formalisation of such policies and procedures will enable treasury risks within HCC to be prudently managed.	Jun-18	Jun-21	Under review	Finance	Tracey Musty
Museum Collection	To guide the growth, development and management of the Museum's collection.	Jun-18	Jun-21	Under review	Museum	Anita Robinson

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Unreasonable Customer Conduct Policy	To set out Council's commitment to fair, transparent and appropriate dealings with customers and the principles that guide this commitment and provide a management framework for dealing with unreasonable customer conduct	Sep-19	Sep-21	Under review	Customer Services	Michelle Kerbers
Customer Complaints Policy	To set out Council's commitment to providing a robust, transparent mechanism for members of the public to make a complaint regarding the conduct, standard of service, actions or lack of action by Council, services or staff.	Sep-19	Sep-21	Under review - to be replaced	Customer Services	Michelle Kerbers
Surveillance Camera	To outline the guidelines for Council's collection, storage and use of images collected.	Oct-18	Oct-21	Under review	City Safe	Kelvin Powell Paul Blewman
Execution of Documents	To provide procedure for execution and signing of documents having legal significance.	Nov-19	Nov-21	Due for review (will be reviewed following delegations to positions policy review)	Governance and Assurance	Michelle Hawthorne
Acceptable Use	To ensure that all computer systems and networks owned or managed by HCC are operated in an effective, safe, ethical and lawful manner and it is the responsibility of every computer user to know these requirements and to comply with them.	Jan-18	Nov-21	Under review	Information Systems	Susan Souren
Intellectual Property and Ownership Rights	To ensure Council retains ownership and rights of use of its assets, information, and intellectual property.	Dec-18	Dec-21	Due for review	People, Safety & Wellness	Dan Finn
Performance Management and Disciplinary	To ensure that HCC has a performance management and disciplinary process that is fair, transparent and applied consistently.	Dec-18	Dec-21	Under review	People, Safety & Wellness	Dan Finn
Code of Conduct	To set out the rules and expectations of staff while they are employees at Hamilton City Council.	Dec-18	Dec-21	Under review	People, Safety & Wellness	Dan Finn
Fencing	To provide guidance for how Council will apply their obligations under the Fencing Act 1978 in regard to contributions towards fences that share a boundary	Feb-19	Feb-22	Under review	City Infrastructure/ Parks	Robyn Denton/ Maria Barrie
Drug and Alcohol	To: show our responsibility and commitment to ensure a safe and healthy workplace for our staff; ensure that our staff can work in an environment free of alcohol and drug use or abuse; outline Council's expectations and requirements for creating and maintaining an alcohol and drug-free work environment and for dealing with substance abuse in the workplace; and provide an opportunity to staff members with a substance use problem to get well.	Mar-19	Mar-22	Under review	People, Safety & Wellness	Dan Finn
Capitalisation	To provide guidance to council officers around the recognition and treatment of capital costs, revaluation, depreciation, impairment, disposal and accounting for assets.	Mar-19	Mar-22	Under review	Finance	Tracey Musty
Compliance	To provide the principles and set the expectations for how the Council will manage and achieve compliance in all areas of its operations.	Apr-19	Apr-22	Due for review	Governance and Assurance	Michelle Hawthorne
H3 Venue Conditions of Entry	To provide guidelines and support for the implementation of Conditions of Entry at Hamilton City Council event venues managed by H3.	Aug-19	Jun-22	Due for review	H3	Claire Toko
COVID-19 Vaccination Policy	To outline Council's position and requirements in relation to COVID-19 vaccinations to reduce the risk of contracting or transmitting COVID-19 for all Employees, Contractors and Volunteers.	Dec-21	Jun-22	Due for review	People, Safety & Wellness	Dan Finn
Sensitive Development	To guide staff in identifying sensitive developments that could be of interest to Elected Members and SLT and sets out a mechanism to inform elected members of such sensitive developments.	Aug-19	Aug-22	Under review	Growth City	Blair Bowcott
Encroachment Policy	To enable Council to reasonably control encroachments into Road Reserves and Reserves	Aug-19	Aug-22	Due for review	Transportation	Eeva-Liisa Wright
Business Continuity	This policy provides the principles and sets the expectations for how Hamilton City Council will provide business continuity management with respect to its critical functions. It should be read alongside the Business Continuity Management Standards and Guidelines, which provide guidance for staff on how to meet those expectations in practice.	Aug-19	Aug-22	Under review	Governance and Assurance	Michelle Hawthorne
Domestic Violence Leave	To set out Council's commitment in protecting the wellbeing of all staff who may be subject to or perpetrators of Domestic Violence.	Sep-19	Sep-22	Due for review	People, Safety & Wellness	Dan Finn
Visitor Control	To control visitors exposure to work place hazards and to control visitor access for all council buildings.	Oct-14	Oct-22	Due for review	Customer Service Key Accounts	Michelle Kerbers
Energy and Carbon Management	To minimise energy consumption and greenhouse gas emissions across the organisation in accordance with our sustainability principles.	Nov-19	Nov-22	Current	Facilities	Anita Oliver
Remuneration	Our remuneration supports our strategy to attract and retain talented people to achieve key community outcomes that help to improve the wellbeing of Hamiltonians.	Jun-20	Jun-23	Current	People, Safety & Wellness	Dan Finn
Flexible Working Arrangements	To support the achievement of organisational goals and objectives by supporting staff to balance their work and personal lives. In turn, this is expected to enhance the attraction, retention and productivity of our people.	Oct-20	Oct-23	Current	People, Safety & Wellness	Dan Finn

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Leave	To provide guidance on how HCC manages Leave. This policy should be read in conjunction with the relevant employment agreement.	Oct-20	Oct-23	Current	People, Safety & Wellness	Dan Finn
Hamilton City Libraries Collection	To provide a framework for the development and management of Hamilton City Libraries' collections.	Nov-20	Nov-23	Current	Hamilton Libraries	TBC (Rebecca Whitehead acting)
Procurement Policy and Procedures Manual	This Policy is to provide Council staff with clear guidelines relating to procurement and ensure any Hamilton City Council procurement is made appropriately and in line with good public sector practice.	Dec-21	Dec-24	Current	Procurement	Igor Magud
Child Protection	To take all practicable measures to protect young people under the age of 18 years by providing a safe environment for children attending council-owned and operated facilities. Hamilton City Council will work in partnership with government and social development agencies to ensure the safety and wellbeing of children whilst meeting the requirements of the Vulnerable Children's Act (2014).	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Health and Safety	To contribute to all aspects of Hamilton City Council's organisational health and safety performance as part of a demonstratable commitment to continuous improvement in health and safety.	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Recruitment and Selection	To ensure that the recruitment and selection of HCC staff is undertaken in a fair, consistent, transparent and cost effective way.	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
Litter Enforcement	To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979.	Jan-22	Jan-25	Current	City Safe	Kelvin Powell
Civil Defence and Emergency Management	To ensure that Hamilton City Council (HCC) meets the requirements of the Civil Defence Act 2002 and is able to effectively and efficiently respond to and recover from an emergency event.	Mar-22	Mar-25	Current	Risk & Emergency Management	Kelvin Powell
Staff Election Protocols	To help employees understand and balance their role in a politically neutral public organisation, with their right to participate in the local democratic process and local elections.	Mar-22	Mar-25	Current	Governance and Assurance	Michelle Hawthorne
Media and Social Media	to ensure Council staff understand our process to take a coordinated and consistent approach to communicating with the public and media.	Jun-22	Jun-25	Current	Communications	Dan Silverton
Revaluation	To outline the organisations approach to revaluations to ensure that the value and depreciation held for the City assets is accurate.	Jun-22	Jun-25	Current	Finance	Tracey Musty
Workplace Diversity and Inclusion Policy	To ensure all Council employees work in an environment where diversity and inclusion (D&I) is encouraged, respected and embraced in day-to-day operations; individuals are supported. Recognised as valuable. Treated with respect, positively included and feel safe; and Council's commitment to D&I in the workplace helps us to be inclusive in our engagement with the community and delivery of services. Note this includes the Rainbow Policy and, in future, Religion Policy, ethnicity Policy etc.	Aug-22	Aug-25	Current	People, Safety & Wellness	Dan Finn
LGOIMA Charging Policy	To provide guidance on when and how HCC will charge for LGOIMAs and the considerations in doing so.	Aug-22	Aug-25	Current	Governance and Assurance	Michelle Hawthorne
Fleet	To ensure that Council fleet is operated and managed in a manner that is fit for purpose, cost efficient, safe, lawful, and reduces carbon emissions.	Oct-22	Oct-25	Current	Facilities	Anita Oliver
Cash Handling	To ensure that there is consistent cash management practices which minimise risk and hazards, and enable cash handling processing to be carried out in a safe and secure manner.	Oct-22	Oct-25	Current	Finance	Tracey Musty
Membership of Professional Organisations	To specify the circumstances when Council will pay for/reimburse the cost of professional membership fees for Council employees.	Oct-22	Oct-25	Current	Finance	Tracey Musty

MANAGEMENT POLICY WITH STRATEGIC RISK AND ASSURANCE COMMITTEE OVERSIGHT						
Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Conflicts of Interest	To ensure staff are aware of and declare actual and potential conflicts of interest between their employment and their activities outside of work.	Mar-18	Mar-21	Under review	People, Safety & Wellness	Dan Finn
Sensitive Expenditure	To provide Council staff with clear guidelines relating to Sensitive Expenditure and ensure any HCC expenditure is made appropriately and in line with good public sector practice.	Sep-22	Sep-25	Current	Finance	Igor Magud
Protected Disclosure	If an employee discovers information which they believe shows serious wrong doing within the organisation, there should be established procedures	Sep-21	Aug-22	Current	Governance and Assurance	Michelle Hawthorne

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Update as at 25 Nov 2022

Fraud and Corruption	which enable the employee to disclose such information without fear of reprisal To prevent fraud and/or corruption and ensure the overall integrity and performance of Council. This policy provides a consistent and transparent approach to all allegations of fraud and/or corruption.	Sep-19	Sep-22		Governance and Assurance	Michelle Hawthorne
				Due for review		

Item 13

DELEGATIONS MANAGEMENT POLICIES						
Delegations Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
Delegations to Officers under the Public Works Act 1981	To set out the delegations from the Chief Executive to Council Officers under the Public Works Act 1981.	Apr-14	Apr-17	Under review	Growth	Nicolas Wells
Financial Delegations to Officers	To ensure consistency in carrying out activities and to ensure that the authority to commit (or bind) Council to arrangements with third parties (suppliers, vendors, contractors, tenants, event promoters, sales agencies, CCO's, government departments and statutory organisations, etc.) is properly delegated and correctly monitored.	Mar-17	Oct-20	Under review	Finance	Tracey Musty
Delegations to Officers under the Trespass Act 1980	To set out the delegations from the Chief Executive to Council Officers under the Trespass Act 1980.	Dec-20	Dec-23	Current	Community	Kelvin Powell
Delegations to Growth Officers and City Safe Unit Officers (excluding delegations under the RMA)	To set out the delegations from the Chief Executive to Council officers in Growth and the City Safe Unit.	Jul-21	Jul-24	Current	Growth	Blair Bowcott
Delegations to City Infrastructure Officers	To set out the delegations from the Chief Executive to Council Officers in City Infrastructure.	new	new	Under development	Infrastructure Operations	Eeva-Liisa Wright

Attachment 1

Council Report

Item 14

Committee: Strategic Risk and Assurance Committee
Date: 29 March 2023
Author: Charlotte Catmur
Authoriser: Julie Clausen
Position: Sustainability and Climate Change Manager
Position: Acting General Manager Strategy and Communication
Report Name: Update on climate change disclosure reporting

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the delay to the climate change disclosure reporting.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee:
 - a) receives the reports; and
 - b) notes the delay to the climate change disclosure reporting programme.

Executive Summary - *Whakaraapopototanga matua*

3. In 2015 the Task Force for Climate-related Financial Disclosure (TCFD) was established to provide recommendations on how companies can provide information on their climate risk to inform capital allocation.
4. In 2021 reporting became mandatory in New Zealand for around 200 organisations. In 2022 the External Reporting Board (XRB) released [Aotearoa New Zealand climate standards](#) which outlines the mandatory requirements for those covered by the legislation. Hamilton City Council is not required to complete a mandatory report under these current regulations.
5. Non-financial organisations in New Zealand, such as local government, are using the TCFD approach to communicate how they are integrating climate change into their organisations. The focus for these organisations is about how they are embedding it into decision making and internally managing the risk of climate change on services and operations.
6. Staff had programmed the first voluntary climate change disclosure to be undertaken for 2022-23.
7. This work will require the support of external experts to assist in development of the first disclosure statement.
8. However, as part of the 2023-24 Annual Plan, the external consultants funding for the climate change disclosures programme has been removed.

9. The first voluntary climate change disclosure will now be developed in 2024 and will be for the 2023-24 financial year.
10. Funding for the ongoing disclosure programme will be requested through the 2024-34 Long Term Plan.
11. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

12. In 2015 the Financial Stability Board established the Task Force for Climate-related Financial Disclosure (TCFD). In 2017 the Task Force published a set of recommendations on how companies can provide information on their climate risk to inform capital allocation.
13. The TCFD framework includes four domains:
 - i. Governance
 - ii. Strategy
 - iii. Risk Management
 - iv. Metrics and targets
14. In New Zealand, the requirement to complete a mandatory disclosure was introduced for around 200 large financial institutions in the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021.
15. In 2022 the External Reporting Board (XRB) released [Aotearoa New Zealand climate standards](#) which outlines the mandatory requirements for those covered by the legislation. These standards are aligned to the TCFD approach but tailored to the New Zealand context. Reporting against the new climate reporting standards is required from financial years beginning on or after 1 January 2023.
16. Hamilton City Council is not required to complete a mandatory report under the current regulations.
17. The TCFD approach, as well as being used by the financial sector, has been used to inform voluntary disclosures by a few Councils in New Zealand. For example, Auckland Council have completed two voluntary disclosures, but will now be required to complete a mandatory disclosure.
18. Non-financial organisations are using the TCFD approach to communicate how they are integrating climate change into their organisations. The focus for these organisations is about how they are embedding it into decision making and internally managing the risk of climate change on services and operations.

Discussion - *Matapaki*

19. In 2020, KPMG completed an assessment of Councils climate change readiness, against the four TCFD domains of Governance, Strategy, Risk Management and Metrics and targets. The assessment included recommendations on next steps.
20. Since this initial assessment, Council has developed a climate change strategy - [Our Climate Future: Te Pae Tawhiti o Kirikiriroa](#), which sets out our emissions reduction targets and adopted the [Climate Change Policy](#). Climate change was also added as a strategic risk and has been monitored by this Committee since 2021.
21. The Council climate change risk assessment is currently underway, this is another key part of building our understanding and readiness in line with the 2020 assessment. The Committee will be updated on this work in June 2023.

22. As part of the 2023-24 climate change work programme staff were due to prepare Council's first voluntary climate change disclosure report. The proposed programme included the following key steps:
 - i. An assessment of our climate change response against the four TCFD domains, outlining our current state as well as the gaps in our response.
 - ii. Develop a roadmap for the first three disclosures, outlining the key actions to build our knowledge and response each year, including undertaking scenario analysis.
 - iii. Development of a voluntary disclosure for the 2022-23 period.
23. However, at the 2 March 2023 Annual Plan Council meeting, Council resolved to reduce the operating expenditure of the climate change programme by \$75,000. This funding was for the climate change financial disclosure reporting programme. With this decision by Council the work programme for the climate change disclosure has been put on hold and it is proposed it will recommence in 2024. Staff will work internally to prepare for the 2023-24 climate change disclosure and will be seeking funding through the 2024-34 Long Term Plan to progress the climate change disclosure programme.
24. Climate change will be integrated into the 2024-34 Long Term Plan development and the appropriate systems will be established to ensure that it is easy to complete the disclosure reporting from 2024-25 onwards.

Financial Considerations - *Whaiwhakaaro Puutea*

25. The costs to complete this project was anticipated to be about \$75,000, which was funded through the 2021-2031 Long Term Plan. This funding is proposed to be reduced through the 2023-24 Annual Plan. Funding for the programme will be requested through the 2024-34 Long Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

26. Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.

Climate Change Impact Statement

27. Staff have assessed this option and determined:
28. No adaption assessment is required
29. Under the Climate Change Policy, no adaptation assessment is required as this project will not be impacted by a climate related hazard or mitigate a future a climate hazard. This project, when implemented, will help to build our knowledge and understanding of climate change risk.
30. Staff have assessed this option and determined:
31. No emissions assessment is required
32. Under the Climate Change Policy, no emissions assessment is required as this project will not impact either Hamilton or Hamilton City Council's emissions. This project, when implemented, will help to make our emissions reduction action and opportunities more transparent.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

33. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
34. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
35. The recommendations set out in this report are consistent with that purpose.
36. Whilst the climate change disclosure reporting has been delayed, other climate change programmes will be continuing, including the implementation of the community and business education programme. The delay to the disclosure reporting will not adversely impact on wellbeing.

Risks – *Tuuraru*

37. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

38. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

39. Community views and preferences are already known to the Council through engagement on the development of Our Climate Future: Te Pae Tawhiti o Kirikiriroa and ongoing community engagement on climate change.
40. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Strategic Risk and Assurance Committee Public Excluded Minutes - 14 December 2022) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Organisational Improvement Register - Public Excluded)	
C3. Legal Risks - Committee Update		
C4. SR4 Loss of Information or Access to Systems and Services		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to maintain legal professional privilege	Section 7 (2) (g)
Item C4.	to protect information which is subject to an obligation of confidence where disclosure would likely damage the public interest	Section 7 (2) (c) (ii) Section 7 (2) (h)
	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (j)
	to prevent the disclosure or use of official information for improper gain or improper advantage	