

**Notice of Meeting:**

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

**Date:** Tuesday 13 September 2022  
**Time:** 9.30am  
**Meeting Room:** Council Chamber and Audio-visual Link  
**Venue:** Municipal Building, Garden Place, Hamilton

Lance Vervoort  
Chief Executive

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## **Strategic Risk and Assurance Committee**

### ***Komiti Whakamauru Tuuraru***

### **OPEN AGENDA**

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**Membership**

**Chairperson** K Horne  
***Heamana***

**Deputy Chairperson** B Robertson  
***Heamana Tuarua***

**Members**

Mayor P Southgate	Cr M Bunting
Cr R Pascoe	Cr M van Oosten
Cr D Macpherson	Maangai J Kana
Cr A O'Leary	

**Quorum:** Four members (including one external appointee)

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

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Amy Viggers  
*Mana Whakahaere*  
Governance

**6 September 2022**

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**Purpose:**

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.

***In addition to the common delegations, the Strategic Risk and Assurance Committee is delegated the following Terms of Reference and powers:***

**Terms of Reference:***Risk*

1. 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 6 monthly to Council.
2. To review the Risk Management Policy and recommend to Council revisions to the policy for adoption.
3. To review the Fraud and Corruption, Protected Disclosure, Conflict of Interest, and Sensitive Expenditure management policies to ensure appropriate guidance and processes are in place.
4. Review Council's strategic risk register and monitor existing and proposed controls
5. Periodic in-depth reviews of specific, significant risks
6. Monitor emerging risks
7. Review and monitor business continuity planning.
8. Oversight of risk management and assurance across Council's CCO's and CCTOs with respect to risks that may have a significant impact on Council

*Internal Audit*

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

*External Audit*

13. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
14. Recommend to Council the terms and arrangements for the external audit programme.
15. Review the effectiveness of the Annual Plan audit and 10 Year Plan audit.
16. 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*

17. 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*

18. Review the effectiveness of the systems for monitoring the Council's compliance legislation, regulation, policy and guidelines.
19. Review the adequacy and effectiveness of Council's health and safety programme and cybersecurity programme.
20. Engage with internal and external auditors on any specific one-off audit assignments.
21. 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.
22. 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.
23. 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 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 Internal Auditor 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 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:** 13 September 2022

**Author:** Narelle Waite

**Authoriser:** Michelle Hawthorne

**Position:** Governance Advisor

**Position:** Governance and Assurance Manager

**Report Name:** Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 9 June 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 9 June 2022 as a true and correct record.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Committee Open Unconfirmed Minutes 9 June 2022



## Strategic Risk and Assurance Committee

### *Komiti Whakamauru Tuuraru*

### OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton and via Audio-visual link on Thursday 9 June 2022 at 9.34am.

#### PRESENT

**Chairperson** Ms K Horne

*Heamana*

**Deputy Chairperson** Mr B Robertson

*Heamana Tuarua*

#### **Members**

Cr R Pascoe

Cr D Macpherson

Cr A O'Leary (exclusively via audio-visual link)

Cr M Bunting

Cr M van Oosten

Maangai J Kana

#### **In Attendance**

Cr Martin Gallagher

Lance Vervoort – Chief Executive

David Bryant – General Manager People and Organisational Performance

Eeva-Liisa Wright – General Manager Infrastructure Operations

Murray Heke – General Manager Customer, Technology and Transformation

Tracey Musty – Finance Director

Michelle Hawthorne – Governance and Assurance Manager

Dan Finn – People, Safety and Wellness Manager

Morva Kaye – Internal Auditor

Julia Kofoed – Insurance Lead

Dave Heatley – Contracts Procurement Manager

Hannah Windle - Special Projects Manager

Marie Snowball – Safety & Wellness Lead

Aaron Steele and Matt White – PricewaterhouseCoopers

Matthew Wilson – AON

Clarence Susan – Audit NZ

#### **Governance Staff**

Narelle Waite and Tyler Gaukrodger – Governance Advisors

Chantel Jansen – Governance Officer

#### **1. Apologies - *Tono aroha***

**Resolved:** (Ms Horne/Mr Robertson)

That the apologies for absence from Mayor Southgate, and for early departure from Crs Bunting and van Oosten are accepted.

**2. Confirmation of Agenda - *Whakatau raarangi take***

**Resolved:** (Ms Horne/Cr Bunting)

That the agenda is confirmed noting the late attachment to item 11 (Audit NZ 2021-22 Audit Plan) is accepted. It was circulated to Members as a late attachment, due to the information being received after the circulation of the agenda, and is attached to these minutes as **Appendix 1**.

**3. Declarations of Interest - *Tauaakii whaipanga***

No members of the Council declared a Conflict of Interest.

**4. Public Forum - *Aatea koorero***

No members of the public wished to speak.

**5. Confirmation of the Strategic Risk and Assurance Committee Open Minutes - 30 March 2022**

**Resolved:** (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 30 March 2022 as a true and correct record.

**6. Chief Executive Report**

The Chief Executive spoke to the report in particular resourcing constraints due to illness and staff vacancies, staff professional development, completion of the annual plan, and collaboration with Central Government. Staff responded to questions from Members concerning flexibility to keep Council facilities open while resource was constrained, staff vacancies, international personnel recruitment, the consequence of the three waters reform on workloads, election resources, and staff wellbeing and absences.

**Resolved:** (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

**7. Safety and Wellness Report - 1 February 2022 to 30 April 2022**

The People, Safety and Wellness Manager and the Safety & Wellness Lead introduced the report noting the progress made by the team to date. Staff responded to questions from Members concerning outstanding recommendations from the SafePlus review, Covid-19 effecting safety and wellbeing objectives, trends identified in Waipa Civil Service strikes, and early insights from the staff safety and wellness survey.

**Staff Action:** *Staff undertook to report back, within the Safety and Wellness Report, to a future meeting of the Strategic Risk and Assurance Committee on trends identified from the Waipa Civil Service strikes.*

**Resolved:** (Ms Horne/Cr Bunting)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes that that the Council will receive a copy of the Safety and Wellness report of 9 June 2022.

**8. Risk Management Report**

The Governance and Assurance Manager introduced the report noting the review of strategic risks. Staff responded to questions from Members concerning reporting on Council's Climate Change policy, water supply, water reform, and local government reform.

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**Resolved:** (Ms Horne/Cr van Oosten)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes that that the Council will receive a copy of the Risk Management report of 9 June 2022.

**9. PwC and HCC - Internal Audit Update and Report**

The Internal Auditor, Aaron Steele and Matt White (PricewaterhouseCoopers) spoke to the report, in particular the proposed internal audit plan, and the scoping discussions concerning the business continuity plan.

**Resolved:** (Ms Horne/Maangai Kana)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) approves the final combined Internal Audit Plan for PwC and Hamilton City Council.

**10. Annual Pre-Renewal Insurance Report**

The Insurance Lead and Matthew Wilson (AON) spoke to the report, noting professional indemnity and commercial motor coverage. They responded to questions from Members concerning environmental insurance cover, the wider insurance market environment, costs to Council, and future investment strategy.

**Resolved:** (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) notes the progress on the 2022/2023 insurance renewal.

Item 13 (Organisational Improvement Report) was taken after item 10 (Annual Pre-Renewal Insurance Report) to accommodate speaker availability.

**13. Organisational Improvement Report**

The Internal Auditor took the report as read, noting progress made in the audit of resolutions. Staff responded to questions from Members concerning transport valuation calculations, IT process reviews, and future insurance reviews.

**Resolved:** (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee receives the report.

Item 14 (Compliance Reporting Update) was taken after item 13 (Organisational Improvement Report) to accommodate speaker availability.

**14 Compliance Reporting Update**

The Governance and Assurance Manager spoke to the report noting there were currently no instances of fraud or significant non-compliance issues reported and the progress on Council's Sensitive Expenditure Policy. Staff responded to questions from Members concerning the new Protected Disclosures Act's impact on Council resource, relevance of Elected Members inclusion in Council's Sensitive Expenditure Policy regarding disposal of surplus assets, and prioritisation of policy reviews.

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**Resolved:** (Ms Horne/Cr Bunting)

That the Strategic Risk and Assurance Committee:

- a) receives the report; and
- b) provides feedback and any recommendations on Council's Sensitive Expenditure Policy.

**11. Audit NZ 2021-22 Audit Plan**

The Financial Controller and Clarence Susan (Audit NZ) took the report as read, noting the plan and timetable of the 2022 annual report, and potential changes arising as a result of the audit. They responded to questions from Members concerning the audit timeline, asset valuations, delays in auditing, evaluation of Council assets, and previous audit results.

**Resolved:** (Ms Horne/Cr Pascoe)

That the Strategic Risk and Assurance Committee receives the report.

**12. 2022 Annual Report Accounting Treatment Review**

The Financial Controller spoke to the report noting the change in the interpretation of Software as Service (SaaS). She responded to questions from Members concerning the financial impact of the changes to SaaS, impact of inflation on the accuracy of Council's revaluations, capital expenditure, SaaS's effect on Council's accounting policies, and climate change reporting within the Annual Report.

**Resolved:** (Ms Horne/Maangai Kana)

That the Strategic Risk and Assurance Committee receives the report.

**15. Resolution to Exclude the Public**

**Resolved:** (Cr Pascoe/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 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 - 30 March 2022	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. PwC Internal Audit Update		
C3. Legal Risks - Committee Update		
C4. Cyber Risks		

Strategic Risk and Assurance Committee 9 JUNE 2022 - OPEN

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:

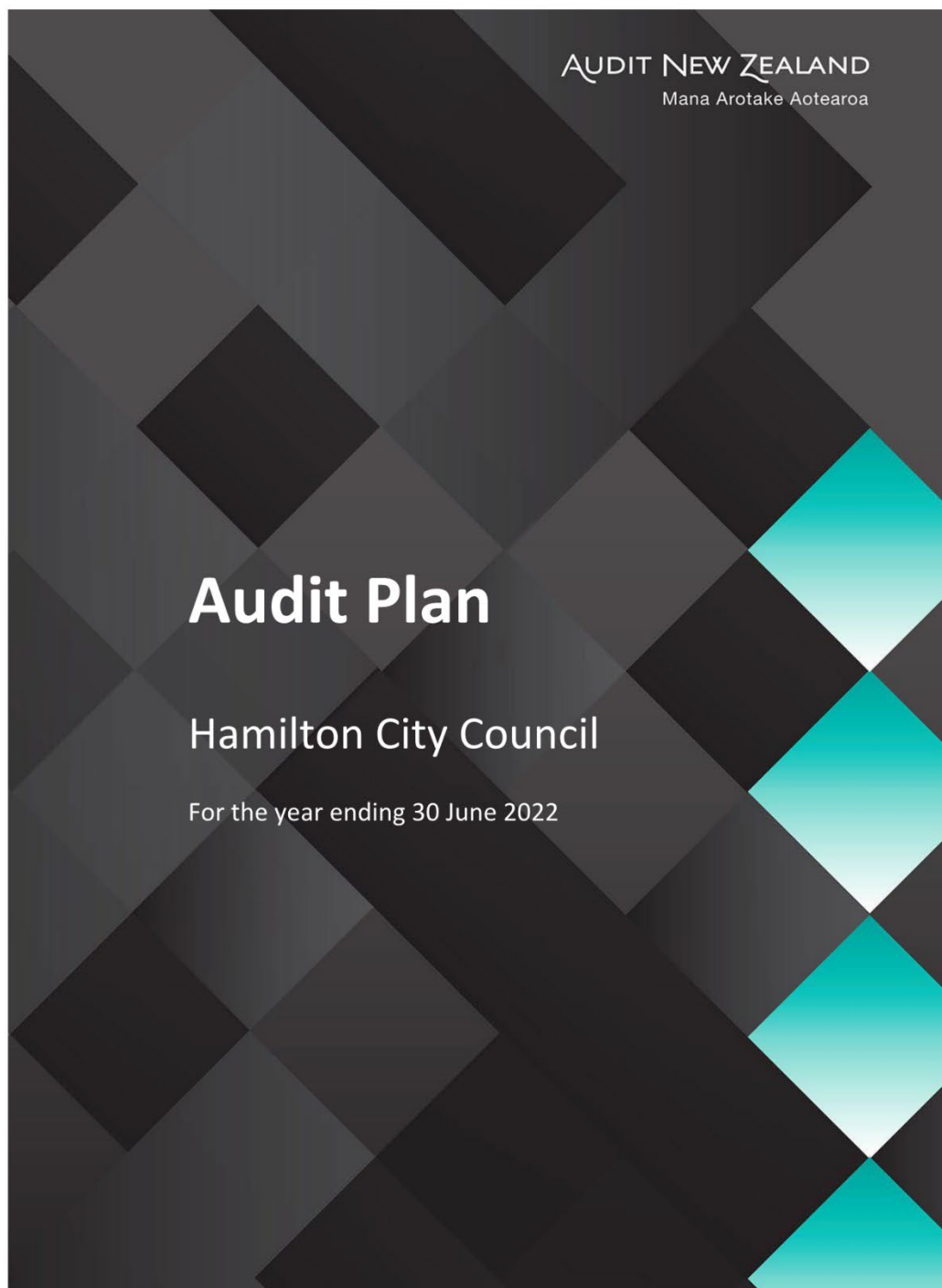
Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect information which is subject to an obligation of confidence and disclosure would likely prejudice continual supply of similar information where it is in the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

**The meeting moved to Public Excluded session at 11.31am.**

**The meeting was declared closed at 12.22pm.**



Appendix One



## Audit Plan

I am pleased to present our audit plan for the audit of Hamilton City Council for the year ending 30 June 2022. The purpose of this audit plan is to discuss:

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The contents of this plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Nāku noa, nā

Clarence Susan  
Appointed Auditor  
3 June 2022 - Draft

## Audit risks and issues

### Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

Audit risk/issue	Our audit response
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>We understand that the City Council will revalue the 3 Waters, Water Treatment Plant, Wastewater Treatment Plant, Refuse, Land, Buildings assets during the 2021/22 financial year.</p> <p>The asset classes being revalued are a significant portion of Council's assets and there is 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>Our audit procedures will include:</p> <ul style="list-style-type: none"> <li>• reviewing the information and instructions provided to the valuer;</li> <li>• assessing relevant controls that management has put in place for the valuation;</li> <li>• evaluating the qualifications, competence and expertise of the external valuer used;</li> <li>• reviewing the method of valuing the assets and assessing if the applicable method used is in line with public sector accounting standards (PBE IPSAS 17, <i>Property, Plant and Equipment</i>), including the reasonableness of the assumptions and judgements made by the valuer and other inputs to the valuation; and</li> <li>• assessing whether the resulting change in values are correctly incorporated into the financial statements and the assumptions and judgements relating to the valuation are adequately disclosed.</li> </ul>

Audit risk/issue	Our audit response
Fair value assessment for assets - non-revaluation year	
<p>The City Council periodically revalues certain asset classes, including land, buildings and infrastructure. 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. A revaluation is not scheduled for the following asset classes during the 2021/22 financial year:</p> <ul style="list-style-type: none"> <li>• Parks and Gardens; and</li> <li>• Roadings.</li> </ul> <p>Fair value assessments will need 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>If a material movement between the carrying amount and the fair value of these classes of assets is identified they must be revalued for the City Council to comply with PBE IPSAS 17 <i>Property, Plant and Equipment</i>.</p> <p>For these assets that will not be revalued this year, we expect the City Council to perform a comprehensive analysis to determine whether there is a significant variance between the fair value, as at 30 June 2022, and the carrying value that would trigger the need for the City Council to revalue or impair its assets. The City Council should agree on a significant variance threshold, above which Council would complete a revaluation. We encourage the City Council to perform this assessment early so that if a revaluation is required, there is time to complete it without impacting on the annual report process.</p>	<p>We will review 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. We will consider the reasonableness of assumptions and judgements applied in making the assessments.</p>

Audit risk/issue	Our audit response
<b>Software as an Accounting Service (SaaS)</b>	
<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.</p> <p>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.</p> <p>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.</p> <p>The key issues are whether such costs:</p> <ul style="list-style-type: none"> <li>• shall be capitalised as an intangible asset and amortised; or</li> <li>• expensed when incurred; or</li> <li>• expensed over the term of the software as a service (SAAS) arrangement (including capitalising as a prepaid service if paid upfront).</li> </ul> <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>	<p>This could be a challenging project for the City Council requiring an understanding of the SaaS arrangements in place. The City Council should complete its own assessment of the arrangements and/or engage external accounting expertise to help with an assessment of the implications or review the City Council's assessment and any necessary adjustments to the financial statements.</p> <p>If the City Council adopts the decision and amends their accounting policy any significant changes to the way SaaS is accounted for would be able to be adjusted for retrospectively as a change in accounting policy.</p>



Audit risk/issue	Our audit response
Major capital projects	
<p>The City Council continues to have a significant ongoing capital programme. A number of capital projects are either underway or about to commence.</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"> <li>• project costs are reviewed to ensure these are appropriately classified as capital or operational in nature;</li> <li>• 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;</li> <li>• WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner;</li> <li>• asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion;</li> <li>• the value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway; and</li> <li>• capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements.</li> </ul>	<p>We will review the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> <li>• the correct classification of costs as either capital or operational in nature;</li> <li>• appropriate capitalisation point for completed assets, including transfers from work in progress;</li> <li>• the reasonableness of depreciation rates and useful lives applied to asset components; and</li> <li>• the disclosures included within the financial statements, including those relating to capital commitments.</li> </ul>

Audit risk/issue	Our audit response
<b>The risk of management override</b>	
Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it results in a risk of material misstatement due to fraud.	<p>We will test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <p>We will review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.</p> <p>For any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual given our understanding of the entity and its environment and other information obtained during the audit, we will evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</p>
<b>Rates</b>	
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>For 2021/22 we will again consider the City Council's compliance with aspects of the LGRA that potentially materially impact on the financial statements. Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS).</p> <p>We will also review selected differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA.</p> <p>We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The City Council is responsible for ensuring that it complies with applicable laws and regulations.</p>

Audit risk/issue	Our audit response
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 is 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. 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>Because the impact could be significant, but is uncertain, we are likely to include information in our audit report to draw a reader’s attention to Council’s disclosure about the Three Waters Reform programme.</p>



Audit risk/issue	Our audit response
<b>Revaluation of investment property</b>	
<p>The fair value of the City Council investment properties needs to be assessed annually in accordance with the requirements of PBE IPSAS 16, <i>Investment Property</i>, as the City Council has adopted the fair value model for these assets.</p> <p>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.</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 the investment property.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• assess relevant controls that management has put in place for the valuation;</li> <li>• obtain an understanding of the underlying data;</li> <li>• evaluate the qualifications, competence and expertise of the external valuer used; and</li> <li>• review the method of valuing the investment properties and assess if the applicable method used is in line with the financial reporting framework, including the reasonableness of the assumptions used.</li> </ul>

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

#### Fraud risk

Misstatements in the financial statements and performance information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?

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- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

*Our responsibility*

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform substantive audit procedures; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at [oag.parliament.nz/reports/fraud-reports](https://oag.parliament.nz/reports/fraud-reports).

## Group audit



The group comprises:

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

Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group financial statements and performance information. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component.

We have assessed the individual financial significance of each entity, and the likelihood of the risk of material misstatement of the group financial statements due to each entity's specific nature or circumstances. Based on this, we have determined that the Hamilton City Council parent entity and Waikato Regional Airport Limited group are both significant components of the group.

Each business activity/entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component. The table below shows the work planned for each significant component.

Significant component	Work to be performed
Waikato Regional Airport Limited (group)	Full audit of annual report

For the Hamilton City Council parent, we will complete a full financial statement and performance information audit. For those components determined not to be significant, we will perform analytical procedures at a group level.

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

## Our audit process

### Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

### Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of Hamilton City Council, your business, and the environment you operate in.

### Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

### Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

### Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

### Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the City Council's financial statements and performance information.

### Conclude and report

We issue our audit report on the financial statements and performance information. We also report to the Council covering any relevant matters that come to our attention.



### Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. We want the audit process to run smoothly and we will work with management to achieve this through forward the timing of audit procedures.

### Bringing forward audit procedures

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. Completion of these tests earlier in the year should allow for more timely identification and resolution of errors.

This testing will be completed during interim audits. This requires us to have the right information available during this visit to enable us to complete this work.

We will work with management to facilitate getting the information required at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.

### Materiality

In performing our audit, we apply materiality. In the public sector, materiality refers to information that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources, or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material. We consider the nature (qualitative) and amount (quantitative) of each item judged in the surrounding circumstances and its impact. In the public sector qualitative considerations are of equal significance as quantitative considerations. Qualitative considerations are of primary importance in our assessment of materiality in the context of disclosures for transparency and accountability reasons, and in evaluating any non-compliance with laws and regulations.

The Council and management need to consider materiality in preparing the financial statements and service performance information and make their own assessment of materiality from a preparer's perspective. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective. Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities. Management and the Council should not rely on our materiality assessment as a basis for owning and making judgements about the integrity of the financial statements and service performance information.

#### *Financial statements materiality*

For planning purposes, we have set overall materiality for the group financial statements at \$462,380,000 and the parent entity at \$450,800,000 based on budgeted total property, plant and equipment. We will only be applying this overall materiality to the carrying value of property, plant and equipment held at fair value, fair value gains/losses relating to revaluations of property, plant and equipment recorded in other comprehensive income, and revaluation reserve balances. This is subject to change once the actual results for the current year are available.

We have set a lower, specific materiality of \$9,600,000 and \$9,300,000 for all items in the group and parent financial statements respectively, not related to the carrying value of property, plant and equipment held at fair value.

A separate lower, specific materiality has also been determined for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are clearly trivial. We consider misstatements less than \$480,000 for group and \$465,000 for parent to be clearly trivial unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement, we will seek written

	\$'000
Overall materiality - group	\$462,380
Overall materiality - parent	\$450,800
Specific materiality - group	\$9,600
Specific materiality - parent	\$9,300
Clearly trivial threshold - group	\$480
Clearly trivial threshold - parent	\$465

#### **Misstatements**

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and service performance information. The effects of any detected and uncorrected misstatements, individually and in aggregate, are assessed against overall materiality and qualitative considerations.

representations from management and the Council on the reasons why the corrections will not be made.

The materiality figures above:

- do not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence; and
- are subject to change once the actual results for the current year are available.

#### *Materiality for service performance information*

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the City Council's performance. In doing this we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision making, or assessment of Hamilton City Council's performance. We consider a variety of factors including the level of public interest and potential public risk. Because of the variety of measurement bases applied, we normally express this materiality as a percentage of the reported result.

We have identified the following measures as material and assessed materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
Average processing days for building consents.	8% of actual reported result
Average processing days for non-notified land use and subdivision resource consents.	8% of actual reported result
The extent to which the Council's water supply complies with Part 4 of the drinking water standards for bacteria compliance criteria. The extent to which the Council's water supply complies with Part 5 of the drinking water standards for protozoa compliance criteria.	None applied as the result will be either Achieved or Not Achieved
The average use of drinking water per Hamilton resident, per day.	8% of actual reported result
The percentage of real water loss from the water network infrastructure in the city.	8% of actual reported result
The median resolution time of urgent call-outs from the time that Council receives notification of the fault or unplanned interruption to the time that service personnel confirm resolution of the fault or interruption.	8% of actual reported result
The number of dry weather wastewater overflows from the wastewater system.	5% of actual reported result



Material measure	Materiality
The number of abatement notices, infringement notices, enforcement orders and convictions issued for spillage from the wastewater system.	5% of actual reported result
The median resolution time for call-outs from the time that the Council receives notification of the blockage or other fault to the time that service personnel confirm resolution of the fault or interruption.	8% of actual reported result
Travel times are predictable during peak hours.	8% of actual reported result
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expresses as a number.	5% of actual reported result
The average quality of ride on Hamilton's sealed local road network, measured by smooth travel exposure.	8% of actual reported result
Reduction in greenhouse emissions footprint for Hamilton City Council.	8% of actual reported result

#### Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

Exercising professional scepticism means that we will not accept everything we are told at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgements and assumptions and weigh them against alternative possibilities.



### How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

### Wider public sector considerations

A public sector audit also examines whether:

- Hamilton City Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by Hamilton City Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by Hamilton City Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by Hamilton City Council or by one or more of its members, office holders, or employees.

## Reporting protocols

### Communication with management and the Council



We will meet with management and the Council throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

We understand that Tracey Musty is our key contact for the audit. We will regularly update Tracey on progress throughout the audit, and any issues or delays encountered. We expect this information will be shared with management and the Council as appropriate. Any areas of material concern will be raised with David Bryant in the first instance.

We intend meeting on a monthly basis with key finance team members to discuss matters relevant to the audit.

### Reports to the Council



We will provide a draft of all reports to management (and the Council) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

We will also follow up on your progress in responding to our previous recommendations.

## Audit logistics

### Our team



Our engagement team is selected to ensure that we have the right subject matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Clarence Susan	Appointed Auditor
Karen MacKenzie	Engagement Quality Review Director
Naudé Kotzé	Audit Manager
Kay Oloro	2nd Audit Manager
Robyn Dearlove	Manager Information Systems Audit and Assurance
Matt Sarjeant	Assistant Manager

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

### Timetable



There is the possibility that, due to the continuing impact of Covid-19 and the application of our job sequencing framework, there may be disruptions that will require changes to the timetable proposed above. Where this arises, we will discuss a revised timetable with you.

Our proposed timetable is:

Interim audit begins	27 June 2022
Draft Annual Report available for audit (including notes to the financial statements) with actual year-end figures.	30 August 2022
Final audit fieldwork begins (Audit team on-site until 7 October, Audit team leader on site until 14 October).	12 September 2022
Annual Report, incorporating all the amendments agreed to between us, including any Chair and Chief Executive's overview or reports.	4 September 2022
Verbal audit clearance given	TBC - 12 October 2022
Audit opinion issued	TBC - October 2022
Report to Council issued (in draft)	TBC - 20 October 2022
Final Report to Council issued (including management responses)	TBC – 31 October 2022

### AuditDashboard

In 2021, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard was well received and turned out to be an essential tool in completing our audit engagement remotely.

We will use AuditDashboard for transferring files as part of the audit for the current year engagement.

### Working remotely

Covid-19 restrictions, such as lockdowns, and resultant changes to our own and our client's work locations, including increasing numbers working from home since the start of the pandemic have meant we changed how we worked with our clients over the last two years.

Lockdowns meant that our clients and our auditors did not always have access to their premises and information and had to work remotely. For clients able to work remotely, with access to systems and electronic documentation, as well as being prepared for the audit, audits continued to progress and progress well.

Performing our audit work during higher alert level restrictions confirmed that aspects of our audit work can be done efficiently off-site. We plan to continue to perform aspects of your audit remotely as there are some benefits to you and us of having our team off-site for parts of the audit. For you these benefits include:

Staging and sending the information we request for audit over an agreed period of time as opposed to having all the information requested ready for our arrival at one agreed date.

Less time spent on travel, so we will have more time focus on auditing what matters and raising issues earlier.

Reduction in disbursements as we will incur less travel and overnight costs.

Less auditor time on site which allows you to get on with your work and enables planned focused conversations when these take place.

To complete audit work off-site and fully obtain the benefits detailed above, you will need to:

ensure that you can assess your systems remotely.

store supporting documents electronically and be able to easily retrieve these.

During the previous audit, we were able to perform the majority of our audit work remotely. Based on our experience we found that Tauranga City Council has appropriate systems and processes in place to facilitate any future off-site work by us.

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We recognise different organisations are positioned differently to enable off-site audit work. We will be discussing and agreeing off-site working expectations in conjunction with our information requests with you as part of your 2022 audit. This will include our continued use of AuditDashboard to manage our information requests.

DRAFT



Expectations



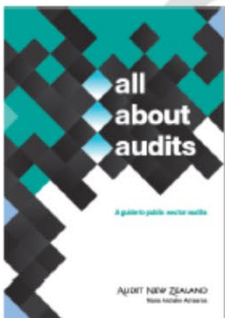
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

We have also published information to help explain the audit process:



### Health and safety



The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff.

Under the Health and Safety at Work Act 2015, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



## Appendix 1: Useful publications



Based on our knowledge of the Council, we have set out below some publications that the Mayor, Councillors, members of the Audit and Risk Subcommittee and management may find useful.

Description	Where to find it
<b>Consulting matters: Observations on the 2021-31 consultation documents</b>	
<p>This report provides our observations on the 2021-31 long-term plan consultation documents. Councils, as a whole, have realistically confronted the challenges they face and, for the most part, produced clear consultation documents. This is no small achievement at the best of times. In the middle of a pandemic and in a sector focused on significant reforms, this is even more significant.</p> <p>Areas covered:</p> <ul style="list-style-type: none"> <li>• Preparing long-term plans in a challenging environment.</li> <li>• The audit reports we issued on the consultation documents.</li> <li>• Engaging effectively with communities.</li> <li>• The types of issues councils consulted on in the 2021-31 consultation documents.</li> </ul>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="https://oag.parliament.nz/summary-of-consulting-matters-our-observations-on-the-2021-31">Summary of Consulting matters: Our observations on the 2021-31</a> (<a href="https://oag.parliament.nz/">oag.parliament.nz</a>)</p>
<b>Local government risk management practices</b>	
<p>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.</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">risk management practices</a></p>
<b>Managing conflicts of interest involving council employees</b>	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the Chief Executive and staff, are managed.</p>	<p>On OAG's website under 2021 publications.</p> <p>Link: <a href="#">council employees</a></p>
<b>The Auditor-General's report on the results of recent audits of local government</b>	
<p>The OAG publishes a report on the results of each cycle of annual audits for the sector.</p>	<p>On the OAG's website under publications.</p> <p>Link: <a href="#">2019/20 audits</a></p>

Description	Where to find it
<b>What good looks like: Lessons for public organisations</b>	
<p>A presentation to our central government Audit and Risk Committee Chairs' Forum.</p> <p>The presentation contained important findings from our recent work, including our performance audits, inquiries, and good practice guidance. We also highlighted areas that we will be focusing on over the next six months, including our Covid-19-related work.</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">what-good-looks-like</a></p>
<b>The problems, progress, and potential of performance reporting</b>	
<p>Performance reporting is a fundamental part of providing effective public accountability.</p> <p>This discussion paper explores five areas for improvement:</p> <ul style="list-style-type: none"> <li>ensuring that performance information is focused on the issues that matter to New Zealanders;</li> <li>ensuring that performance information is tailored to different audiences to make it more accessible;</li> <li>better integrating and aligning performance information so it is clear how the activities of public organisations contribute to outcomes;</li> <li>improving monitoring and scrutiny of the performance information that is produced to encourage continuous improvement; and</li> <li>building demand for good quality performance information, strengthening system leadership, and investing in the capability to do it well.</li> </ul>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">performance-reporting</a></p>
<b>Building a stronger public accountability system for New Zealanders</b>	
<p>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.</p> <p>This discussion paper looks at how well New Zealand's public accountability system is working in practice.</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">public-accountability</a></p>
<b>The Government's preparedness to implement the sustainable development goals</b>	
<p>In 2015, all United Nations members signed up to Transforming our world: the 2030 Agenda for Sustainable Development (the 2030 Agenda). It sets out 17 sustainable development goals to be achieved by 2030.</p> <p>We looked at what arrangements are in place and how the Government is encouraging stakeholders and the public to engage with efforts to achieve the sustainable development goals by 2030.</p>	<p>On OAG's website under 2021 publications</p> <p>Link: <a href="#">sdgs</a></p>

Description	Where to find it
<b>Client updates</b>	
<p>As part of our response to the Covid-19 situation, we developed online client updates to replace the in-person sessions that were cancelled.</p> <p>This year's material is accessible via video presentations on our website.</p> <p>The themes respond to challenges that our clients now face, such as planning for unexpected events or dealing with additional reporting requirements related to Covid-19 and climate change.</p>	<p>On our website under publications and resources.</p> <p>Link: <a href="#">Client updates</a></p>
<b>Procurement</b>	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p>	<p>On the OAG's website under publications.</p> <p>Links:</p> <p><a href="#">Strategic suppliers: Understanding and managing the risks of service disruption</a></p> <p><a href="#">Getting the best from panels of suppliers</a></p> <p><a href="#">Local government procurement</a></p>
<b>Good practice</b>	
<p>The OAG has made it easier to find good practice guidance, including resources on:</p> <ul style="list-style-type: none"> <li>• audit committees;</li> <li>• conflicts of interest;</li> <li>• discouraging fraud;</li> <li>• good governance;</li> <li>• service performance reporting;</li> <li>• procurement;</li> <li>• sensitive expenditure; and</li> <li>• severance payments.</li> </ul>	<p>On the OAG's website under good practice.</p> <p>Link: <a href="#">Good practice</a></p>



# Council Report

Item 6

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 13 September 2022  
**Author:** Lance Vervoort  
**Authoriser:** Lance Vervoort  
**Position:** Chief Executive  
**Position:** Chief Executive  
**Report Name:** Chief Executive Report

<b>Report Status</b>	Open
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## Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee of the key topics 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 sickness, staff vacancies, and local body elections.
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*

### Sickness

7. Maintaining a safe working environment for staff and contractors continues to be a priority.
8. General flu's/illnesses and Covid-19 are having a significant impact on staff and operational activities. As an organisation we have seen a significant increase in the number sick leave days being taken since April 2022. This continues to place pressure on teams as staff navigate the challenges that come with these staff shortages.
9. Top of mind is worker's physical and mental wellbeing and Council leadership remains focused on supporting wherever possible including providing flu vaccinations, reprioritising workloads, and arranging shorter operating hours at front facing Council facilities where possible.

### Staff vacancies

10. Vacancies continue to be a challenge for Council and this shortage, coupled with staff shortages due to sickness, are impacting on the organisations capacity to deliver its services and work programme.
11. As of the end of August 2020 Council has 156 vacant positions, with the average days to hire sitting around 43 days. Additional employee resignations exacerbate this issue.
12. To compete for talent, and to support retention of existing staff, Council is introducing several new initiatives.
13. This includes adding health insurance as a benefit to all staff and is introducing two new key initiatives; a new leadership programme to accelerate the development of existing leaders and develop emerging leaders; and a new “Our Way of Working” strategic programme to refresh Council’s Purpose, Values, Vision, and Mission – all designed to increase employee engagement and to brand Council as an employer of choice.

### Local Body Elections

14. Local Government Elections will take place on 8 October 2022. Council has an experienced multi-disciplined team, including Dale Ofsoske, Council’s external Electoral Officer, overseeing the election process.
15. Nominations closed on 12 August, with [the mayoralty and all wards being contested](#). Voting will begin on 16 September by postal vote.
16. As part of its representation review Council changed from FPP (First Past the Post) to STV (Single transferable Vote) for its voting system. Council staff are currently focusing efforts on an STV education campaign in the lead up to voting opening.
17. Changes to representation arrangements for Hamilton City Council to instate the Kirikiriroa Maaori ward and the retirement of four current Elected Members means that that Council will welcome at least six new Elected Members in the 2022-25 triennium.
18. A comprehensive induction programme is being developed for the new Council, focusing on professional development, key challenges for the city, key strategies and the Central Government reform programme.

### Financial Considerations - *Whaiwhakaaro Puutea*

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

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

20. Staff consider the matter of this report to be of low significance and that the recommendations comply with Council’s legal requirements.

### Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

21. 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’).
22. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
23. The recommendations set out in this report are consistent with that purpose.
24. No known social, economic, environmental or cultural considerations were identified in the development of this report.

**Risks - *Tuuraru***

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

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

26. 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:** 13 September 2022

**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 May 2022 to 31 July 2022

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

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

## Staff Recommendation - *Tuutahu-aa-kaimahi*

- That the Strategic Risk and Assurance Committee:
  - receives the report; and
  - recommends that the Council receives the Safety and Wellness Report – 1 May 2022 to 31 July 2022.

## Executive Summary - *Whakaraapopototanga matua*

- 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.
- Our redeveloped Safety Management System (SMS) has been made available across wider Council with supporting documentation (forms, templates, standard operating procedures, guidelines) being developed and refined. Once finalised these supporting documents will be introduced and made standard.
- Council's replacement safety software system, Ora, was launched during this reporting period. With improved access through mobile application, as well as simplified reporting, we have seen an immediate lift in the number of events being reported. Ongoing training and system support will continue to be provided across Council, with dashboard reporting and data analysis to form part of our continuous improvement programmes.
- Another key activity to note during this reporting period includes progress on our Contractor Management workstream, with important training and documentation being presented to the decentralised health and safety team for their feedback. It is intended that this training would then be presented to those business units who engage contractors regularly to establish a consistent approach and methodology towards key processes.



7. To support our effort and focus on critical risk management, we have engaged Coachio Group to work with us to complete 'Bowtie Risk Assessments' on our organisational wide critical risks. We continue to make some progress in this area, with our resources and effort being prioritised towards completing other workstreams that we have previously reported on. Please refer to the Table 1 below.
8. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion - *Matapaki*

### Strategic Progress - *Te ahunga whakamua rautaki*

9. 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 and will continue to formulate part of this report until full completion.

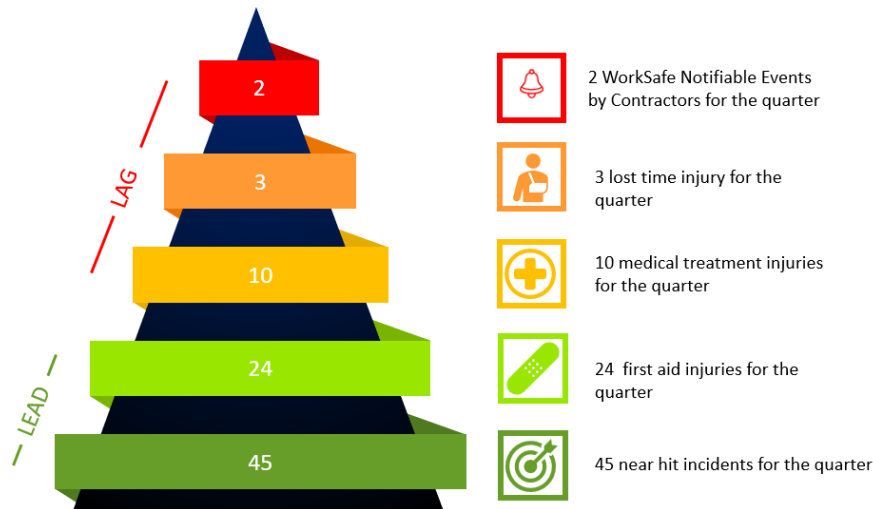
Workstream	Status	Next milestone	Comment
SafePlus review recommendations	100%	Recommendations completed	Outstanding recommendations have now been completed through the introduction of our finalised SMS and Ora
SMS development and implementation	100%	The Communication Team finalised the design of the 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 6 July 2022 replacing Vault.	Ora can be accessed via desktop, mobile app and tablet. Training has been delivered over the past 6 weeks
Critical risk management	40%	Organisational critical risks have been confirmed. Risk owners to be identified, along with Project Teams formed	Review previous bowties that have been completed. Coachio Group have been engaged to complete bowtie risk assessment training in August
Contractor management	95%	Finalisation of documentation and formulating process on Promapp. Investigating software to support contractor induction process	Contractor management handbook completed, training to be delivered over September/October, a suite of inspection templates available in Ora to monitor contractors
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

Table 1 Key workstreams

### Risks and Incidents - *Ngaa Tuuraru me ngaa Paanga*

10. Incidents profiled for the quarter are summarised in below.

11. There was a total of 34 injuries this quarter, compared to 27 in the previous period. Of those injured, 3 resulted in lost time and 10 required medical treatment. Near hit reporting has slightly reduced from the previous period with 20 near hits recorded.



#### Council WorkSafe Notifiable Events

12. There were no notifiable events through to WorkSafe from Council during this period.

#### Contractor WorkSafe Notifiable Events

13. There were 2 events that were notified through to WorkSafe by contractors. Of those notified, 1 was a service strike event, where a pipe was struck, and gas was released. The second was a digger that rolled over approximately 130 degrees as the ground underneath gave way resulting in the digger landing in the river. Further details of these notifiable events can be found in **Attachment 1**.
14. Further information relating to service strikes will be addressed through a separate report provided in the public excluded agenda.

#### Relationships - Whanaungatanga

15. As an organisation we have seen a significant increase in the number sick leave days being used since April 2022. Both Covid-19 and general flu's/illnesses have seen a doubling of the number of days being claimed, putting pressure on teams and some facilities. Council has offered flu vaccinations to all staff and we encourage employees to stay home if they are feeling unwell.
16. During the previous quarter (March 2022) Council, in partnership with **Te Whatu Ora Waikato**, conducted a Work Well survey, which focusses on the following wellbeing topics; mental health, physical activity, smoke-free, breast feeding, alcohol and other drugs, infection controls, and immunisation and hygiene. The level of participation across Council was 27% (370 people), which is a decrease from 31% for the previous survey conducted in 2019.
17. Results from the Work Well survey indicated a total of 88% of participants rated their overall health as good, very good or excellent in comparison to 85% in 2019. Results indicated slightly more workload related stress compared to the previous survey, however the results also showed that respondents were able to maintain a better work life balance (72% in comparison to 61% for the previous survey).
18. Other key insights showed an increase in how respondents perceived their workload, increasing from 34% to 42% since the previous survey in 2019. There was also an 11% increase with 40% respondents saying that they are unable to switch off or relax after work.

19. Action planning by Council's Work Well Committee to address the highlighted areas is underway and this will be endorsed by **Te Whatu Ora Waikato**. Council is currently at Bronze status, however 75% of the Work Well Silver status requirements have been completed and we are aiming to be on track to be awarded Silver accreditation later this year in November.
20. Council continues to engage and participate as part of the **CoLab** health and safety working group, which provides some direction as well as identifying opportunities for Councils to collaborate on important safety and wellbeing topics. Four projects that have been agreed upon include contractor management, health monitoring, aggression and violence and elected member inductions – with the latter being a priority given the upcoming elections.
21. Members from the Safety & Wellbeing Team recently attended the **Safety Leaders' Summit** in Auckland, where there was a common theme highlighted for organisations to foster an environment of trust and create a safe environment for staff to have conversations about their mental health and wellbeing. Senior leaders can play an important part in this by sharing their own experiences and/or advocating for support services. This can help to break down some of the stigma associated with mental health. Upskilling people leaders on how to respond when staff raise concerns or when they are concerned about someone's wellbeing is also important.
22. To make it easier for our people to report these types of events, Ora includes sensitive reporting, whereby staff can report in confidence to the Safety and Wellbeing Team. Through improved and regular engagement with ELT will have increased oversight around mental health, which is one of Council's thirteen critical risks identified.
23. The Safety Governance Committee (SGC) met on 2 June 2022. The next meeting is scheduled for 7 September 2022. An excerpt from the minutes is below, and the full minutes are provided as **Attachment 2**.

*'Mental Health was at the forefront of the SGC meeting with a presentation by Brad Norris of Synergy Health of their wellbeing platform. Mark Turner, Curator at the Hamilton Zoo then shared his insights and leadership knowledge with the Committee of his experience over 36 years in the industry and caring for animals and the mental health impact.'*

#### **Resources - Rauemi**

24. Resources across the Safety & Wellbeing Team have incurred some absences resulting from Covid and other illnesses, similar to other teams across Council. The Safety and Wellbeing Business Partner who had a serious non work injury in early November 2021 has commenced on a return-to-work programme. The wider team continues to pick up additional responsibilities and cover important work during this limited and extended period.

#### **Assurance - Kii Taurangi**

25. Council's 'State of Safety' review that has been previously reported on forms part of the audit and assessment element of our SMS. 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. There has been significant improvement since our last report, attributed to the work undertaken by those teams and through our business partnering support.
26. It remains our intention to undertake further self-assessment audits to satisfy our own compliance requirements before engaging an external auditor to reassess our safety standards, practices, and progress towards continuous improvement. The completion of these projects/undertakings link directly into the assurance pillar of the SMS.

#### **Success and Recognition - Angituutanga me ngaa Mihi**

27. The Safety and Wellbeing Team were invited to run an activity at the Parks and Recreation Safety Day 2022. The team ran an interactive and fun activity to educate those teams on how to use Ora. The Parks and Recreation Teams were very engaged and interested in how the new incident management system affected them in their role, how they could use it and the difference it would make to them having the ability to report safety events in real time.



#### **Financial Considerations - *Whaiwhakaaro Puutea***

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

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

29. Staff confirm that any recommendations in this report comply with Council's legal and policy requirements.
30. 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***

31. 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').
32. The subject matter of this report has been evaluated in terms of the 4 well-being's during the process of developing this report.
33. This report addresses matters of safety and wellbeing. There are no known social, economic, environmental, or cultural considerations associated with the matters in this report.

#### **Risks - *Tuuraru***

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

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

##### **Significance**

36. 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**

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

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Notifiable Events

Attachment 2 - Safety Governance Committee Meeting Minutes 2 June 2022

Attachment 3 - State of Safety Update

## Notifiable Events

During this reporting period (1 May 2022 to 31 July 2022) there were 3 notifiable events involving contractors. A brief summary is below: (WHAT ABOUT SERIOUS NEAR HITS OR SERIOUS HARM)

Date	Incident summary	Status
1 July 2022	<p><b>WorkSafe Notifiable – Contractor</b></p> <p>Work was being completed on the river walkway and rock was placed and spread on the particular section. The digger driver was sitting in the digger and waiting for the last small load of brown rock to cover the final 1-2m cloth.</p> <p>While waiting for the truck to reverse, the driver felt the excavator start to move, and they quickly exited through the door on the bank side as they were facing the south waiting for the truck to come back. The digger turned over approximately 130 degrees resting on its boom just above the waterline. It revved to a stop.</p>	<ol style="list-style-type: none"> <li>1. Prevention to stop any spillage of any waste into the waterways took place</li> <li>2. Both Hamilton City Council and Waikato Regional Council were notified</li> <li>3. WorkSafe were notified.</li> </ol> <p><b>Next Steps:</b></p> <ul style="list-style-type: none"> <li>• The rescue of the machinery was successful.</li> <li>• The investigation has been completed and the findings will be available shortly when the close out report is done.</li> </ul>
5 July 2022	<p><b>WorkSafe Notifiable – Contractor</b></p> <p>The Drilling crew of the contractor were beginning to drill out for the next shot and upon drilling the first rod in the ground an unknown gas service was struck. This service was not shown on the plans or marked out. The depth was roughly 500mm in the road reserve.</p>	<ol style="list-style-type: none"> <li>1. Nearby residents were informed of strike and told to close windows</li> <li>2. WSP (consultants) and First Gas contacted</li> <li>3. Worksafe were notified</li> <li>4. HCC contacted about incident</li> <li>5. Gas main and temporarily repair completed at approx. 4pm</li> </ol>



# Meeting Minutes

Item 7

## Safety Governance Committee

Time and date:	1:30pm, Thursday 2 June 2022
Venue:	Hamilton Gardens
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), Dion Liddell (AWUNZ), Tania Hermann (City Delivery), Eeva-Liisa Wright (Infrastructure Operations), , Ewan Wilson (Elected Member), Olly Te Ua (Maaori Rep) Virginie Maene (Minutes), Mark Turner (Zoo Representative), Julie Ambury (Enterprise Risk Lead), Leanore Bullen (Safety and Wellness Business Partner, Brad Norris (Synergy Health Ltd)
Apologies:	Tracey Wood

### 1. Welcome

Meeting opened by the Chair, marking this first face to face meeting since over a year a momentous occasion. Guests are Mark Turner, Leanore Bullen and Brad Norris from Synergy Health Ltd.

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

The minutes of the Safety Governance Committee Meeting held Monday 11 April 2022, have been confirmed.

Moved by: Lance Vervoort  
Seconded by: David Bryant

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

Action	Assigned To	Due Date	Comments	Status
Speak to Lee-Ann Jordan and Kelvin Powell on setting up interdepartmental learning with Mark's team/leadership	Helen Paki	Next meeting		
Investigate if the Chaplain/Counsellor service could be rolled out across the whole organisation	Marie Snowball	Next meeting	Service can be scaled up if require, based on interest and operational need	Completed
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	Ongoing

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## 3. Work Well Survey – key finding and insights

Leanore Bullen presented the Work Well Survey key findings and insights.

The following questions were asked by the Committee:

Q. What is the plan for the team to get out and learn about the Critical Risks?

A. Our Business Partners work closely with the leadership teams and always communicate with the team first. We will start doing this now.

Q. Can we see more results and statistics at this level? e.g., notifiable events and near hits – good stats and trends. It's something that we need to keep looking at – comparing results as we go on and keep our eye on that.

A. Ora has that in mind, we will be able to see trends and be more proactive.

Some comments on the presentation are listed below:

- We need work on normalising mental wellbeing, especially for ELT and all leaders.
- Mental health still has a stigma of being weak and incapable, we all need to be talking about it more.
- We need to recognise that the mental health system in NZ is broken and therefore we need to take responsibility as an employer by checking in with our staff and offering EAP and VITAE.
- Health insurance and culture are really important – a good leader is one who staff can trust and can talk to, who cares about their wellbeing.
- We need to recognise that we are protecting people's mental health at work.
- Sometimes it's small things like a personal thank you or a barbeque after work that can make a big difference.
- Remuneration becomes very relevant when people are having mental health issues themselves or in their family.
- There is nowhere to go for suicidal people.
- We always approve extra sessions with counsellors when requested.
- Use of EAP is underutilised, we need to promote it more to ensure people make use of it.
- EAP provided on site has proven effective as it breaks down barriers and builds one on one relationships.
- City Delivery and Waters used to have a chaplain visit on a regular basis and have one on one care conversations with staff, this was well received, and people liked it.
- We need to teach people the skills to talk to someone and check in with them – everyone has mental health issues.
- We need to become more innovative and give people the tools to assess where they are at every day so they can recognise that they may be under stress and have less good judgement.

## 4. Mental Health and Wellbeing

Brad Norris, organisational psychologist from Synergy Health provided an overview of the tool they offer which has different platforms and offers great workshops around mental health.

The following questions were asked by the committee:

Q. How do we get assurance that leaders are adopting it?

A. The assurance pillar will ensure that it is being adopted and that we are supporting people to be successful.

# Meeting Minutes

Q. How would we ensure it's relevant to all staff?

A. Our engagement levels are so high because of customisation – instead of already engaging the engaged.

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## 5. Critical Risk Deep Dive – Caring for animals and mental health impact.

Mark Turner, Curator at the Zoo shared his insight and leadership knowledge with the Committee.

- 36 years in the industry.
- Wellington Zoo/Melbourne Zoo/Tiger handler at Australia Zoo/Hamilton Zoo.
- Impossible not to get attached to animals and sickness/death affects people differently.
- When one of the wild hunting dogs died after giving birth and considering it had been a very difficult breeding program it was tough for the staff.
- We took the whole team out for dinner a couple of days afterwards and we received great support from Lee-Ann Jordan.
- 35 years ago, there was no emotional support when an animal was sick or passed away – HCC does this very well – better than Australia Zoo, there is a much higher emphasis on H&S including Mental Health.
- When working with Dangerous animals like tigers or chimps it's vital that staff are mentally stable to do that safely.
- We try to ensure people are in a good headspace and we give the opportunity to work in another section until better.

The following questions were asked by the committee:

Q. How could we be supporting staff more?

A. It would be helpful if someone would be on site at the Zoo to support wellbeing more often, Marika comes out once a week.

Q. Is there enough of a filter if someone is going through stress? Can you pick it out?

A. Yes, if there is any concern at all we step them down. There are always two people in a team looking after tigers. When people are stepped down, we make clear it's not a punishment.

Q. Could the Vitae chaplain service be of help?

A. The Vitae chaplain service is great, people used to book time with them on a regular basis.

Q. Is there an opportunity for other parts of council to connect with Mark's team to enable interdepartmental learnings?

A. Helen Paki will talk to Lee-Ann and Kelvin

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## 6. General Discussion – around the table

- Tapping into the right people who show a great level of expertise is a key takeaway making sure that we partner and tap into knowledge.
- Interaction and discussions are very helpful to get a glimpse into the organisation.
- I am really focused on our holistic approach – we need to give people the tools to bring their best self to work – Leanne will start visiting the Zoo on a more regular basis
- This proves how important communicating is and the focus of team and understanding your role as a leader-leveraging
- I like seeing the growth and interaction from Marie's team with people on the ground.
- Great first meeting – good conversation and the meeting has triggered good action points.
- It's good to know we have such a great team looking after staff and animals in our care at the Zoo.
- Looking forward for us is covid anxiety – there is a lot of it in our org – protecting people – human perception that is more important than

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- Good conversations were had and it's great to see new people.
- Being close to the front line is the best part of this meeting. We need more transparency and how we can share our learnings across council. ORA will help with this.
- Chaplain service – could we spread that across org especially with covid?
- Mixed feelings on synergy health presentations, it needs to resonate with people and unsure if people will read it/value for money?

## 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
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

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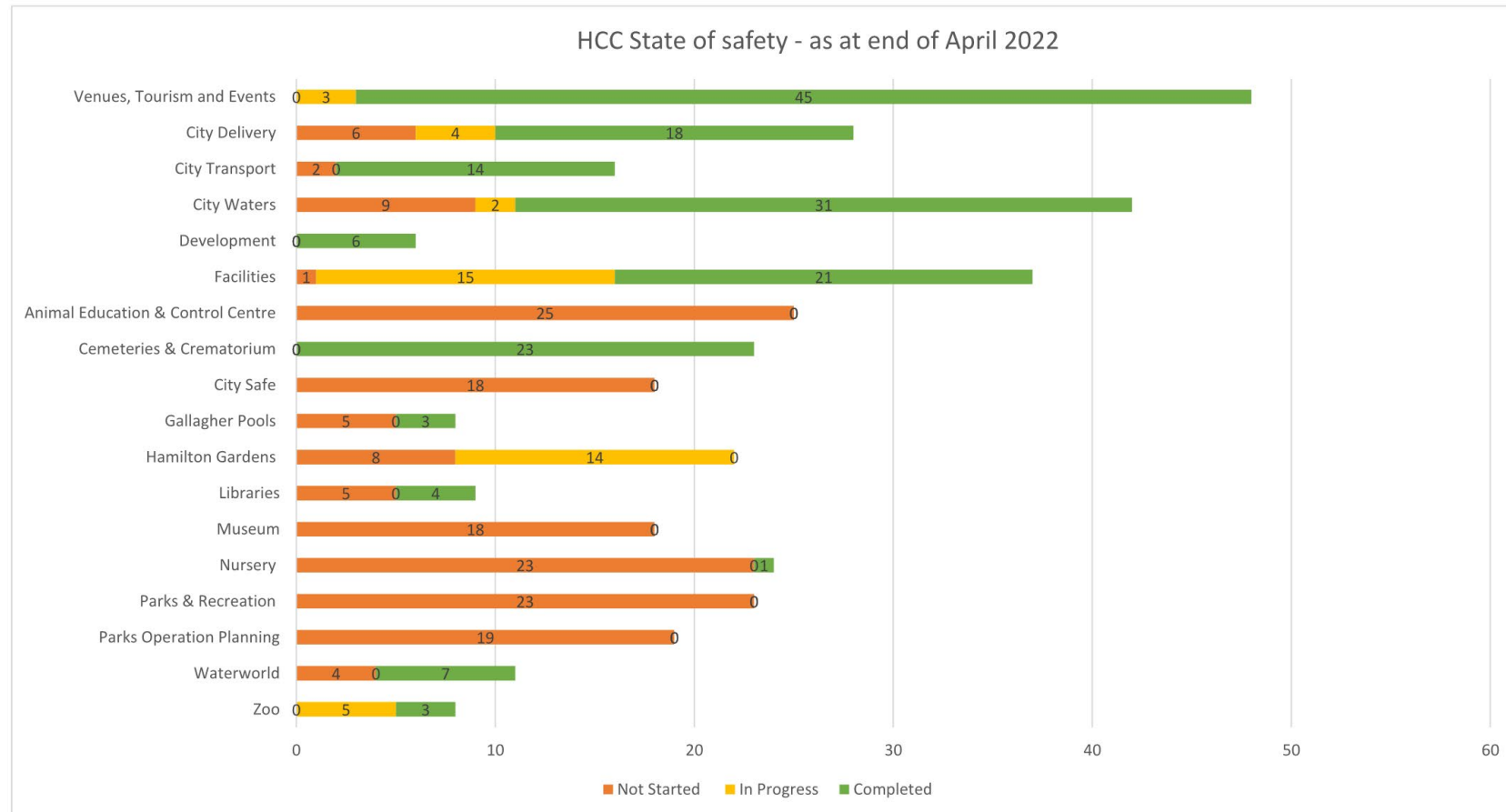
Review previous work done by staff on controls for Critical Risks	Dan/Marie	Next meeting	Staff previously came up with ideas, that we need to consider and to take onboard.  Critical risks reviews booked for November and to be facilitated by Coachio	Completed
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The meeting was declared closed at 3:30pm

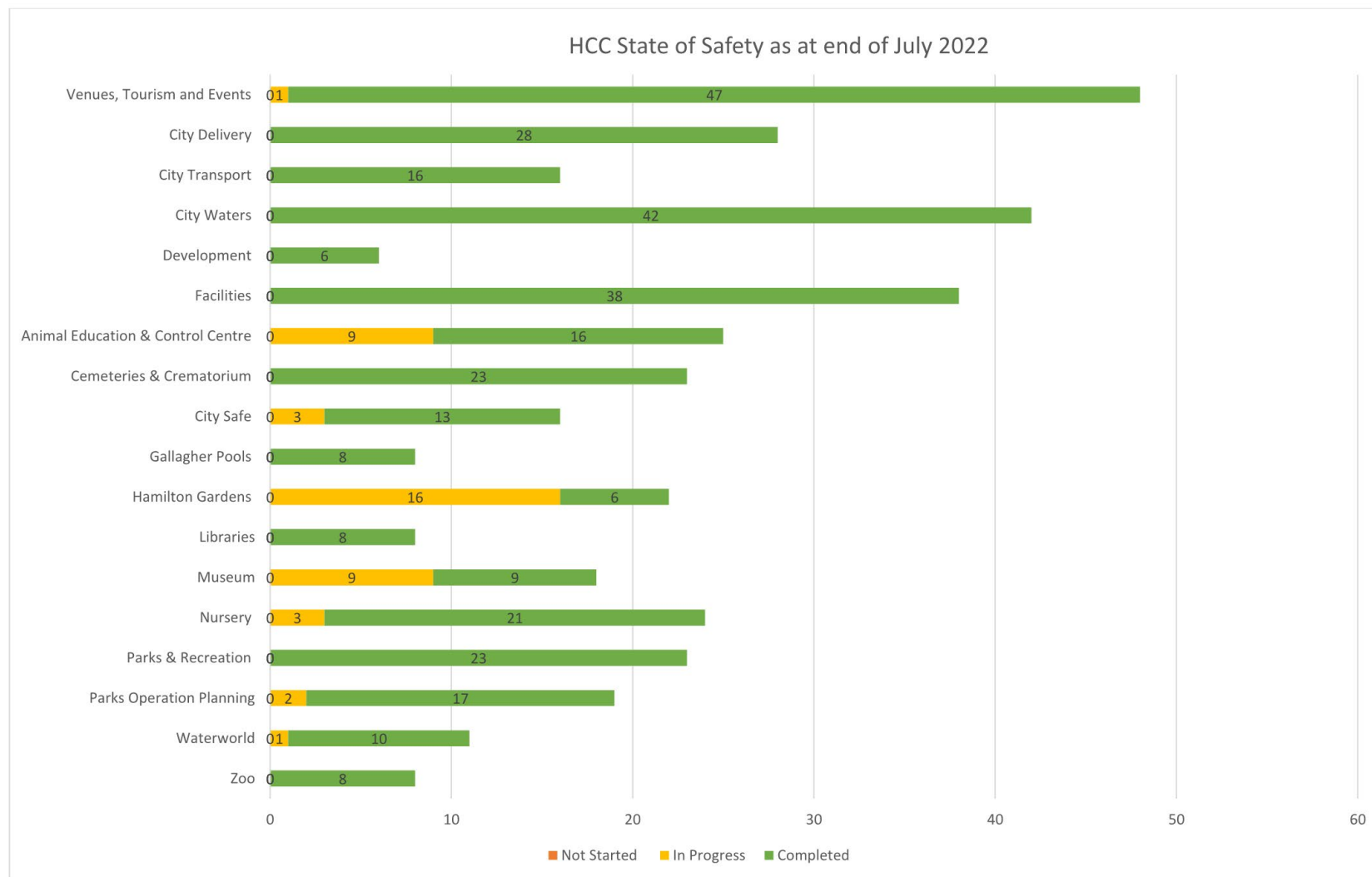
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Attachment 2

## State of Safety Review — Progress update July 2022







# Council Report

**Committee:** Strategic Risk and Assurance Committee

**Date:** 13 September 2022

**Author:** Julie Ambury

**Authoriser:** David Bryant

**Position:** Enterprise Risk Lead

**Position:** General Manager People and Organisational Performance

**Report Name:** Risk Management Report - September 2022

<b>Report Status</b>	<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 updated to reflect the changing risk environment.
4. Staff continue to provide a regular report on these matters at each meeting of the Strategic Risk and Assurance Committee.
5. Following last quarter's Executive Leadership Team (ELT) and Committee workshops all strategic and two from three organisational risk names and descriptions have been reviewed and updated. This is shown in commentary relating to each risk.
6. Two risks (Strategic Risk 8 – Failure to respond to a crisis or emergency and Organisation Risk 3 – Failure of critical assets) have an increased residual risk rating from HIGH to VERY HIGH since last quarter. This increase is explained in commentary relating to each risk. In both cases, the increases are NOT due to any changing external factors.
7. Twelve from 28 existing treatment actions have been completed in the last quarter and nine new treatment actions have been added. This compares with three from 33 existing treatment actions and three new treatment actions in the previous quarter. This increased activity can be attributed to the implementation of SHIELD, which has made it easier for staff to review, monitor and update their risks.
8. The global risk landscape is being closely monitored to ensure our strategic and organisational risks reflect global trends.

9. Local Government Elections will take place on 8 October 2022, the first time using the STV (Single Transferable Vote) voting system. Staff efforts have been focused on an STV education campaign and will now focus on the development of a comprehensive induction programme for the new Council. Refer Strategic Risk 6 – Political changes negatively impact strategic direction for additional detail.
10. Last quarter Strategic Risk 6 – Political changes negatively impact strategic direction (specifically Central Government’s reform agenda) and Strategic Risk 7 – Failure to deliver our work programmes (specifically shortage of resources) were highlighted as escalating risks. Neither have escalated to the point an increase in residual risk rating resulted this quarter – both remain at VERY HIGH and continue to be closely monitored.
11. Significant progress has been made in the climate change space this past quarter. The Climate Change Policy was adopted on 30 June 2022 by Council and Council approved the climate change strategy and action plan on 18 August 2022. Refer Strategic Risk 9 – Failure to respond to climate change for detailed commentary.
12. Staff consider the matters in this report have medium significance and that the recommendations comply with Council’s legal requirements.

### **Background - *Koorero whaimaarama***

13. 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.
14. 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.
15. 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.
16. 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**

17. This risk’s name and description has changed from ‘A disaster event – A natural or human-induced disaster event (excluding act of terrorism)’ to ‘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’.
18. There is no change to the residual risk rating for this risk – it remains at VERY HIGH.
19. 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.
20. The high levels of volcanic unrest on Mt Ruapehu reported to the last Strategic Risk and Assurance Committee meeting has reduced to the extent the volcanic Alert Level has returned to Alert Level 1.

21. The Ministry of Civil Defence Emergency Management (CDEM) have reconfirmed advice provided to local authorities in 2016 regarding declarations of a local state of emergency during the election period remains accurate. That advice states 'during the period from the official announcement of the election results to the date of the first meeting of the local authority, a state of local emergency will only be able to be declared by the Minister of Civil Defence'.
22. The Tier 2 Regional CDEM Exercise originally scheduled for November 2021 took place on 17 May 2022 and was aimed at testing our capability to respond to a potentially large-scale and time critical incident – in this case, a flood event in the city. A full exercise evaluation report will help inform our future training focus.
23. The existing service level agreement with Waikato Regional Council (via the Waikato Group Emergency Management Office) to deliver CDEM activity on behalf of Hamilton City Council is due to expire in May 2023. Negotiations to enter into a new service level agreement have commenced and staff will report back to the Community Committee before the end of the year on progress of negotiations.

#### **Strategic Risk 2 – Significant Negative Impact on Financial Strategy**

24. This risk's name and description has changed from 'Major economic or financial shock – An external financial event impacts Council's financial strategy, fiscal and monetary position' to 'Significant negative impact on financial strategy – A major economic or financial event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council'.
25. There is no change to the residual risk rating for this risk – it remains at MEDIUM.
26. This risk links to Strategic Risk 7 – Failure to deliver our work programmes.
27. Commentary on cost escalation previously provided under Strategic Risk 7 is now provided here. As reported to the Finance Committee on 23 August 2022, the significant capital portfolio risk continues to be cost increases due to current economic conditions. Economic modellers suggest this environment is likely to continue for the next 12 months. Staff will continue to actively monitor and report the impact on the capital expenditure programme.
28. Through the 2022/23 Annual Plan process Council has resolved to increase the capital budgets from 3% to 7% for those projects staff identified as most likely to be at risk of cost escalation. The impact of this increase to the capital programme is an estimated \$10.6 million in 2022/23 and \$9.7 million in 2023/24. The NZ inflation rate to end June 2022 was 7.3%, an increase from 6.9% the previous quarter.
29. Due to rising inflation, Council also resolved to increase the operating expenditure assumption for the 2022/23 Annual Plan, adopted on 30 June 2022, to 5% (an increase of 2.1% from the LTP).

#### **Strategic Risk 3 – Failure to Meet Compliance Standards**

30. This risk's name and description has changed from 'Increasing compliance standards due to stakeholder expectations – The risk of central government and regional council or changes in community expectations' to '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'.
31. There is no change to the residual risk rating for this risk – it remains at HIGH.
32. This risk is linked to Strategic Risk 6 – Political changes negatively impact strategic direction.

33. Significant reform continues to be promulgated by Government. Visibility of the reform programme is provided to Council through regular reports, the latest of which (18 August) can be found [here](#). Refer to Strategic Risk 6 for commentary related to specific reforms.
34. Two examples of relatively significant work within the organisation triggered by legislative compliance requirements are:
  - i. Notification of Plan Change 12: Intensification Planning Instrument (IPI) – Further information can be found in the report to the District Plan Committee meeting of 4 August 2022 (Agenda [here](#), Minutes [here](#)) and [here](#). Commentary is also provided under Strategic Risk 5 – Failure to deliver growth outcomes.
  - ii. Progress on Council’s earthquake prone building framework and seismic building improvement programme – Further information can be found in the report to the Council meeting of 18 August 2022 (Agenda [here](#)).

#### **Strategic Risk 4 – Loss of Information or Access to Systems**

35. This risk’s name and description has changed from ‘Cyber attack – Unauthorised access to Council’s IT infrastructure results in loss of Council’s information or access to systems that may lead to safety risks to Hamiltonians and relatable consequences of reputational, legal and financial losses’ to ‘Loss of information or access to systems – 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’.
36. There is no change to the residual risk rating for this risk – it remains at HIGH.
37. 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.
38. Commentary relating to this risk contains confidential and commercially sensitive information and is covered in the Cyber Risks Report presented to the Committee in the public excluded part of this meeting.

#### **Strategic Risk 5 – Failure to Deliver Growth Outcomes**

39. This risk’s name has changed from ‘Growth – Significant change to/in growth demand and/or the consequences of growth does not deliver positive outcomes for the community’ to ‘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’.
40. There is no change to the residual risk rating for this risk – it remains at HIGH.
41. 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.
42. Plan Change 12 to the Operative Hamilton City Council District Plan was notified on the 19 August 2022. This gives effect to the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act requiring all Tier 1 growth councils to intensify. The Council is doing this in a manner that takes account of the need to restore and enhance the Waikato River. As such, new measures are being introduced which includes a suite of green policies centred around water sensitive design, the collection of financial contributions to reinvest in the public realm, environment, and local infrastructure. A communications and engagement

plan is being executed to help inform and educate the public regarding the implications of the Plan Change 12, the impacts on the City and how they can participate in the process.

## Item 8

### **Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction**

43. This risk's name and description has changed from 'Political changes or decisions impact Council's strategic direction or form and function – Political stakeholders make unpredictable decisions or take actions that significantly impact Council's strategic imperatives' to '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.
44. There is no change to the residual risk rating for this risk – it remains at VERY HIGH. This risk links to Strategic Risk 3 – Failure to meet compliance standards.
45. Local Government Elections will take place on 8 October 2022. Changes to representation arrangements for Hamilton City Council to instate the Kirikiriroa Maaori ward and the retirement of four current Elected Members means that Council will welcome at least six new Elected Members in the 2022-25 triennium. A comprehensive induction programme is being developed for the new Council, focusing on professional development, key challenges for the city, key strategies and the Central Government reform programme.
46. Central Government's reform agenda continues to progress, with feedback having recently been provided through formal and informal processes in relation to the Reviews.
47. 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.
48. Visibility of the reform programme is provided to Council through regular reports.
49. The Resource Management (RM) Reform has a significant upcoming milestone in October 2022 with the release of the Spatial Planning Bill, and the Natural and Built Environments Bill that will outline the new planning system. This coincides with Local Government elections and subsequent inductions, so there is a high risk that new councils will not be in a position to provide comprehensive feedback on the bills during the submission period. The legislation will impact on the form and function of council, and staff are working to ensure that an early induction on reform is provided to our incoming Council.
50. Senior representatives from the Ministry for the Environment attended a Council briefing on 10 August 2022 to provide Elected Members with an opportunity to raise issues directly regarding the direction of the RM reform.
51. Several specialist staff continue to participate in external work programmes and in an advisory capacity to central government to influence the direction of new legislation.

### **Strategic Risk 7 – Failure to Deliver our Work Programmes**

52. This risk's name and description has changed from 'Significant cost escalation or shortage of resources to deliver work programmes – The market is unable to deliver necessary resources to achieve our strategy; including but not limited to people and material for projects' to 'Failure to deliver our work programmes – An ongoing shortage of necessary market 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'.
53. There is no change to the residual risk rating for this risk – it remains at VERY HIGH.
54. This risk links to Strategic Risk 2 – Significant negative impact on financial strategy.



55. 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 refer SR2 Significant negative impact on financial strategy.
56. 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. Development and implementation of a resource management tool measuring availability of project management resources against demand is also underway with a pilot being trialled by the Facilities Unit.

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

57. This risk's name and description has changed from 'High-level security threat or major emergency – A safety, security or environmental attack materialises and impacts Council's strategic direction' to '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.
58. This risk links to Strategic Risk 1 – Failure to respond to a disaster and Strategic Risk 4 – Loss of information or access to systems.
59. The residual risk rating for this risk has increased from HIGH to VERY HIGH. This increase in risk rating is NOT due to any changing external factors e.g. an increase in the national terrorism threat level. When this risk was reviewed, controls and treatment actions (refer attached Strategic and Organisational Risk Register, pp. 15-16) were reviewed in detail resulting in less confidence the controls and treatment actions in place would mitigate this risk sufficiently to move it from its inherent risk rating of VERY HIGH to a residual risk rating of HIGH.
60. Findings from the Business Continuity Management Internal Audit (provided in the Internal Audit Report to the Committee today) highlight opportunities for improvement in our business continuity management. To strengthen the existing control (Business Continuity Management policy and plans), a new treatment action has been added to implement findings from the Internal Audit by incorporating recommended actions into the Risk Team's work programme.
61. Business continuity management is one part of a broader resilience management framework, which is currently under development. Other parts include civil defence emergency management, crisis, emergency and incident management, protective security (of information, assets and people) management, safety management etc. all underpinned by enterprise risk management.
62. The existing crisis management policy and related documents have been reviewed and need updating and integrating into the broader resilience management framework. To start this process, a new treatment action has been added for delivery and implementation of crisis, emergency and incident management guidelines and procedures by December 2022.

#### **Strategic Risk 9 – Failure to Respond to Climate Change**

63. This risk's name and description has changed from 'Climate change – Failure to adapt to the changing environment as a result of climate change, including failure to mitigate the organisation's contributions to greenhouse gas emissions' to 'Failure to respond to climate change – Climate change causes changes in our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community'.
64. There is no change to the residual risk rating for this risk – it remains at VERY HIGH.

65. The [Climate Change Policy](#) was adopted on 30 June 2022 by Council. The policy sets the rules for when, and the extent to which, climate change will be considered in Council decision-making. It outlines how council will embed climate change in decision making, the requirement for climate change impact statements and sets out a hierarchy for actions to reduce greenhouse gas emissions.
66. The policy requires a climate change impact statement to be included in business cases, project plans and Council reports. Changes to these templates are underway. The tools and guidance to support the implementation of the policy are currently being developed and will be rolled out across the business over the next six months.
67. Following recommendation by the Environment Committee, Council approved [Our Climate Future: Te Pae Tawhiti o Kirikiriroa](#) on 18 August 2022. The strategy sets a vision “Hamilton Kirikiriroa is a thriving, low-carbon city that responds and adapts to climate change” and three outcomes to support the delivery of the vision - By acting together, our emissions are reducing, Our neighbourhoods enable low-carbon living and Our city is ready for Hamilton’s climate. In addition, the strategy establishes emissions reduction targets for the city and for council operations. In [Next Steps for Our Climate Future – Our plan for 2022-23](#) we outline the key actions we will deliver this financial year, including an emissions reduction pathway for the City and the development of a more detailed action plan.
68. One of the recommended actions in the climate change readiness assessment undertaken by KPMG in 2021 was for Council to deliver an annual Climate Change Disclosure Report for the community. The recommendation was to complete the first disclosure report following the development of our climate change strategy. We will deliver Council’s first disclosure report for the period 2022-23 in August/September 2023. It will follow the approach recommended by the [Task-force for Climate related Financial Disclosure](#) (TCFD).
69. The development of the Hamilton climate change risk assessment is a priority for the climate change team this year. Waikato Regional Council, in line with the [Ministry for the Environment guidance](#), completed phase 1 of the regional risk assessment over the last few months. There is significant cross over between the stakeholders involved in the regional assessment and the one for Hamilton. We are looking to build on the regional approach to minimise the need to repeat engagement with the same stakeholders. The Ministry for the Environment estimate the risk assessment will take 12-18 months. Updates on the risk assessment process and timing will be provided to the Committee through the risk management report.

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

70. This risk’s name and description has changed from ‘H&S – Workers (incl. contracted workers & volunteer workers) – Failure to ensure the health and safety of Council staff or workers whose activities are influenced or directed by Council, while the workers are carrying out work’ to ‘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’.
71. There is no change to the residual risk rating for this risk – it remains at HIGH.
72. As an organisation we have seen a significant increase in the number of sick leave days being used since April 2022. Both Covid-19 and general flu or illnesses have seen a doubling of the number of days being claimed, putting pressure on teams and some facilities. Council has offered flu vaccinations to all staff and we encourage employees to stay home if they are feeling unwell. The Safety and Wellbeing Team continue to focus their efforts on strategic programmes of work and important initiatives aligned to risks, relationships and resources. Further and more detailed information is provided in the Safety and Wellbeing Report.

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

73. This risk's name and description has changed from 'Safety and wellbeing of the community – Failure to create, provide and maintain a safe environment for the community leading to a serious injury incident or fatality' to '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'.
74. There is no change to the residual risk rating for this risk – it remains at HIGH.
75. Community Group continues to prioritise and deliver recommendations identified in the Security Risk Assessments completed in 2020.
76. In recent months there has been an increase in the prevalence of winter bugs such as flu, colds and Respiratory syncytial virus (RSV) alongside ongoing Covid-19 infections. Where Council interacts with the public, we have continued to use protection such as mask wearing and promoting good hand sanitisation. However, we have observed an increased intolerance from the public to follow basic hygiene principles at our community facilities.
77. Adverse weather events have increased and impacted on many Council assets such as roads, river paths, access to carparks, and trees. Cleaning up after these events is significant and ongoing. This work has added unforeseen expenditure and resulted in extra workload for staff on top of their business-as-usual activities.

### Organisational Risk 3 – Failure of Critical Assets

78. This risk's name and description has not changed.
79. The residual risk rating for this risk has increased from HIGH to VERY HIGH. This increase in risk rating is NOT due to any changing external factors e.g., an increase in the national terrorism threat level. When this risk was reviewed, three new risk categories were added (compliance and regulatory, environmental, reputation) to the two existing risk categories (finance, service delivery). When a residual risk assessment is undertaken each risk category is assessed individually resulting in a residual risk rating for each category. The overall maximum residual risk rating is representative of the risk category or categories that rate highest – in this case, environmental (water) and reputation risk categories both had residual risk ratings of VERY HIGH.

### Emerging Risks

80. There are no new emerging risks this quarter.
81. The following table provides a summary across three different sources and shows our strategic and organisational risks reflect what is happening globally. While there was no increase in residual risk rating (except SR8) for our related strategic risks these continue to be closely monitored with Strategic Risk 6 – Political changes negatively impact strategic direction and Strategic Risk 7 – Failure to deliver our work programme top of mind in the current environment.

<a href="#">The Global Risks Report 2022</a>	<a href="#">Global Risk Management Survey 2021</a>	<a href="#">2022 &amp; 2031 Executive Perspectives on Top Risks</a>
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Global Risks Horizon (0-2 years)	Risk Rankings	Top Risks for 2022
<ol style="list-style-type: none"> <li>1. Extreme weather</li> <li>2. Livelihood crises</li> <li>3. Climate action failure</li> <li>4. Social cohesion erosion</li> <li>5. Infectious diseases</li> <li>6. Mental health deterioration</li> <li>7. Cybersecurity failure</li> <li>8. Debt crises</li> <li>9. Digital inequality</li> <li>10. Asset bubble burst</li> </ol>	<ol style="list-style-type: none"> <li>1. Cyber attacks/data breach</li> <li>2. Business interruption</li> <li>3. Economic slowdown/slow recovery</li> <li>4. Commodity price risk/scarcity of materials</li> <li>5. Damage to reputation/brand</li> <li>6. Regulatory/legislative changes</li> <li>7. Pandemic risk/health crises</li> <li>8. Supply chain or distribution failure</li> <li>9. Increasing competition</li> <li>10. Failure to innovate/meet customer needs</li> </ol>	<ol style="list-style-type: none"> <li>1. Pandemic-related government policies and regulation impact business performance</li> <li>2. Succession challenges, ability to attract and retain top talent</li> <li>3. Pandemic-related market conditions reduce customer demand</li> <li>4. Adoption of digital technologies requires new skills or significant efforts to upskill/reskill existing employees</li> <li>5. Economic conditions, including inflationary pressures, constrain growth opportunities</li> <li>6. Increasing labour costs impact profitability targets</li> <li>7. Resistance to change operations and the business model</li> <li>8. Inability to utilise data analytics and “big data” to achieve market intelligence and increase productivity and efficiency</li> <li>9. Cyber threats</li> <li>10. Shifts in expectations about social issues and diversity, equity and inclusion outpace organisation’s response</li> </ol>
Source: World Economic Forum	Source: Aon	Source: Partnership between Protiviti and NC State University’s ERM Initiative

### Options

82. 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*

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

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

84. Staff confirm that this Risk Management Report complies with Council’s legal and policy requirements.

### Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

85. 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’).
86. 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.
87. The recommendations set out in this report are consistent with that purpose.

### Social

88. 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

89. 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

90. 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

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

## Risks - *Tuuraru*

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

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

93. 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 medium level of significance.

## Engagement

94. Community views and preferences are already known to the Council.
95. 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 - September 2022



# Strategic & Organisational Risk Register

Q1 2022/23





Risk Team, Governance & Assurance Unit  
23 August 2022

## 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.

The 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



## Summary – Strategic Risks

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, SR8 Failure to respond to a crisis or emergency and SR9 Failure to respond to climate change.	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 strategic direction.	David Bryant	High 
SR4 Loss of information or access to systems	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. Links to SR1 Failure to respond to a disaster and SR8 Failure to respond to a crisis or emergency.	Murray Heke	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 
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 Failure to respond to a disaster and SR4 Loss of information or access	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. Links to SR1 Failure to respond to a disaster.	Sean Hickey	Very High 

## Summary – Organisational Risks

Risk Name	Risk Description	Risk Owner	Residual Risk Rating
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 
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 
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 

## Risks in Detail

## 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, SR8 Failure to respond to a crisis or emergency and SR9 Failure to respond to climate change.

<b>Risk Owner</b>	Helen Paki	<b>Category</b>	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. Civil unrest – redirection of resources to protect vulnerable people and assets
5. Disaster caused by failure of human-made structures
6. Pandemics

<b>Inherent Risk Rating</b>	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. Criticality assessments and asset identification ratings
10. Availability of technical expertise
11. Infrastructure Strategy
12. Engineering standards identified and managed
13. Activity Management Plans (AMPs)
14. Regional and national emergency services relationship management

<b>Residual Risk Rating</b>	4 - Very High - Possible x Major
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<b>Action Owner</b>	Kelvin Powell	<b>Mitigation</b>	Mitigate
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## Treatment Plan

Treatment Action	Previous Updates	Update – September 2022
Implementation of CDEM workplan deliverables ahead of next external Capability Assessment by November 2021	<p><b>March 2022</b> Workplan still continues at reduced pace due to ongoing demand and impacts of Covid-19; Regional Exercise now deferred until March 2022; Capability Assessment further deferred due to Covid-19; support to Council responses to Cyclone Dovi high wind event.</p> <p><b>June 2022</b> Required Tier 2 Regional Exercise (Exercise Tahi) held on 17 May based on a significant weather event and flooding in the city; CDEM training has recommenced.</p>	Exercise Tahi completed but reduced to 1/2 day; 20 HCC staff took part; Exercise evaluation due shortly and will help inform our future workplan and training focus; new workplan will have greater focus on resilience building in our vulnerable communities. Capability Assessment reconfirmed for later half of 2022, awaiting confirmation of dates.

## 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.

<b>Risk Owner</b>	David Bryant	<b>Category</b>	Financial
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#### 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)

<b>Inherent Risk Rating</b>	4 - Very High - Likely x Major
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#### Existing Controls

1. PwC, as Council's treasury partner
2. Six weekly financial forecasting and planning cycles
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
8. Availability for options to respond to a shock

<b>Residual Risk Rating</b>	2 - Medium - Unlikely x Serious
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<b>Action Owner</b>	Greg Carstens Tracey Musty	<b>Mitigation</b>	Accept
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#### Treatment Plan

Treatment Action	Previous Updates	Update – September 2022
Getting the Annual Plan approved by 30 June	<b>June 2022</b> Going through the process of approval. Currently out for consultation. Hearings next week, 3 July Council reporting.	<b>Completed.</b> Annual Plan was approved on 30 June.

## 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.

<b>Risk Owner</b>	David Bryant	<b>Category</b>	Environmental Political Strategic
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#### Risk Cause

1. Central government changes the regulatory standards for compliance: including resource management, environmental (inc. climate change and pollutant management), corporate (inc. health and safety, human resources and financial), growth, consultation requirements, health and infrastructural (inc. traffic and transport) compliance. This might also include changes to the required frequency of Council actions (such as the Long-Term (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

<b>Inherent Risk Rating</b>	4 - Very High - Possible x Major
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#### Existing Controls

1. Advice available from external legal service providers – ad hoc basis
2. Bylaws and policies overseen centrally in Council
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	
Action Owner	Mish Hawthorne	Mitigation	Mitigate
Treatment Plan			
Treatment Action	Previous Updates		Update – September 2022
Council to consider WLASS Joint Procurement Project to invest in the compliance programme for effective reporting on legislative compliance.	<b>March 2022</b> Action now part of the SHIELD rollout. Further updates to be provided at the June Committee.  <b>June 2022</b> Action now part of the SHIELD rollout, delays due to priorities in recruiting and other areas mean this will likely get underway in the later half of 2022.		<b>Completed.</b> Staff have recommended the use of SHIELD for compliance monitoring. A new treatment action has been opened for the use of SHIELD for compliance monitoring.
Legislative compliance – implement organisational monitoring and reporting	<b>New treatment action.</b>		

## Strategic Risk 4

## SR4 Loss of information or access to systems

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. Links to SR1 Failure to respond to a disaster and SR8 Failure to respond to a crisis or emergency.

<b>Risk Owner</b>	Murray Heke	<b>Category</b>	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 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

<b>Inherent Risk Rating</b>	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. Cyber recovery planning processes
5. Data is backed up and available
6. External and internal security audit and reviews
7. Information and assets have implemented processes and controls
8. National and international cyber-attack trends are monitored
9. National Cyber Security Centre (NCSC) monitoring and trend analysis
10. NZ National Cyber Security Centre (NCSC) support
11. Ongoing Cyber awareness education
12. Physical environments have physical and technology safeguards
13. Policies, Standards and Enablers are documented
14. Response plans processes are in place and tested
15. Reviews on Council's IT technology environment
16. Risk based approach - Three lines of defence
17. Risk management frameworks, methods and tools are fit for purpose
18. Security Governance and Risk Management practices implemented
19. Systems and information are secured by design
20. Technical support from key vendors - Microsoft and Fujitsu
21. Timely and accurate reporting
22. Tools, systems and resources
23. Vulnerability and anomaly detection tools



<b>Residual Risk Rating</b>		3 - High - Unlikely x Major	
<b>Action Owner</b>		Karl Bout David (DJ) Jordan	<b>Mitigation</b> Mitigate
<b>Treatment Plan</b>			
Treatment Action	Previous Updates	Update – September 2022	
Implement vulnerability management tools, processes and resourcing by March 2022	<b>March 2022</b> Vulnerability management toolset is live and being onboarded by our new sec ops vendor. The base capability is expected to be live by Q4 2021/2022.  <b>June 2022</b> Base capability now live. Scaling up to full organisational coverage is underway and expected to complete Q2 2022/2023.	No update.	
Re-architecture of current IT and OT network design by March 2022	<b>March 2022</b> Cyber security architecture document is expected to complete by Q4 2021/2022.  <b>June 2022</b> Council is engaging vendors for the review of current network design, proposal and implementation of an upgrade network design that aligns with Council's cyber security architecture requirements. This is expected to complete by Q3 2022/23.	Vendor has been selected. Network discovery process now underway.	
Establish a cyber security incident handling and response capability by March 2022	<b>March 2022</b> Discovery report has been received and is now under review. The base capability is expected to be live by Q4 2021/2022.  <b>June 2022</b> No update.	<b>Completed.</b> Incident handling and response service is now live. Security incident playbooks have been created.	
Development and testing of Disaster Recovery and Business Continuity Plans	<b>March 2022</b> DR and BC plans have been reviewed. An RFP is now underway to develop and test new DR and BC plans. RFP is expected to complete Q2 2022/2023.  <b>June 2022</b> No update.	Development of new disaster recovery playbooks is underway.	
Security Operations Centre development and turning	<b>March 2022</b> A 12-month improvement plan is now underway to develop and tune this capability for the remainder of the HCC environment. This is due to complete by Q4 2022/2023.  <b>June 2022</b> No update.	Tuning process is continuing.	
Review and update IS Cyber Security Strategy by March 2023	<b>New treatment action.</b>		
Expanded Cyber Awareness Training by March 2023	<b>New treatment action.</b>		

## 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.

<b>Risk Owner</b>	Blair Bowcott	<b>Category</b>	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	
Action Owner	Karen Saunders	Mitigation	Mitigate
	Greg Carstens Mark Davey Hannah Windle		
Treatment Plan			
Treatment Action	Previous Updates		Update – September 2022
Deliver revised Hamilton Urban Growth Strategy, by early 2023	<p><b>March 2022</b></p> <p>Project timing extended to allow for alignment with other key growth projects including the District Plan Review, MSP Transport Programme Business Case and Future Proof Strategy. Technical analysis work has continued to understand priorities of growth areas. Awaiting infrastructure assessments and housing capacity assessments to further inform the strategy. Elected Members endorsed an approach for emerging areas at the 2 December 2022 Strategic Growth Committee. HUGS reference group 28 Feb to check in on direction and next steps.</p> <p><b>June 2022</b></p> <p>HUGS is being drafted following completion of technical analysis, stakeholder engagement and alignment with other key growth projects and strategy reviews under way. The draft strategy will be presented to the Strategic Growth Committee on 26 July 2022 for approval to go out for consultation.</p>		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.
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><b>March 2022</b></p> <p>PDA Trackers have been drafted and presented to Future Proof SMSG and CEAG. Now working to make further improvements to the trackers including identifying shared issues, opportunities and actions before presenting to FPIC in April 2022.</p> <p><b>June 2022</b></p> <p>PDA Trackers were presented to FPIC in April 2022 and received positive feedback. There was recognition and understanding of the major barriers and issues and actions required to resolve them. The team are meeting in person for the first time in over 12 months and a site visit was planned with major developers at Rotokauri in May 2022.</p>		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.
Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by August 2022	<p><b>March 2022</b></p> <p>Following the passing of the new Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill in December the City Planning Unit has re-aligned their work programme to accommodate the requirements of this. District Plan Committee meeting to discuss programme and approach on 10th March and endorse Hamilton City Councils approach in light of the new Act. A workshop session will also be held on 7th March to brief Ems on upcoming district plan changes and their implications.</p> <p>The City Planning Unit are aiming to notify district plan changes in accordance with the legislation by 20th August 2022.</p> <p><b>June 2022</b></p> <p>Further to the March 2022 update, Council staff are progressing with draft district plan change provisions to give effect to the new Act. Endorsement of the planning approach, in response to the Act, has been received from elected members through the District Plan Committee on the 10th March 2022 and the 3rd May 2022. The reports to this Committee on 10th March and associated resolutions were also supported by full Council on the 17th March 2022. Staff have held a number of briefing sessions with elected members since early March. Staff are on track to notify Plan Change 12 by the 20th August 2022 in accordance with the Act. Plan Change 9 is on track to be notified a month prior to this.</p>		Plan change 12 has been recommended by the DP Committee for Council approval to publicly notify on 19 August 2022. Subject to Council approval on 18 August Plan Change 12 will be publicly notified the following day.

Map out the process for bringing new growth areas into the city boundaries, by July 2022	<b>June 2022</b> Process workshops were held in May for staff from multiple different teams. The process will identify key decision points, risks, opportunities and high level timeframes and will help with resource planning. A draft is expected in late May, to be presented at the Strategic Growth Committee meeting on 26 July 2022.	<b>Completed.</b> Process was completed and presented to Strategic Growth Committee meeting in July.
Growth modelling environment improvements	<b>June 2022</b> Progressively updating and enhancements to growth modelling environment to service district plan evidence, infrastructure modelling and ultimately deliver the 2024 HBA.	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.
Actively respond to opportunities to secure growth funding to enable growth (e.g. IAF, IFF), by June 2022	<b>New treatment action.</b>	Central City IAF application discussions with Kaainga ora and developers have been occurring through July/August. The request by Kaainga ora in 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.

## 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.

<b>Risk Owner</b>	Blair Bowcott	<b>Category</b>	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

<b>Action Owner</b>	Hannah Windle Mish Hawthorne	<b>Mitigation</b>	Mitigate
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## Treatment Plan

Treatment Action	Previous Updates	Update – September 2022
Key Stakeholder Engagement Plan in place by 30 June 2021	<p><b>March 2022</b> Final Plan under development. Timeframes have been pushed out due to staffing capacity and changes to group and unit structure. Direction will be socialised with new CEO prior to plan being confirmed. ELT session scheduled for 11th April to discuss and agree updated plan aligned with new CE direction.</p> <p><b>June 2022</b> Focus and content of Plan has been amended following internal staff workshops with Communications Team and GM Strategy. Amended content based on the outcomes of these workshops is being developed and will be taken to SLT for input and approval prior to 30 June 2022.</p>	<b>Completed.</b> Plan now completed and socialised with ELT.

<p>Establish an internal programme to address all legislative change/reform that will affect local government – including 3 waters, RMA and Future for Local Government</p>	<p><b>March 2022</b></p> <p>Internal reform programme team established across council to investigate the impacts of the three large pieces of central government reform that will impact the form and function of local government. These include the 3 Waters reform, RMA reform and Future for Local Government Review. Staff are participating in national, regional and sub-regional collaborative opportunities to influence the direction of reform programme. Cross-council team are working to determine potential impacts on HCC (and the local government sector as a whole). A number of groups are establishing similar work programmes – Waikato Plan, UNISA, LASS, Mayoral Forum and other councils – we are participating in these. Group actively making submissions and providing feedback on early policy direction.</p> <p><b>June 2022</b></p> <p>Internal cross-council reform programme team continues to meet to investigate the impacts of the three large pieces of central government reform that will impact the form and function of local government. These include the 3 Waters reform, RMA reform and Future for Local Government Review. Staff are participating in national, regional and sub-regional collaborative opportunities to influence the direction of reform programme. Cross-council team are working to determine potential impacts on HCC (and the local government sector as a whole). A number of groups are establishing similar work programmes – Waikato Plan, UNISA, LASS, Mayoral Forum and other councils – we are participating in these. Group actively making submissions and providing feedback on early policy direction.</p>	<p>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 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>
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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.

<b>Risk Owner</b>	Chris Allen	<b>Category</b>	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)

<b>Inherent Risk Rating</b>	5 - Extreme - Almost Certain x Major
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#### 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. Working with other councils and NZTA to coordinate the market workload

<b>Residual Risk Rating</b>	4 - Very High - Likely x Serious
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<b>Action Owner</b>	Sarah Seel Alexis Chavez Lance Haycock Anita Oliver	<b>Mitigation</b>	Mitigate
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#### Treatment Plan

Treatment Action	Previous Updates	Update – September 2022
Ensure internal resourcing is recruited and in place to effectively deliver planned controls and mitigations.	<p><b>March 2022</b> Internal resourcing for 2021/22 Financial Year largely in place with some vacancies still to be filled in a very tight and competitive labour market. Further review to be undertaken over the next 3 months to ensure capacity and capability are in place to deliver on the 2022/23 Annual Plan programme.</p> <p><b>June 2022</b> A delivery review of the 2022/23 Annual Plan is underway which will consider project deferrals from 2021/22 together with year 2 of the 2021-31 Long Term Plan and any other projects all to be approved on 2 June 2022 as part of the Annual Plan. This review will identify a deliverable programme matched to internal (and where appropriate outsourced) resourcing taking into account the existing operating environment. It continues to be a very tight and competitive labour market with a number of unfilled positions in the 2021/22 year.</p>	<b>Completed.</b> This is addressed each year through the LT or AP process.



Initiate and review construction industry survey feedback for supply chain insights	<p><b>March 2022</b> Ongoing collaboration with CCNZ Waikato Branch.</p> <p><b>June 2022</b> Staff continue to engage with the construction industry through CCNZ Waikato Branch on the pipeline of work opportunities and through this receive insights from the supply chain about cost pressures and contract risk allocation. Omicron has made it difficult to engage properly over the last 6 months and a renewed effort is required.</p>	<b>Completed.</b> There is continuing collaboration with CCNZ Waikato Branch and provision of pipeline of work opportunities.
Optimise procurement processes and contracts to enable HCC to be a construction industry client of choice.	<p><b>March 2022</b> Following detailed investigation of opportunities regarding delivery of our programmes of transport improvement works and 3-waters reticulation activities, procurement plans have been finalised for construction with tenders going to market in March to secure new long-term contracts for works commencement in July 2022. Standard contract terms and conditions have been reviewed to ensure our contracts are attractive to suppliers.</p> <p><b>June 2022</b> The Delivery review is looking to match procurement models to programmes of work that pose delivery challenges examples being transport improvements and any additional funding likely to be received by government through the Infrastructure Acceleration Fund.</p>	No update.
Develop and implement a resource management tool measuring assessing availability of resources against demand for project management	<b>New treatment action.</b>	Tool is in development and a pilot is being trialled by the Facilities Unit.

## 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 Failure to respond to a disaster and SR4 Loss of information or access to systems.

<b>Risk Owner</b>	David Bryant	<b>Category</b>	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

<b>Inherent Risk Rating</b>	4 - Very High - Possible x Catastrophic
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#### Existing Controls

1. Security Risk Assessments
2. Business Continuity Management Policy and plans

<b>Residual Risk Rating</b>	4 - Very High - Possible x Catastrophic
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<b>Action Owner</b>	Julie Ambury	<b>Mitigation</b>	Mitigate
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#### Treatment Plan

Treatment Action	Previous Updates	Update – September 2022
Adopt and implement accepted recommendations from SRAs by December 2022.	<p><b>March 2022</b> Public security and safety considerations have been shared with contracted parties involved with Gardens infrastructure projects to capture safety in design opportunities. Robbery training has been undertaken by parts of the business including Animal Control and Customer Services.</p> <p><b>June 2022</b> Enterprise Risk Lead started in May. Will review SRA recommendations and status of actions and update in September.</p>	Community Group continue to prioritise and deliver recommendations identified in the SRA. SRA review programmed for Q2 to update in December.
Review Crisis Management Policy and related Guideline and Standards, by December 2021.	<p><b>March 2022</b> On hold until Enterprise Risk Lead recruitment complete.</p> <p><b>June 2022</b> Enterprise Risk Lead started in May. They will pick this up again and move it forward.</p>	<b>Completed.</b> Review of existing Crisis Management Policy and related Guideline and Standard is completed. These documents are not fit for purpose. A new treatment action has been added for delivery of Crisis, Emergency & Incident Management Guidelines & Procedures.

Review of Organisational Security Risk Assessment (OSRA), by December 2022.	<b>March 2022</b> On hold until Enterprise Risk Lead recruitment complete.  <b>June 2022</b> Enterprise Risk Lead started in May. They will pick this up again and move it forward.	Programmed for Q2 to update in December.
Facilitate Business Continuity Management Internal Audit and implement findings.	<b>New treatment action.</b>	Findings were delivered to ELT 22 August and will be delivered to SRAC 13 September.
Develop and deliver Crisis, Emergency & Incident Management guidelines and procedures.	<b>New treatment action.</b>	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. Approve terms of reference and commit resource support.

## 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. Links to SR1 Failure to respond to a disaster.

<b>Risk Owner</b>	Sean Hickey	<b>Category</b>	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

<b>Inherent Risk Rating</b>	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. Environment Committee has responsibility for climate change response
4. Our Climate Future: Te Pae Tawhiti o Kirikiriroa
5. Climate Change Policy
6. Next steps for our climate future - our plan 2022/23

<b>Residual Risk Rating</b>	4 - Very High - Likely x Major
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<b>Action Owner</b>	Julie Clausen Charlotte Catmur	<b>Mitigation</b>	Mitigate
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## Treatment Plan

Treatment Action	Previous Updates	Update – September 2022
Develop a 3-year readiness action plan from the climate change readiness assessment for Hamilton City Council by 30 June 2021	<p><b>March 2022</b> Climate Change steering group and working groups established and feeding in the development of the Climate Change Strategy and Climate Change Policy. New climate change sections for inclusion in decision making documents of Business Case and Council report templates in development.</p> <p><b>June 2022</b> No update.</p>	<b>Completed.</b> Key action of the readiness assessment response - Climate Change Policy adopted 30 June 2022.
Develop a draft climate change policy that sets out the appropriate climate change scenarios to use, governance for climate change, capability and capacity requirements by June 2022	<p><b>March 2022</b> No update – further feedback being sought by internal stakeholders.</p> <p><b>June 2022</b> No update.</p>	<b>Completed.</b> A Climate Change Policy was adopted by Council on 30 June 2022. Staff are now developing the guidance and tools to support consistent implementation of the policy.
Development of a climate change strategy that outlines the Council's approach to mitigation and adaptation by June 2022	<p><b>March 2022</b> WSP have been commissioned to deliver supporting evidence for the strategy. Workshop with elected members have been held on 29 November 2021 and 22 February with Elected Members. Workshops are being scheduled with key partners including iwi and the University of Waikato.</p> <p><b>June 2022</b> Feedback on the draft strategy has been collected via six online</p>	<b>Completed.</b> The climate change strategy - Our Climate Future: Te Pae Tawhiti o Kirikiriroa - was adopted by Council on 18 August 2022. It was delayed from 30 June 2022 to August to allow for changes from Elected Members.

	workshops with key stakeholders. The feedback, calling for stronger, more urgent action is being integrated into the strategy.	
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	<b>March 2022</b> The Ministry for the Environment released guidance on local government climate change risk assessments in September 2021, this will inform the first phase assessment as well as the full assessment in 2022 after the adoption of the Climate Change Policy.  <b>June 2022</b> No update.	Discussion with Waikato Regional Council on alignment with the regional risk assessment.
Establish an understanding of emission reduction pathway for the city	<b>New treatment action.</b>	Project planning underway and discussions commenced with consultants
Climate Change Policy tools and guidance developed	<b>New treatment action.</b>	Assessing tool options and started developing the guidance for policy implementation.

## 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.

<b>Risk Owner</b>	David Bryant	<b>Category</b>	People
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#### Risk Cause

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

<b>Inherent Risk Rating</b>	5 - Extreme - Likely x Catastrophic
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#### Existing Controls

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. Our Way of Working provides a clear framework

<b>Residual Risk Rating</b>	3 - High - Rare x Catastrophic
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<b>Action Owner</b>	Marie Snowball Dan Finn	<b>Mitigation</b>	Mitigate
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#### Treatment Plans

A separate report (Health and Safety 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		
<b>OR2 Failure to provide a safe environment for the community</b>		
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.		
<b>Risk Owner</b>	Helen Paki	<b>Category</b> Community and Wellbeing
<b>Risk Cause</b>		
<ol style="list-style-type: none"> <li>1. Poor HCC understanding of the health and safety risks within the facilities and services provided and managed by Council</li> <li>2. Failures in safety-in-design planning for our amenities and services provided to the community</li> <li>3. Failures in asset maintenance</li> <li>4. Failure in due diligence on assets purchased for use by the community or staff</li> <li>5. Failure in due diligence on maintenance</li> <li>6. Human error / inappropriate behaviours / criminal behaviour or damage at Council assets</li> <li>7. Complacency leading to greater risks being taken by the community on public safety issues</li> <li>8. Failure to properly engage with and listen to the community</li> <li>9. Failure to act on staff and public information or lessons learned from near misses and incidents (inc. lessons from other industry experiences)</li> <li>10. Internal BCP and Pandemic Plans are not adhered to</li> <li>11. Failure to consider climate change impacts on the community safety and wellbeing</li> </ol>		
<b>Inherent Risk Rating</b>	5 - Extreme - Likely x Catastrophic	
<b>Existing Controls</b>		
<ol style="list-style-type: none"> <li>1. Communication plans for new projects around safety requirements</li> <li>2. Community education support for ongoing Community safety</li> <li>3. Condition assessments for assets</li> <li>4. Emergency and safety response training drills</li> <li>5. Emergency response and Pandemic plans</li> <li>6. Incorporated risk assessments and safety in design planning</li> <li>7. Maintenance and monitoring plans – buildings</li> <li>8. Management drop-ins and Unit Audits</li> <li>9. Operational asset maintenance (trees and operational infrastructure)</li> <li>10. Specific staff training programmes in facilities &amp; service management</li> <li>11. Subject matter expert support – internal and external</li> <li>12. Traffic management plan adoption per requirements</li> <li>13. Covid-19 Protocols for Community Facilities and Public Engagement</li> </ol>		
<b>Residual Risk Rating</b>	3 - High - Unlikely x Major	
<b>Action Owner</b>	Jo Keall	<b>Mitigation</b> Mitigate
<b>Treatment Plan</b>		
<b>Treatment Action</b>	<b>Previous Updates</b>	<b>Update – September 2022</b>
Design and implement an appropriate monitoring and reporting framework for risks relevant to OR2	<p><b>March 2022</b> Progress on implementing Security Improvement Plan (SIP) recommendations has been impacted by the changing requirements of Covid-19 response systems and the need for staff to focus on addressing immediate security risks and issues. Despite this, notable steps are: public security and safety considerations have been shared with contracted parties involved with Gardens infrastructure projects to capture safety in design opportunities; robbery training (delayed due to last year's Covid-19 restrictions) has been undertaken by most business units within Community Group. Also, currently exploring the use of SHIELD for monitoring SIP recommendations.</p> <p><b>June 2022</b> Security Risk Audit (SRA) dashboard and monitoring report will be presented to CLT in June 2022.</p>	SRA dashboard and monitoring report presented to CLT and now in use. Further enhancements required.



## 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).

<b>Risk Owner</b>	Eeva-Liisa Wright	<b>Category</b>	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 (inc. 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

<b>Inherent Risk Rating</b>	4 - Very High - Likely x Major
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#### 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

**Procurement Controls**

- 14. Robust procurement process followed to identify/scope
- 15. Maintenance and service agreements in place with the supplier
- 16. Speciality contracts in place to maintain critical assets
- 17. Stakeholder engaged before procure/replacement of asset

**Planning Controls**

- 18. Annual review of build/Facilities capital programme
- 19. Anomaly detection and vulnerability scanning capability
- 20. Solutions for redundancy (physical and process) in place
- 21. Project management and procurement processes are in place
- 22. Staff have project management skills and experience

Residual Risk Rating		4 - Very High - Possible x Catastrophic	
Action Owner	Anita Oliver	Mitigation	Mitigate
	Paul Gower		
	Tania Hermann		
	Jo Keall		
	Claire Toko		
Treatment Plan			
Treatment Action	Previous Updates		Update – September 2022
Complete an initial assessment of critical network infrastructure assets to determine gaps in Business Continuity or Essential Maintenance Plans by July 2022	<b>March 2022</b> Initial assessment and gap analysis completed December 2021 (D-4053822).  <b>June 2022</b> The criticality assessment was completed, implementation has begun. This will be an ongoing improvement process.		<b>Completed.</b> Ongoing assessments to be added as a new control.
Implement the Organisational Asset Management Improvement Plan	<b>March 2022</b> The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 31 organisational improvements to be undertaken. Three actions are completed, 12 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 5 tasks relating to Resilience and Criticality, two are currently in progress.  <b>June 2022</b> The Organisational Asset Management Improvement was adopted by ELT in October 2021 and contains 31 organisational improvements to be undertaken. Three actions are completed, 15 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 5 tasks relating to Resilience and Criticality, two are currently in progress.		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.



# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 13 September 2022  
**Author:** Tracey Musty  
**Authoriser:** David Bryant  
**Position:** Finance Director  
**Position:** General Manager People and Organisational Performance  
**Report Name:** PwC - Internal Audit Update and Report

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

1. To inform the Strategic Risk and Assurance Committee (Committee) on internal audit progress to 26 August 2022.

## Staff Recommendation - *Tuutahu-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 programme.
4. With Morva Kay resigning as Council's Internal Auditor and moving to a new role within Council, the Audit Plan as agreed at the June 2022 Committee meeting is progressing with the Council part of the plan being delivered by either PwC or by staff from the Finance team (who are ex-auditors), as appropriate to ensure continued delivery of the entire programme.
5. The timing of some engagements will need to be modified to best suit availability of staff. Please refer to the attached updated timeline with vendor analytics moving forward to quarter two and payroll processes and delegations to positions being changed to quarter 3 and 4 respectively.
6. This report provides an update on progress by PwC on the internal audit work stream.
7. Since the last report to this committee, there are four updates to note:
  - i. Cyber security phase two – completed
  - ii. Business Continuity – engagement has been completed and the final report is provided as **Attachment 1**
  - iii. Contracts – Health & Safety Audits has been completed and the final report is provided as **Attachment 2**
  - iv. Contract KPIs – completed and the results noted in this paper below
8. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion - *Matapaki*

9. Council's internal audit function incorporates engagements delivered by PwC and internal Council staff as noted above. This report provides an update on progress on all engagements.

### PwC Internal Audit Plan – progress summary




Engagements in Progress – 2021/22	Status
<b>Cyber Security – September 2022 (Phase two)</b> PwC have completed phase two. The report is in the public excluded section.	

Engagements in Progress – 2022/23	Status
<b>Business Continuity Planning – due September 2022</b> This engagement has been completed and the final report is attached, <b>attachment 1</b> .	
<b>Strategic Property – due December 2022</b> An initial scoping meeting has been held and a scope is being developed.	
<b>Vendor Analytics – due December 2022</b> This engagement is yet to commence.	
<b>Legal &amp; Compliance framework – due March 2023</b> This engagement is yet to commence.	
<b>Resource Consents – due June 2023</b> This engagement is yet to commence.	
<b>Three Waters – due June 2023</b> This engagement is yet to commence.	

### HCC Internal Audit Engagements – progress summary

Engagements in Progress – 2022/23	Status
<b>Contracts – Health &amp; Safety Audits – due September 2022</b> This engagement has been completed and the final report is attached, <b>attachment 2</b> .	
<b>Contract KPIs – due September 2022</b> This engagement has been completed and the results noted in this paper (below).	
<b>Vendor Analytics – due December 2022</b> This engagement is yet to commence.	
<b>Payroll Processes – due March 2023</b> This engagement is yet to commence.	
<b>Delegations to Positions – due June 2023</b> This engagement is yet to commence.	

## KEY

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

**Contract Key Performance Indicators (KPIs) internal audit results**

10. Council currently has a decentralised procurement model with sourcing being performed by each business unit. The Procurement team provide tender management support, probity, and process guidance throughout the sourcing and tendering process but does not run end to end procurement. There is no centralised supplier/contract management system.
11. As procurement is decentralised and there is no supplier/contract management system, Council's approach to monitoring supplier contract KPIs is dependent on the individual contract managers spread across all the Council business units. There is no central register or visibility of what those KPIs are or how they are monitored and enforced (if necessary). There is the potential that suppliers are not being held to account when they don't meet the agreed KPIs and there is a lack of quantitative performance information on suppliers to inform future procurements. Council has recently appointed a dedicated Contract Manager working in the Information Systems (IS) Unit alongside a new Procurement IS Specialist; this approach is the start of a more centre-led Procurement model.
12. In order to achieve strategic benefits and savings from procurement, a more centralised approach is required. This will drive consistency in the management of suppliers and allow for category ownership to be applied to drive the maximum benefits from suppliers for Council.
13. It is recommended that:
  - i. a centralised supplier/ contract management system is acquired with a centralised dedicated staff member responsible for supplier relationship management;
  - ii. supplier categories are established with defined ownership and levels of management; and
  - iii. for strategic partners/ suppliers, contract KPIs are managed centrally and regularly reported on to the Executive Leadership Team.
14. Staff agree with these recommendations and will include in their work programme.

**Financial Considerations - *Whaiwhakaaro Puutea***

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

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

16. Staff confirm that the matters in this report comply with the Council's legal and policy requirements.
17. 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***

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 as outlined below.
20. There are no known social, economic, environmental or cultural considerations associated with this matter.

#### **Risks - *Tuuraru***

21. No known risks have been identified relevant to the matters in this report.

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

##### **Significance**

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

##### **Engagement**

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

#### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Final Business Continuity Report

Attachment 2 - Final Contracts Health and Safety Audit Report

Attachment 3 - Updated Combined Internal Audit Plan 2022-23





26 August 2022

# Hamilton City Council

Business Continuity Management  
Internal Audit – Final SRAC version



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

26 August 2022

### **Business Continuity Management Internal Audit Report**

Dear David

In accordance with our Terms of Reference dated 17 July 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 Business Continuity Management 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

# Contents

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3. Appendices	15



## 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

Item 9

Attachment 1

# Executive summary

## Objective

The objective of this engagement was to provide Hamilton City Council (HCC or Council), specifically the Executive Leadership Team (ELT) and Strategic Risk and Assurance Committee (SRAC), with an assessment of Council's current Business Continuity Management (BCM), identifying and making recommendations for improvements.

## Scope and approach

The scope of our engagement is to provide a high-level assessment of Council's BCM components against good practice. Our approach was to assess Council's current policy and process documentation and assess a sample of operational business unit BCPs as follows:

- High-level assessment of the following existing BCM components:
  - Management Policy – Business Continuity Management (D-2438041)
  - DRAFT BCM Standards & Guidelines (D-3016457)
  - Business Continuity Plan (BCP) template (D-2255148)
  - Business Continuity (Promapp) processes.
- High-level assessment of the following six operational BCPs:
  - Community Group (Libraries, Cemeteries & Crematorium, Museum)
  - Infrastructure Operations Group, (Transport Operations Centre, City Delivery/Duke St Depot)
  - Venues, Tourism & Major Events Group (H3)

Please refer to Appendix C for the full scope and approach. Note that Phase 2 was not undertaken as enough information was gathered in the above work.

## Scope limitations

Our scope does not include:

- Detailed design or operational effectiveness of specific BCP procedures
- IT (or any other supporting/enabling activity) BCP/Disaster Recovery Plan
- Pandemic Response Plans and other crisis, emergency or incident management policies/plans.

Our scope does not include detailed design or operational effectiveness procedures on the BCM.

## Good Practice Business Continuity Framework

We utilised PwC's business continuity maturity model as a comparison with the below diagram showing the key elements of business continuity framework. In appendix A we have included a more detailed maturity assessment overview.





# Executive Summary

## Background and Context

There were key questions this internal audit sought to answer:

### 1. Maturity questions:

- How well prepared Council is to adapt and continue business operations during disruptions?
- How well can Council business units respond to and recover from disruption events or a Crisis?

### 2. Current state of the practices questions:

- Does the design of the framework 1) support effective coordination across the business units during period of uncertainty and disruptions; and 2) support HCC in managing/mitigating risks and vulnerabilities impacting Council's ability to operate?
- Do guidance and templates for Business Continuity Plans (BCP) enable a robust understanding of business continuity dependencies? Does this understanding support Council strategic and functional priorities, and managing stakeholder expectations?

Hamilton City Council organisation-wide Business Continuity Management (BCM) is designed to enable the Council to respond to disruptive incidents and events effectively, so that its critical functions are maintained or can be promptly restored, and the impacts on staff and the community are minimised. Council also has obligations under the Civil Defence Emergency Management (CDEM) Act\* to ensure the BCM framework is effectively delivered.

Prior to this internal audit commencing, Council's management team have acknowledged the need to mature its resilience management framework, including BCM practices in order to become a more resilient organisation, and some work is already underway. Our scope did not include assessments of crisis management, emergency management and IT disaster recovery (ITDR), other than as they link to other components of HCC BCM.

*\*See section 64 of the CDEM act. Local authorities have 2 duties - (1) to provide for CDEM in its district and (2) ensure it is able to function to the fullest extent possible even if it's at a reduced level during and after an emergency. (there's a specific meaning to the emergency but local authorities need to have plans for that which of course are equally effective at lower level of disruptions)*

It must be recognised that Council is a collection of diverse business units, some with unique business continuity needs, such as the zoo, wastewater treatment plant and crematorium. There is no one size fits all, so the crisis management framework and business continuity management have to be cognisant of this.

Council has also had to manage through the Covid pandemic and at times instigate business continuity actions. This has to be taken in the context that reacting to the Covid pandemic and lockdowns effected the wider community as well, was generally not an immediate crisis event and did not effect IT systems.

### Council strategic and organisational risks linkage

Council has the following strategic and organisational risks rated high or very high when last assessed in June 2022:

- Failure to respond to a disaster (very high)
- Failure to respond to a crisis or emergency (high)
- Loss of information or access to systems (high)
- Failure to provide a healthy and safe work environment (high)
- Failure of critical assets (high).

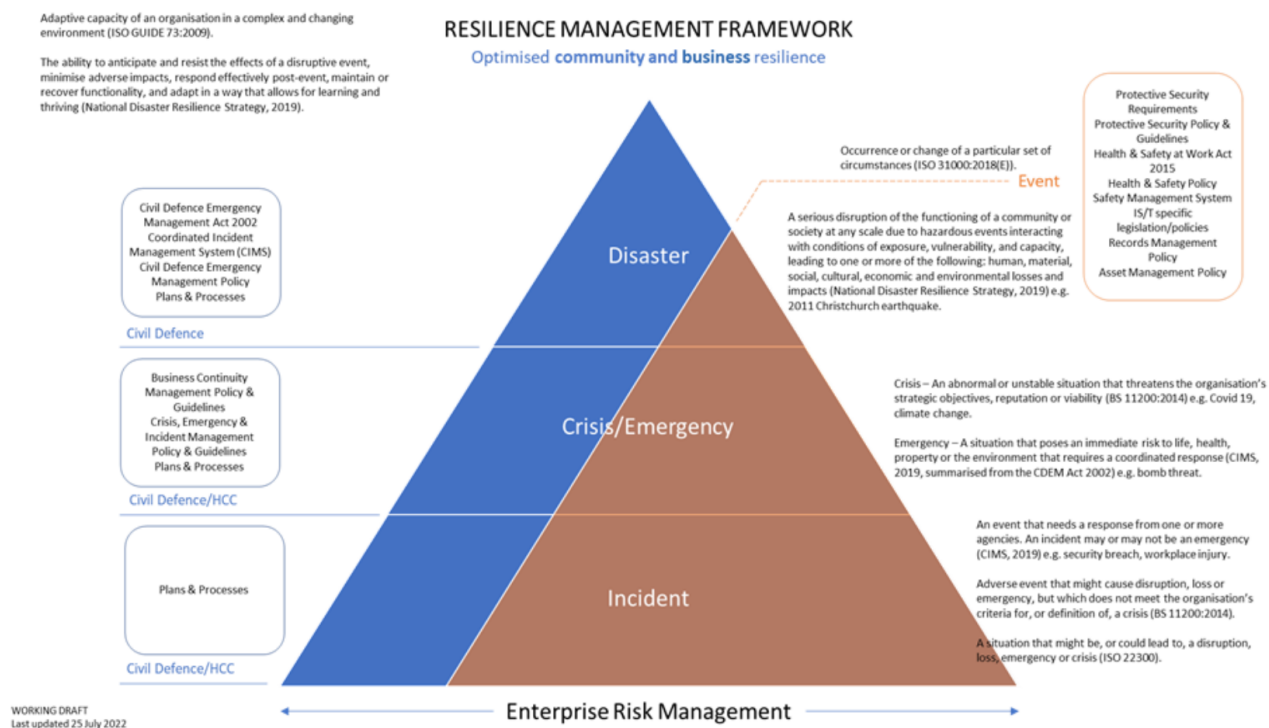
# Executive Summary

## Background and Context

### Council development of a resilience management framework

Development and implementation of crisis, emergency and incident management guidelines will form an integral part of HCC's broader resilience management system enabling the delivery of a cohesive and coordinated approach to disaster recovery and crisis, emergency and incident management and strengthening the existing controls we have in place to optimise community and business resilience.

As shown in Council's WORKING DRAFT framework diagram below, crisis, emergency and incident management is one part of a broader resilience management framework. Other parts include civil defence emergency management, **business continuity management**, protective security (information, assets and people) management, safety management etc. The resilience management framework is underpinned by enterprise risk management.





# Executive summary

## Key Messages

Business continuity is an integral part of business resilience, which ensures that business operations can continue or be brought back into operation as soon as possible when disruption occurs. This can either be designed into processes and systems or can be alternative methods of operation or simply effective communication with those effected, depending on the nature of the disruption.

Council currently relies more on individuals and their knowledge to manage a disruption or crisis event, which is effective if those individuals are available, but poses a key risk to enabling an effective and timely response if they are unavailable.

Council needs to build greater depth in resilience through embedding the capability to respond throughout business units and as an organisation.

Successful business continuity management would align business continuity management to organisational and business specific risks, enabling the sharing of knowledge so that business continuity plans are utilised as reference documents and a base for training, so that resilience is embedded within business units and across the organisation.

Council has a base level of business continuity management in place with standardised documentation and limited centralised co-ordination. Areas identified for improvement in order to increase maturity are:

- centralised overall governance
- defined roles and responsibilities
- linkage into Councils resilience management framework
- interaction between BCPs and Information Technology Disaster Recovery (ITDR)
- risk profiling and business impact assessment
- co-ordination and communication between business units
- testing and training.

We consider Council's BCM maturity current state to be at **Level 2 'REPEATABLE'** when compared against PwC's BCM Maturity Model (please see detail in Appendix A).

We also noted the following key messages for management:

- An overall **resilience management framework and governance structure** would encourage greater collaboration and integration across the Council business units, as there are strong silos in the BCPs that we have seen.
- The high reliance on the individuals (often with long working tenure in Council), and the reliance on a 'can do' attitude as the basis of the business continuity response, can result in key person risk (or knowledge retention risk). This is both a positive as demonstrated during the Covid response, but is also a negative if that person or knowledge is unavailable.
- There is a reliance that a 'people-based' approach will be satisfactory to navigate a crisis or disruption, as a result, " we do not use these plans during the disruption", therefore BCP related work are seen as compliance based routine task. It becomes just a paper-based exercise, instead of an operation process, or a philosophy.
- There is a **lack of understanding** on the purpose of BCP, BIA and Emergency/Crisis Management. When the meaning (The Why) and scope (The What) of these are not clear to people. We observed confusion and misconceptions in current BCPs on what to be included in BCPs. As a result, a large portion of dependencies were missed in the BCP document. The need for different levels of **training and alignment** is cited in all three detailed observations.
- There are overly complicated **BCP and BIA templates** that are difficult to follow. A refresh of templates is required once Council has drafted the new BCM integrated with the risk framework.

# Executive summary

## Key Messages

We have assessed the readiness of BCM through the dimensions of 'People', 'Process' and 'Technology' below:

### People:

The BCM co-ordination function at Council is situated in the People and Organisational Performance team. Council has in place an approved BCM policy which defines the purpose and principles of the methodology underpinning the Council wider BCM (for example, BCM is an integral part of the council's risk management framework).

Many key components of BCM do exist and are the foundation that supports 'People' readiness. These components include:

- Business Continuity Management Policy
- Crisis Management Policy
- Business units BIAs (business impact assessment) and BCPs (business continuity plans)
- Emergency response plans and Pandemic Response Plan
- IT DR (IT Disaster recovery plan)
- Civil Defence Emergency Management Policy (Council local policy).

A Council Business Continuity Steering Committee does not currently exist. The GM People & Organisational Performance is the Business Continuity policies owner, and also sits in the executive team. Two members of the Governance & Assurance - Risk Management team have business continuity management responsibility. There is no specific BCM budget line, but spending can be requested through the Risk and Legal budget. There is no regular Business Continuity training programme in place.

Crisis policies and plans are in place, but these were not formally implemented, no simulation testing had been conducted with the executive team participation, council-wide situation testing or the integration of business continuity into the wider crisis management framework. Risk team is currently reviewing the crisis management plan and crisis response framework as part of the broader resilience management framework.

Currently around 25% of Council staff are fully trained to respond to Civil Defence emergencies. During an emergency, Council is one of the primary agents responsible for Civil Defence Emergency Management (CDEM). Staff who are required to respond to an emergency event or recovery phase will be immediately released from their normal duties.

In the past, we were informed that Council has had scenarios where the entire team was removed from their daily operations (BAU) and reported to CDEM. COVID was another scenario where a large number of Council staff removed from BAU. This represents a unique challenge for Council in managing resources to respond to major disruption or crisis events.

### Process:

Currently, there is no regular meeting or reporting on the business continuity programme or activities (i.e. BCP completion or update, training and testing). Also there is no structured post-event review on dependency mapping or impacts that are observed.

BCPs are stored in different location as controlled by each of the functional business owners and the BCM lead does not have access to all BCPs. There is an annual review notification (from Promapp) to remind business owners to update BCPs. Refreshes require sign off by a Risk and Insurance manager. Prior to 2019, there was regular centrally managed BCPs testing undertaken. The testing appears to be on a pause due to COVID.

Communication of the BCM has largely been to the lead team of each business unit. There have been no Council wide or business unit wide staff awareness programmes or regular training planned. During our interviews, there was a strong recognition that COVID disruption has highlighted the importance of BCP. Council should take the opportunity while it is top of mind to roll out improvements.

# Executive summary

## Key Messages

### Technology:

A key and shared dependency is IT disaster recovery planning (ITDR). While not in scope for this engagement, management has advised that ITDR capability is currently being reviewed and updated. Currently, the IT dependency is guided within BCP document using MAO (maximum acceptable outage) value.

For example most of the MAOs values in BCP were explained as “it would be good if the system can restore within 2 hours”. We were not aware there is a process to initiate a joint conversation with IT, nor if it has been tested on the necessity of the urgency or whether it is achievable.

## Management Response

Council is refreshing its resilience management framework which includes crisis, emergency and incident management, civil defence management, business continuity management and protective security management.

Management agree the findings are an accurate reflection of Council's current BCM state.

Management agree with the improvements identified and actions recommended and will ensure these are incorporated into existing work programmes.





# Roadmaps

## A Short Term Roadmap

Our recommendations have been consolidated into the high-level roadmap in next page. This roadmap provides a prioritised view of the key initiatives required to move the Council towards the next level of BCM maturity.

- Council should refresh the BCM Policy and ensure it is well scoped and practical. In particular instate the Council BCM Governance Committee (as intended by the policy) to enable greater sponsorship and stewardship and alignment of ownership and accountability across the organisation.
- Council' organisational criticalities (those activities, functions, technology and data that are most important to Council as an organisation and would therefore need to be prioritised for recovery management during a disruption/outage) should be identified in an Enterprise-level Business Impact Assessment (BIA) where outage tolerance is set based on risk appetite.

This 'organisational context' should then be used by the business units (BU) when conducting operational level BIAs where operational disruption risks should be identified and form the basis of further planning and BU BCP compilation.

- BCP and BIA documentation should be simplified, into short actionable plans that action owners have the confidence to invoke.
- Different level of BCM trainings that target BCM roles and broader capability build should be planned, this is to create depth of capability across the organisation.
- An achievable and progressive BCM exercising approach (from table top exercise to all of Council physical exercise) should be developed.

These recommendations would enable Council to meet the requirements for the next level, level 3 'DEFINED'. The benefits of adopting these recommendations, and moving into a more mature approach, would enable Council to be better prepared, and better able to respond in a more co-ordinated manner, no matter what the event.

There would be greater confidence that the response is not dependent on a few good people, ultimately leading to a reduction of risk, and time spent, in recovery phases should an unwanted event occur.

Having a centralised resilience programme structure to lead, govern and execute BCM, consulting the business as needed, is key to achieving the outcomes required through the period of change and development. The main benefit that the centralised programme structure brings, is the top-down guidance and focus required.

At the appropriate time, a more sustainable model is desirable where ownership and responsibility for BCM is distributed throughout the business, linked to the overall resilience management framework and relying on functional leaders to execute business continuity activities themselves (currently Council BCP owners do take strong end to end responsibility but all actions in silo within its own business function).

The decentralised approach would see functional representatives conducting business continuity planning activities (including, but not limited to, the business impact analysis, risk assessment, strategy determination and selection, plan documentation, and exercising). This decentralised model requires clearly defined and robust ownership and understanding.



# Roadmaps

## Short Term Roadmap

Observations	Model	Recommendations	Priority
<b>The Business Continuity policy is not fit for purpose and a resilience governance framework is not in place.</b>	Policy and governance	1.1 Refresh current BCM policies to reflect the current intent and objectives of Council.	1
	Programme Maintenance	1.2. Formalise the resilience governance structure that is fit for Council.	1
	Training and awareness	1.3 Offer targeted training for different roles.	2
	Review	1.4 Review all events that triggered BCP or Crisis process and discuss in the BCM forum. Assign relevant action owners to update documentation.	3
	Policy and governance	1.5 Apply a consistent structure and naming convention to all policies documents and plans to support ease of reference.	1
<b>Align Council's enterprise-level BIA risk assessment and the operational BIA.</b>	Risk Assessment Business impact analysis	2.1.1 Conduct a Council business unit workshop to review and update critical activities and functions, including the maximum tolerable period of disruption. A master BIA sheet should be created to record these activities and functions, and the criteria used for assessment.	1
	Training and awareness	2.2 Train BIA facilitators and functional leads on how to conduct operational BIAs (a different method to conducting Enterprise BIA).	2
	Business impact analysis	2.3 Create a structured BIA template to assist with identifying key disruption related risks (related to 2.1.1).	1
<b>The BCP should address the key risks and dependencies highlighted by a BIA and Management should determine practical recovery strategies to guide investment, and detailed procedures to guide operation.</b>	Business Continuity Plan	3.1 Refresh the BCP template.	1
	Training and awareness Testing	3.2 Establish a plan for regular training and testing to ensure a good level of awareness and improve confidence in an organisational response.	2
	Review	3.3 Consistently conduct post event reviews within business unit and update BCP accordingly, this should be added into regular management meeting agenda.	3

Hamilton City Council | Business Continuity Management Internal Audit Report  
PwC

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# Observation Snapshot

## Long Term Roadmap (a future state)

Council and Executive should define and agree a desired future maturity level for resilience capability. If Council decides on a greater level of maturity, an achievable timeline must be aligned and resources (people and budget) allocated. Appendix A shows details of the current maturity level (Level 2) and the higher levels of maturity (Levels 3-5).

The importance of an effective resilience programme, and commitment to it, should be demonstrated through making it a priority item on the agendas of existing governance forums (senior leaders and Exec team) at Council. This will see business continuity and risk management become a part of the lifeblood of the organisation. In essence, this requires a shift from a programme management view to a view of BCM being a means of organisational survival and a pillar of future organisational resilience.

Due to the unique position of Council's Civil Defence responsibilities, synchronizing HCC BCM activities with neighbouring Councils is an option to ensure the risk of loss of workforce can be mitigated.

### Findings mapped to Risk assessment framework

Likelihood of Risk	High			1 2 3
	Moderate			
	Low			
		Low	Moderate	High
Impact of risk				

Risk Level Key			
	Low	Moderate	High

## Summary of findings

We set out below a mapping of our findings against the risk assessment methodology, which is attached in Appendix B.

Report Section	Observation
1	The Business Continuity policy is not fit for purpose and a resilience governance framework is not in place.
2	Align Council's enterprise-level BIA risk assessment and the operational BIA
3	The BCP should address the key risks and dependencies highlighted by a BIA and Management should determine practical recovery strategies to guide investment, and detailed procedures to guide operation.





# Appendix A: BCM Capability Maturity Overview

## Immature

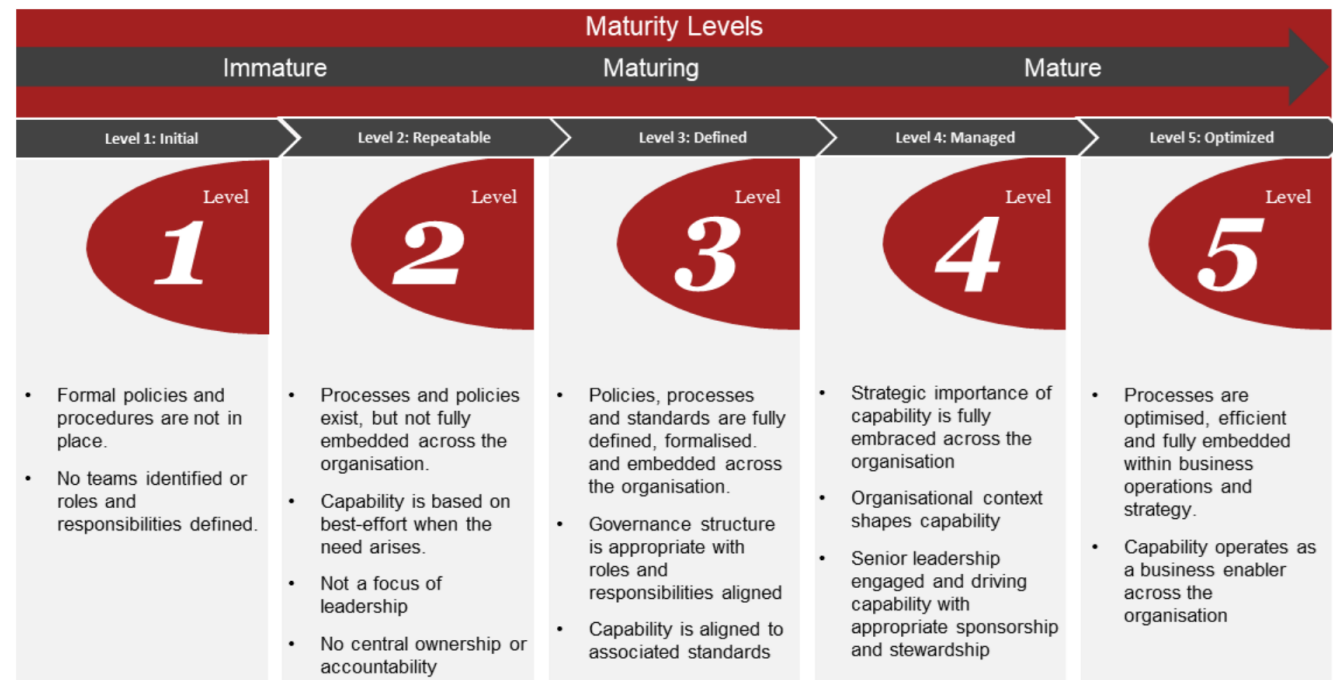
**Levels 1-2** represent organisations that have not yet completed the necessary program basics needed for a sustainable enterprise organisational resilience program.

## Maturing

At **Level 3** an organisation is 'standards compliant' The organisation is committed to the strategic importance of an effective resilience program. There is an enforceable, practical policy which adopts associated standards, including methods and tools for addressing all resilience disciplines. This is the standard that most industries want to achieve

## Mature

**Level 4 and 5** represent a mature capability. Optimised at Level 5 includes all the attributes of Level 4 with seamless integration into the organisation. At both levels there is a culture that supports the program and a continuous improvement mentality driving for optimisation.



# Appendix B: 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	High	High
	Moderate	Low	Moderate	High
	Low	Low	Low	Moderate
		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 C: Terms of Reference (extract)



## Objective and scope

The **objective** of this engagement is to assess the current Council Business Continuity Management (BCM) maturity and develop a roadmap with prioritised activities to implement improvements to BCM.

In doing so, this internal audit sought to answer the following key questions:

- How well does the BCM framework (business continuity management, business continuity plans (BCPs) support Council in managing/mitigating risks and vulnerabilities impacting Council's ability to adapt and continue business during disruptions?
- Does the design of the framework support effective coordination and integration across the organisation during periods of uncertainty and disruption to enable robust decision making?
- Does guidance and templates for BCP development enable a robust understanding of business continuity dependencies that support strategic and functional priorities, agreed performance levels and stakeholder expectations?

To do this, the **scope** of our engagement is to provide a high-level assessment of Council's BCM components against good practice.

## Limitations

Our scope does not include:

- detailed design or operational effectiveness procedures on the BCM or BCPs
- IT (or any other supporting/enabling activity) BCP/Disaster Recovery Plan
- Crisis Management Policies/Plans, Pandemic Response Plans, Emergency or incident management policies/plans.

Our assignment 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

We will utilise our BCM model (next page) and organisational preparedness assessment methodology that is based upon leading BCM standards and helps organisations identify blind spots to provide actionable recommendations to enhance maturity.

Our approach to this engagement involved the following procedures:

## Phase One:

- Read key related BCM supporting documentation provided by Council management. Compare against industry good practice which underpin PwC's business continuity maturity model.
- Interview key Council staff to obtain an understanding of the design of the BCM framework and assess how it is operationalised including through examination of BCP guidance and templates.

- Perform a high-level assessment of six operational BCPs:
  - Community Group (Libraries, Cemeteries & Crematorium, Museum)
  - Infrastructure Operations (Transport Operations Centre, City Delivery)
  - Venues, Tourism & Major Events Group (H3).

## Phase two:

- Perform a detailed assessment of two operational BCPs:
  - Museum
  - Transport Operations Centre.

# Thank you



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# Hamilton City Council

## Internal Audit of Contractor Health and Safety Audits

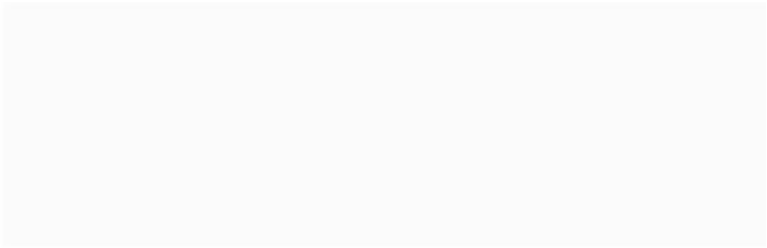
Internal audit report – DRAFT  
19 August 2022



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FOR ACTION	
<hr/>	
• David Bryant (General Manager People and Organisational Performance)	
FOR INFORMATION	
<hr/>	
• Strategic Risk and Assurance Committee	





1

## Executive Summary

# Executive Summary

## Introduction

As a Person Conducting a Business or Undertaking (PCBU) under the Health & Safety at Work Act 2015 (HSWA), Council has a duty of care for the health & safety (H&S) of workers and others influenced by its work. As PCBUs Council and Contractors may have a shared duty to control a risk (overlapping duties). Council and Contractors need to consult, cooperate and coordinate activities to control any H&S risks. This includes carrying out reasonable and proportionate monitoring to ensure H&S is maintained.

The current H&S reporting to the Strategic Risk and Assurance committee only reports Worksafe notifiable events from contractors for each quarter. There have been a number of contractor notifiable events reported through to the committee as per the below table, with a particular emphasis on service strikes.

Contractor notifiable events					
Dec 2020	June 2021	Sept 2021	Nov 2021	March 2022	June 2022
4	0	4	0	0	4

There has been a report into service strikes, wider discussions with the contractor community and initiatives implemented as part of the Contractor Management workstream as part of the safety reset activities. This internal audit is focused on Council's ongoing monitoring of contractors through H&S audits to ensure that it is meeting its obligations under the HSWA and provide wider context to the SRAC on the underlying H&S processes.

## Objective & Scope

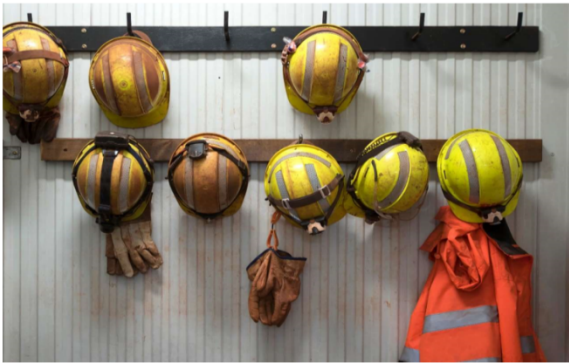
The objective of this engagement is to do a high-level assessment of the process for how Council monitors Contractors to ensure that they are meeting their H&S contractual responsibilities.

- The scope is a high level assessment of:
- how often H&S audits of contractors are undertaken on-site
  - whether the audits meet the Council's obligations as lead PCBU.

Our approach was discussion with the Council H&S team and City Delivery safety advisor.

## Scope limitations

- This internal audit did not cover:
- Contractor pre-qualification
  - Effectiveness of the Contractor H&S monitoring
  - Council internal H&S.



# Executive Summary

## Background

As part of Council's H&S due diligence, Council undertakes H&S monitoring of Contractors work sites to verify that risks are being effectively controlled and that workers (and others) are protected from harm.

Council has clear expectations on H&S for Contractors that undertake work for Council which are outlined in the recently published Contractor H&S Handbook and contractual H&S clauses.

Council identifies any contractor performing physical works as high risk and these contractors need to:

- Be pre-qualified (those prequalified are added to the Approved Contractor database)
- Hold an appropriate level of insurance
- Undertake a Pre-start meeting which covers H&S
- Perform Site inductions
- Expectation of daily pre-start discussions, weekly toolbox meetings and tailgates
- Have appropriate Job Safety Assessment / Safe Work Method Statement / Permit to Work documents for relevant work
- Have a Site Specific Safety Plan (SSSP) prior to starting any work, which includes how the Council representative will be communicated with when incidents arise in line with the required reporting timeframes and copies of any WorkSafe notifications made
- Ensure that any subcontractors they use comply with and follow the main contractors H&S framework
- Make sure that all workers are competent to carry out all tasks safely including adequate supervision and training
- Be responsible for making sure that workers have suitable personal protective equipment (PPE) for the work being undertaken
- Have incident reporting and emergency procedures in place
- A suitable means to control or restrict access to the work area
- Ensure all plant and equipment is fit for purpose, certified (as appropriate), in safe working condition and maintained.

The SSSP must be reviewed and approved by the Council representative before any work is started.

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Council requires contractors to record, report and investigate all incidents, accidents and near hits. They are expected to report events within the following timeframes:

TYPE OF EVENT	REPORTING TIMEFRAMES
Minor (including near hits)	Once a month
First Aid	Once a month
LTI	Within 24 hours
Serious Harm	Immediately
WorkSafe Notifiable (including serious near hits)	Immediately

For larger or long duration contracts, Council monitors safety performance for the duration of the contract through the use of on-site H&S audits and contractor submission of H&S data.

Council's new safety software "Ora" is now live and in use (staff training is being rolled out across Council). Ora includes an inspection checklist module which includes a high risk contractor checklist ("Contractor monitoring") for Council staff to use to record H&S audits. The checklist can be filled out on mobile devices. It also contains the following guidelines and templates:

Contractor Management CBP  
 Contractor Management handbook  
 Contractor Management Power point  
 Contractor management framework  
 Guidelines on what to include in a Site Specific Safety Plan checklist  
 Guidelines on Site Specific Safety Plan checklist  
 Contractor site induction form  
 ORA inspection templates:

- Site establishment checklist
- Contractor monitoring
- Contractor monitoring (low risk)
- Working at heights
- Working at heights (portable ladders)
- Hazardous substances
- Working over or near water
- Working on or near roads
- Plant and machinery
- Ground disturbance
- Safety observations

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## Executive Summary

### Key findings

Council has an established process for monitoring whether contractor's are meeting their H&S responsibilities. This is demonstrated by the below extract from a H&S report used by Programme Steering Groups to monitor H&S for their respective projects every month. This is currently in an excel spreadsheet, but is being moved into Psoda to make it more accessible for everyone. This is in addition to the regular contractor meetings and other H&S requirements summarised in the background section of this report.

Council has two years worth of contractor H&S data (Capital Delivery) and a snapshot of this is included in appendix II. This demonstrates that Council is undertaking regular H&S audits across a number of projects and provides evidence that Council is undertaking its responsibilities under the HSWA in regards to monitoring contractors.

Under the HSWA, officers (directors / senior managers) have a due diligence duty which means that they must be involved and accountable for work health and safety. All officers must exercise due diligence to make sure that the organisation complies with its H&S duties. This due diligence includes actively monitoring and evaluating how H&S is managed by the organisation.

The only contractor H&S data reported to the SRAC / ELT is notifiable incidents. This provides a crude snapshot and does not convey any assurance as to whether Council is meeting its obligations under the HSWA in regards to monitoring of contractors.

### Recent Improvements

New initiatives such as the Contractor H&S Handbook and the implementation of the new safety software "Ora" have strengthened Council's processes. Note that training for Ora is still being rolled out across the Council.

Ora is now mandatory for the recording of Contractor H&S audits and the previous paper forms or IAuditor software (previously used to record H&S audit findings) have been removed. This consistent centralised platform will enable better monitoring of audits completed and trends. The monitoring checklist on Ora can be used in the field on mobile devices and has been well received by the business. The checklist provides good coverage of the key items and an indication of risk. A limiting factor for use of Ora in the field is the availability of mobile devices for staff.

There has been a reliance on H&S advisors to perform audits/inspections in the past and this is transitioning to be the responsibility of the respective project managers and engineers.

The establishment of a safety governance committee is a great step forward in providing a Council-wide lens across H&S.

Project	Current Stage	Development & Design		Procurement & Award		Construction		Close-out	
		Safety Design & Safety Audit - Risk Identification - Options & Opportunities Assessment		- SST Preparation incl. requirements, attributes & weightings - Evaluation & Selection - Document Management - Pre-Start Planning & Approvals incl. SSOP		- Communication incl. Contractor Reports - Site Inspections/Audits - Risk Management - Subcontractor Management		- Post-Construction Review - Lessons Learned	
		Status	Commentary	Status	Commentary	Status	Commentary	Status	Commentary
Ruakura Programme									
Ruakura ETC Bulkheads	Close Out	✓	SD consideration for operational activities will be considered in the design phase	✓		✓		✓	Work is being delivered by TGM with HCC funding contribution
Ruakura FEI	Close Out	✓	Developer led design and construction as per Ruakura POA, HCC review and endorsement of scope and design.	✓	Delivered via developer contract - West contracted to complete.	✓	Works progressing well. HCC are not the client or PCB to the contract - just a cost contributor	✓	Works completed under a POA
Ruakura Spine Road	Close Out	✓	Scope is to deliver full and design. Designation lodged, appropriate H&S consideration through concept development.	✓	Designation Hearing undertaken Feb 17	✓	Worksafe notifiable incident gas main strike occurred. Contractor provided incident and investigation report, HCC reviewed and made requests for assurances, received copy of notification on prompting. Contractor compiling assurances	✓	

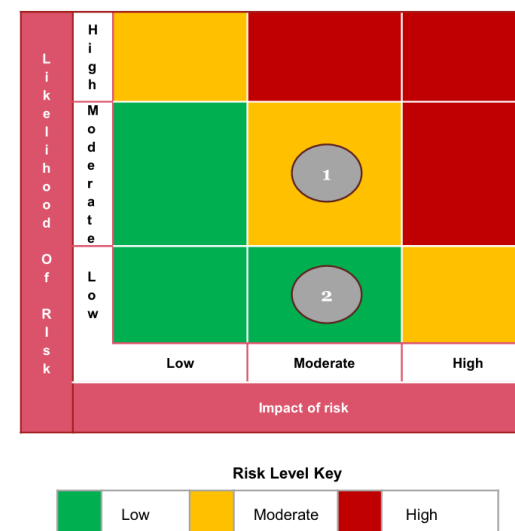
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# Observation Snapshot

We set out below a mapping of our findings against the risk assessment methodology, which is attached in Appendix I.

	Observation	Risk Rating/ Mgt Comment
1	There is limited reporting on whether Council is meeting its H&S responsibilities in regards to Contractors at ELT, Safety Governance committee and Council level.	Moderate
Recommendations	1.1 Provide a summary of the contractor monitoring activities undertaken, the number of observations and the closure of observations to ELT, safety governance committee and the SRAC in the quarterly H&S report. 1.2 Include contractor H&S summary data by type of incident in the quarterly H&S report (separate from Council internal data).	
2	Project Managers and engineers need to take responsibility for H&S monitoring for the contractors/worksites they are managing. This will allow for more audits to be undertaken, rather than relying on the limited resource of the H&S advisor.  Also, a limiting factor in the ability to use Ora in the field is the number of devices available for staff.	Low
Recommendations	2.1 Include H&S responsibility in project managers/engineers personal KPIs/contracts. 2.2 Provide adequate mobile devices for staff to use Ora checklists to undertake H&S audits / activities.	

Findings mapped to Risk assessment framework





## Appendix I – Risk assessment framework

### Risk Prioritisation Matrix

#### 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	High	High
	Moderate	Low	Moderate	High
	Low	Low	Low	Moderate
		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



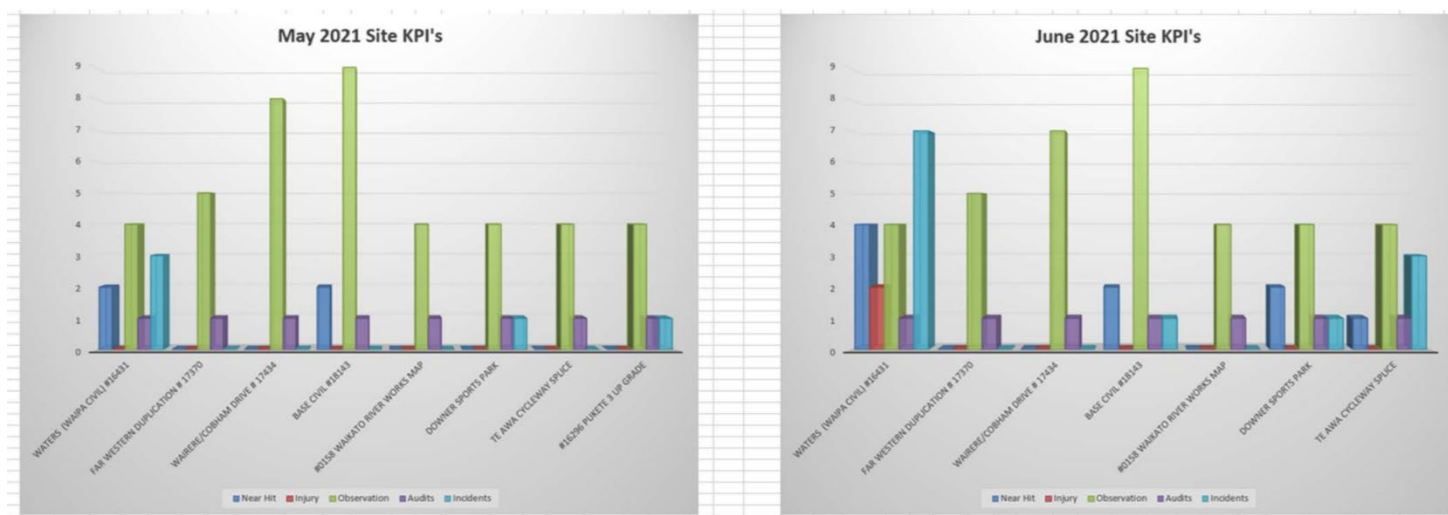
## Appendix II – Contractor H&S monitoring reports

Below are some of the examples of the reporting that is being done within Council at the project/programme level. This aligns with the stages of a project and the H&S aspects considered. It is discussed at the Programme Steering Group meetings.

Transport Programme Health and Safety Report										Status Key: 1 = Green 2 = Yellow 3 = Red				
Project	Current Stage	Scoping & Design		Procurement & Award		Construction		Close-out		Status	Commentary			
		Status	Commentary	Status	Commentary	Status	Commentary	Status	Commentary					
Transport Programme														
Ring Road - Cambridge to Cobham	Close Out	✓	SID, safety audits and risk registers well developed.	✓	Contract awarded to Fulton Hogan. Pre start meeting completed. SSP reviewed and signed off.	✓	Audit completed. Traffic incidents closed out. Service strike closed out. HS plan update reviewed. Covid plan current.	✓						
Te Anau Path	Construction	✓	SID and risk workshop is done. Risk register has been updated.	✓	Awarded to Splice. Covid plans approved. HSMF approved.	✓	Audits completed, correctives requested. Issue with scaffolding addressed. SWMS review completed for temp works, MSDA reviewing excavation into slope at each 10m interval. Covid close contact protocols adopted by contractor. Safety Audit for January and February complete for Splice Contractor with small and minor site safety to improve and rectify. D-4124074 & D-4124077							
School Link and University Route	Procurement and Award	✓	BC now closed out for School link. Finalising BC for University Link with funding possibly available for Preimplementation this LTP period.	✓	Prefeured tenderer notified week ending 17th June. SID and HSMF to begin July									
Gordonton Corridor incl. Darjon Intersection	Procurement and Award	✓	Will be done during the design phase	✓	Service relocations to be undertaken second half 2022 with construction to soon thereafter									
Transport Centre Rejuvenation	Scoping & Design	✓	As part of the business case the following works have been completed. Road Safety Audit, Risk Workshop, Safety in Design Register. There are also investment objectives / benefits that will be included as part of the close out report being confirmed number of incidents, reducing conflict points, improve customer experience & improve CPTED score. Currently going through design procurement. Design works to be awarded end of June 2022. SID and HSMF											

## Appendix II – Contractor H&S monitoring reports

Below are some of the examples of the reporting that has been done in the past within Council at the project/programme level.



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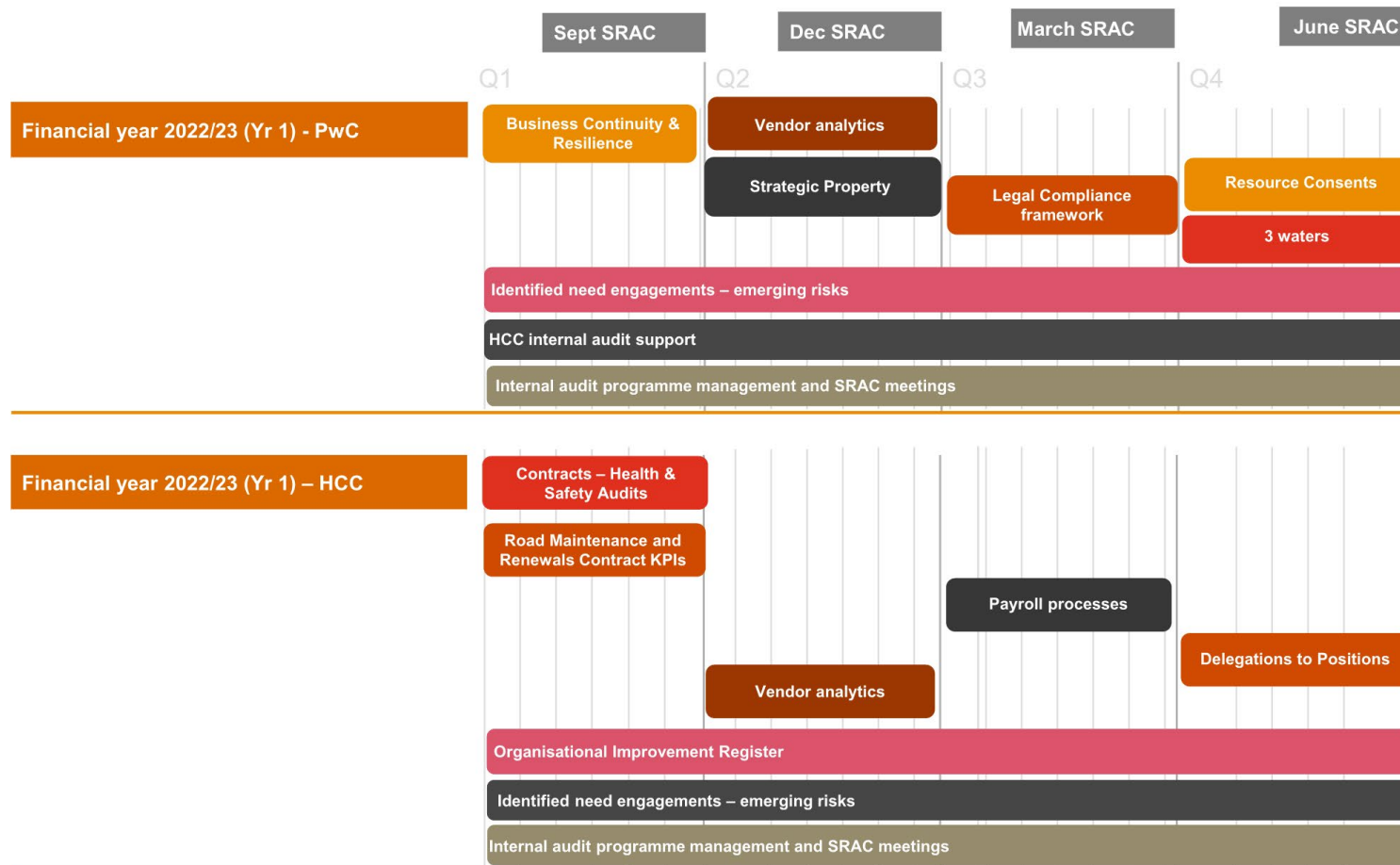
## Appendix II – Contractor H&S monitoring reports

Below are some of the examples of the reporting that has been done within Council at the project/programme level. This is monitoring the number of audits of Contractors H&S undertaken by Council staff.

31 July 2019																												
Waters Metrics 01/07/18-30/06/19	Targets per month		31 July 2019		31 August 2019		30 September 2019		31 October 2019		30 November 2019		31 December 2019		31 January 2020		28 February 2020		31 March 2020		30 April 2020		31 May 2020		30 June 2020		YTD audits or observations done	
	Audit Target	Obs. Target	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.
#18215 Waihwakareke	1	4	1	4																							1	4
Waters renewals (Waipa Civil) #16431	1	4	1	5	1	9	1	12	1	7																		
Waters renewals (HEB) #17160	1	4	1	4	1	4	1	5	1	4																	4	17
#18235 Hillsborough Pumpstation Upgrade	1	4																									0	0
Wairere/Cambridge Road #17434	1	4	1	13	1	10	1	10	1	10																		
PSP 18438 Claudelands to City Cycle Route	1	4	0	0																							0	0
#18508 - Rotokauri Transport Hub	1	4	0	0																								
WW Interceptor Duplication #17370	1	4	0	0			1	7	1	5																		
Pukete 3 Upgrade	1	4	1	6	2	4	1	7	1	4																	5	21
City Water Metrics 01/07/18-30/06/19	Targets		31 July 2017		31 August 2017		30 September 2017		31 October 2017		30 November 2017		31 December 2017		31 January 2018		28 February 2018		31 March 2018		30 April 2018		31 May 2018		30 June 2018		YTD audits or observations done	
	Audit Target	Obs. Target	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.	Audit	Obs.
Ruakura Reservoir #18088	1	4	1	4	1	4	1	4	1	7																		
	1	4																										
Base Civil #18143	1	4	1	8	1	6	2	5	1	7																		
Thomas/Gordonton	1	4					0	0																				

Thank you

# Internal Audits Timeline for the next 12 months



Internal Plan for FY22 - 25  
PwC

August 2022  
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# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 13 September 2022  
**Author:** Tracey Musty  
**Authoriser:** David Bryant  
**Position:** Finance Director  
**Position:** General Manager People and Organisational Performance  
**Report Name:** Organisational Improvement Report

<b>Report Status</b>	<i>Open</i>
----------------------	-------------

## Purpose - *Take*

- To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as at 31 August 2022.

## Staff Recommendation - *Tuutahu-aa-kaimahi*

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

## Executive Summary - *Whakaraapopototanga matua*

- 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) and others and internal audits by PricewaterhouseCoopers (PwC) and Council staff.
- Audit New Zealand identified 14 recommendations for improvement in their 2021 Management Report. Ten of the recommendations are now ready to be re-audited.
- Further detail has been provided in the Discussion section for the recommendations that are still in progress.
- The remaining items from audits completed by PWC, OAG, Waka Kotahi and Audit NZ relating to the LTP are actively monitored on a quarterly basis.
- Staff consider the matters have low significance and that the recommendations comply with Council's legal requirements.

## Discussion - *Matapaki*

### Organisational Improvement Register

- The Organisational Improvements Register attached shows the status of 14 outstanding Audit New Zealand recommendations.

Audit New Zealand outstanding recommendations for improvement	Year raised	Priority	Audit 30/6/21	Status
No Organisational Business Continuity Plan (BCP) or	2015	Necessary	1	2



IT Disaster Recovery (DR) Plan				
Manual processing of weekly timesheets	2019	Necessary	1	3
Improve data for water and wastewater treatment plants	2019	Necessary	1	
Fujitsu monthly reporting and monitoring	2020	Necessary	1	
Management of access to City Council's onsite server and communications room	2021	Urgent	1	
Review of network login accounts needed	2021	Necessary	1	
Building valuation - Confidence rating grade - Appropriateness of valuation methods for some buildings - Cost adjustment factor for buildings	2021	Necessary	1	
Approval of work in progress to be capitalised	2021	Necessary	1	
Property, plant and equipment work in progress	2021	Necessary	1	
Transport revaluation recommendations from Beca	2021	Necessary	1	1
Transport revaluation - use of indices to be reviewed	2021	Necessary	1	
Capital commitments	2021	Necessary	1	
Improvements to payroll systems	2021	Necessary	1	3
Bond and deposits register contains long outstanding bonds	2021	Beneficial	1	4
<b>Total</b>			<b>14</b>	

**KEY**

	Ready to be re-audited
1	Ready to be re-audited during the next transport revaluation (due 30 June 2024)
2	Process underway - Supplier has now been engaged to review existing ITSCM, BCP and DR plans and update them in line with best practice.
3	Process underway - Day Force is our new HRIS Platform, which includes Payroll and Workforce Management (WFM) plus a number of other modules that compliment the employee life cycle. We are working towards a Go-Live date within the 2022/23 financial year, when Payroll and WFM will be introduced. Audit recommendations can be cleared following implementation of Day Force.
4	Process underway - work is ongoing across a number of units within Council to understand and review outstanding bonds and identify those that are able to be released.

**Financial Considerations - *Whaiwhakaaro Puutea***

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

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

10. Staff confirm that matters in this report comply with the Council's legal and policy requirements.
11. 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***

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. There are no known social, economic, environmental, or cultural considerations associated with this matter.

**Risks - *Tuuraru***

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

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

**Significance**

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

**Engagement**

17. 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.

# Council Report

Item 11

**Committee:** Strategic Risk and Assurance Committee

**Date:** 13 September 2022

**Author:** Tracey Musty

**Authoriser:** David Bryant

**Position:** Finance Director

**Position:** General Manager People and Organisational Performance

**Report Name:** 2022 Annual Report Update

<b>Report Status</b>	<i>Open</i>
----------------------	-------------

## Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the 2022 Annual Report Update.
2. To seek a recommendation from the Strategic Risk and Assurance Committee that the Council signs the Management Representation Letter for the draft 2022 Annual Report.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Strategic Risk and Assurance Committee:
  - a) receives the report; and
  - b) recommends that the Council approves Mayor Southgate and the CE to sign the Management Representation Letter for the 2022 Annual Report on behalf of the current Council.

## Executive Summary - *Whakaraapopototanga matua*

4. The 2022 Annual Report has been completed and includes information, including financial information, required to be audited by Audit NZ.
5. Delays by Audit NZ have meant there will not be enough time to seek approval of the 2022 Annual Report from the current Council prior to the end of the triennium.
6. A Management Representation Letter has been prepared to be signed by Council's Chief Executive and Mayor Southgate to attest to the accuracy of the information within the 2022 Annual Report that has been provided to Audit NZ for audit (**Attachment 1**).
7. Once Audit NZ have completed their audit and, if required, staff have made any material adjustments to the information in the draft 2022 Annual Report, the new Council will be requested to sign a replacement Management Representation Letter to complete the audit process. The approved 2022 Annual Report can then be published.
8. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

## Discussion - *Matapaki*

9. Audit NZ were onsite from 27 June 2022 to 8 July 2022 to complete the interim audit.
10. Audit NZ have not provided us with an interim audit management report however they will provide the Strategic Risk and Assurance Committee with a verbal update on progress of the 2021/22 audit at this meeting.
11. Audit NZ will be onsite to complete the work on the revaluations on 5-15 September 2022. They expect that the final audit will begin on 26 September 2022. This date is still to be confirmed.
12. The draft 2022 Annual Report has been completed and includes information, including financial information, required to be audited by Audit NZ.
13. As a result of the delays in the audit there will not be enough time to seek approval of the draft 2022 Annual Report from the current Council prior to the end of the triennium.
14. A Management Representation Letter has been prepared to be signed by Council's Chief Executive and current Mayor to attest to the accuracy of the information within the draft 2022 Annual Report that has been provided to Audit NZ for audit (**Attachment 1**).
15. Once Audit NZ have completed their audit and, if required staff have made any material adjustments to the information in the draft 2022 Annual Report, the new Council will be requested to sign a replacement Management Representation Letter to complete the audit process. The approved 2022 Annual Report can then be published.
16. Council staff are not aware of any material matters that may contradict the information within this report.
17. The matters referred to in the attached Management Representation Letter have been reviewed by Council staff and further information is below to support the request for it to be signed:

Letter of Representation Matter	Response	Staff Member(s) Responsible
<b>General Responsibilities</b>		
To the best of our knowledge and belief:		
The resources, activities, under our control have been operating effectively and efficiently	Council has a project and risk management framework and other appropriate reporting tools for monitoring budgets, auditing processes etc, to ensure that the activities it undertakes are operating efficiently and effectively.  Council employs in house counsel and engages external legal services where required. Staff are	Finance Director: Tracey Musty
We have complied with our statutory obligations including laws, regulations, and contractual requirements		
We have carried out our decisions and actions with due regard to minimising waste		
We have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity)		

	provided with appropriate training to ensure compliance.	
Any decisions or actions have been taken with due regard to financial prudence	Council considers its objectives and whole of life costs when considering the benefits of a project. Collaboration on regional and sub-regional levels is also sought to achieve efficiencies, through Eco-Lab and other channels.	Finance Director: Tracey Musty
We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the City Council and group) to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.	Council uses software Authority as the base framework for its internal financial controls. This is supported through policies, exceptions reporting, internal and external auditing to ensure the risk of fraud is minimised.	Finance Director: Tracey Musty
<b>Representations on the Financial Statements and the Statement of Service Performance</b>		
We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of service performance, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:		
<p>We have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of service performance as required by the Local Government Act 2002 and, in particular, that:</p> <ul style="list-style-type: none"> <li>the financial statements: <ul style="list-style-type: none"> <li>present fairly, in all material respects:</li> <li>the financial position of the City Council and group as at 30 June 2022; and</li> <li>the financial performance and cash flows for the year then ended; and</li> </ul> </li> <li>comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity</li> </ul>	<p>To the best of our knowledge and belief, all transactions have been accurately reflected in the financial statements and statement of service performance.</p> <p>Council's financial information is subject to continual monitoring and monthly reporting and review at a budget department level through to a higher level at Council.</p>	<p>Finance Director: Tracey Musty</p> <p>Strategy and</p>

# Item 11

<ul style="list-style-type: none"> <li>the statement of service performance: <ul style="list-style-type: none"> <li>presents fairly, in all material respects, the City Council and group's levels of service for each group of activities for the year ended 30 June 2022, including:</li> <li>the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;</li> <li>the reasons for any significant variation between the levels of service achieved and the intended levels of service; and</li> <li>complies with generally accepted accounting practice in New Zealand.</li> </ul> </li> </ul>	<p>Council staff preparing the financial statements have a good understanding of accounting standards and keep abreast of changes thereof.</p> <p>There have been no changes to accounting standards or legislation of consequence to the financial statements for this period. The financial statements have been reviewed to reflect emerging best practice in financial reporting as recommended by Audit NZ through their most recent model Annual Report.</p>	<p>Corporate Manager: Julie Clausen</p>
<p>The funding impact statement presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan</p>		
<p>The statement about capital expenditure for each group of activities presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan</p>		
<p>The funding impact statement for each group of activities presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan</p>	<p>The statement of service performance includes an independent survey and information gathered through CRM and other reporting systems. To the best of our knowledge this represents a fair reflection of the Council's performance against these indicators.</p>	
<p>We have complied with the requirements of Schedule 10 of the Act that apply to the annual report</p>		
<p>We have made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014)</p>		
<p>We believe the methods, significant assumptions, and data used in making and supporting accounting estimates and the related disclosures in the financial statements and performance information are appropriate to</p>	<p>Confirmed</p>	<p>Finance Director: Tracey Musty</p> <p>Strategy and</p>

achieve recognition, measurement, or disclosure that is in accordance with the applicable financial reporting framework		Corporate Manager: Julie Clausen
We have appropriately accounted for and disclosed related party relationships and transactions in the financial statements	Fourth tier and above Council staff are required to disclose any conflicts of interest at the start of each financial year or as they arise. Councillors are required to complete declarations of interest and provide updated information as needed.  To the best of our knowledge all related party transactions have been recorded.	Finance Director: Tracey Musty
We have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of service performance that require adjustment or disclosure	We have disclosed developments with regard to the 3 waters in the notes to the financial statements.	Finance Director: Tracey Musty
We believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of service performance as a whole;	Confirmed	Finance Director: Tracey Musty
We believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements as a whole.	Confirmed	Finance Director: Tracey Musty
We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with the Public Benefit Entity Reporting Standards	These have been disclosed to audit and identified in contingent liabilities.	Finance Director: Tracey Musty
<b>Representations about the Provision of Information</b>		
We confirm that, to the best of our knowledge and belief, having made such enquiries as we		



considered necessary for the purpose of appropriately informing ourselves:		
<p>We have provided you with:</p> <ul style="list-style-type: none"> <li>- all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of service performance; and</li> <li>- unrestricted access to persons within the City Council and group from whom you determined it necessary to obtain audit evidence</li> </ul>	<p>Council staff have provided to the Audit team all documents required for the Audit, financial audit files and Council minutes. This has been supplemented with additional information and responses when required.</p> <p>Council staff have been made available to Auditors for system testing.</p>	Finance Director: Tracey Musty
<p>We have disclosed to you the results of our assessment of the risk that the financial statements and statement of service performance may be materially misstated as a result of fraud</p>	<p>Council uses software Authority as the base framework for its internal financial controls, this is supported through policies, exceptions reporting, internal and external auditing to ensure the risk of fraud is minimised.</p> <p>Allegations of fraud are investigated in accordance with Council's fraud policy.</p> <p>To the best of staff knowledge there have been no issues of fraud that could have a material effect on the financial statements and statement of service performance.</p>	Finance Director: Tracey Musty
<p>We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the City Council and group and involves:</p> <ul style="list-style-type: none"> <li>- management;</li> <li>- employees who have significant roles in internal control; or</li> <li>- others where the fraud could have a material effect on the financial statements and statement of service performance</li> </ul>		
<p>We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the City Council and group's financial statements and statement of service performance communicated by employees, former employees, analysts, regulators, or others</p>		
<p>We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of service performance, including possible non-compliance with laws for setting rates</p>	Confirmed	Finance Director: Tracey Musty
<p>We have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent</p>	Confirmed	Finance Director: Tracey Musty

with one another, and the other information does not contain any material misstatements		
We have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware	To the best of our knowledge all related party transactions have been recorded.	Finance Director: Tracey Musty
<b>Publication of Financial Statements and Statement of Service Performance</b>		
The Council accepts that it is responsible for the electronic presentation of the audited financial statements and statement of service performance.	Confirmed	Business Planning Analyst: Katy Nudd
The electronic version of the audited financial statements and statement of service performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of service performance and audit report.	Council publishes the same version online as the final signed version. This is published by a communications staff member.	Business Planning Analyst: Katy Nudd
We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.	Audited information is accompanied by an audit opinion. We understand the risk of potential misinterpretation in the absence of appropriate controls.	Business Planning Analyst: Katy Nudd
We have assessed the security controls over audited financial and statement of service performance and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.	Confirmed	Business Planning Analyst: Katy Nudd
Where the audit report on the full financial statements and statement of service performance is provided on a website, the financial statements and statement of service performance are also provided in full.	Confirmed	Business Planning Analyst: Katy Nudd
<b>Going Concern</b>		
We confirm that, to the best of our knowledge and belief, the City Council and group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of	Confirmed	Finance Director: Tracey Musty

service performance for the year ended 30 June 2022. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the City Council and group during the period of one year from 30 September 2021, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.		
We consider that the financial statements and the statement of service performance adequately disclose the circumstances, and any uncertainties, that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the City Council and group.	Confirmed	Finance Director: Tracey Musty

### Financial Considerations - *Whaiwhakaaro Puutea*

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

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

19. Staff confirm that that matters in this report complies with Council's legal and policy requirements.
20. 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*

21. 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').
22. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
23. The recommendations set out in this report are consistent with that purpose.
24. There are no known social, economic, environmental or cultural considerations associated with this matter.

### Risks - *Tuuraru*

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

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

#### Significance

26. Having considered the Significance and Engagement Policy, staff have assessed that the matter in this report has low significance.

## **Engagement**

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

## **Attachments - *Ngaa taapirihanga***

Attachment 1 - Management Representation letter (from Management and Council to new Council)

**Item 11**

13 September 2022

Dear the new Council of Hamilton City Council,

### **Representation letter for the year ended 30 June 2022**

This representation letter is provided in connection with the Annual Report for the year ended 2022.

- the financial statements:
  - present fairly, in all material respects:
    - the financial position as at 30 June 2022; and
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council.
- the performance information:
  - presents fairly, in all material respects, the City Council [and group]'s levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand.
- The statement about capital expenditure for each group of activities presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council.
- the funding impact statement for each group of activities presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

0001-114-830 Management Representation Letter (From management and Council to the new Council)

We understand that the audit will be carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

### General responsibilities

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the City Council and group) to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.

### Representations on the financial statements and the performance information

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and performance information, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the performance information as required by the Local Government Act 2002 and, in particular, that:
  - the financial statements:
    - present fairly, in all material respects:
      - the financial position of the City Council and group as at 30 June 2022; and

- the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Accounting Standards.
- the performance information:
  - presents fairly, in all material respects, the City Council's levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand.
- the funding impact statement presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council;
- the statement about capital expenditure for each group of activities presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council;
- the funding impact statement for each group of activities presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan;
- we have complied with the requirements of Schedule 10 of the Act that apply to the annual report;
- we have made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014);
- we believe the methods, significant assumptions, and data used in making and supporting accounting estimates and the related disclosures in the financial statements and performance information are appropriate to achieve recognition, measurement, or disclosure that is in accordance with Public Benefit Entity Accounting Standards;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to 30 June 2022 that require adjustment or disclosure;

- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and performance information as a whole;
- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements as a whole.
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Accounting Standards.

### **Representations about the provision of information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the performance information; and
  - unrestricted access to persons within the City Council and group from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements and performance information may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the City Council and group and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements and performance information;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the City Council and group's financial statements and performance information communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the performance information, including possible non-compliance with laws for setting rates;



- we will provide you with the final version of the Annual Report 2022 which will include the financial statements and the performance information prior to 15 December 2022, which is before the annual report is issued, and we confirm that the information contained in these documents will be consistent with the financial statements and the performance information, and will not contain any material misstatements.
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

### **Publication of the financial statements and performance information and related audit report on a website**

The Council accepts that it is responsible for the electronic presentation of the audited financial statements and performance information.

The electronic version of the audited financial statements and performance information and the related audit report presented on the website are the same as the final signed version of the audited financial statements and performance information and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over audited financial and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and performance information is provided on a website, the financial statements and performance information are also provided in full.

### **Going concern**

We confirm that, to the best of our knowledge and belief, the City Council and group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Council continues to adopt the going concern basis of accounting in preparing the financial statements and the performance information for the year ended 30 June 2022. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the City Council and group during the period of one year from 15 December 2022, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements and the performance information adequately disclose the circumstances, and any uncertainties, that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the City Council and group.

**Sign-off on these representations**

These representations are made, and to supplement information obtained by you from the records of the City Council and group and to confirm information given to you orally.

Yours sincerely

Paula Southgate  
Hamilton Mayor

Lance Vervoort  
Chief executive

# Council Report

**Committee:** Strategic Risk and Assurance Committee  
**Date:** 13 September 2022  
**Author:** Michelle Hawthorne  
**Authoriser:** David Bryant  
**Position:** Governance and Assurance Manager  
**Position:** General Manager People and Organisational Performance  
**Report Name:** Compliance Reporting Update

<b>Report Status</b>	<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 seek feedback from the Strategic Risk and Assurance Committee on the draft Protected Disclosure Management Policy and provide an overview of policies across the organisation.

## 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. The Protected Disclosures (Protection of Whistleblowers) Act 2022 (Act) received royal assent on 15 May 2022, due to the timing of this, a review of the Protected Disclosure Management Policy was deferred to the September Strategic Risk and Assurance Committee meeting. The draft and current policies are **Attachment 1 and 2** of this report.
8. A list of current Council and Management Policies is attached to the report as **Attachment 3**.
9. 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

10. 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.
11. 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.
12. The Protected Disclosures (Protection of Whistleblowers) Act 2022 (Act) received Royal Assent (this brings the Bill in to law) on 15 May 2022. The Act replaces the Protected Disclosures Act 2000. The Act clarifies the definition of serious wrongdoing, enables people to report serious wrongdoing directly to an appropriate authority at any time, strengthens protections for disclosers, clarifies the internal procedure requirements for public sector organisations and the potential forms of adverse conduct disclosers may face. Due to the timing of new legislation, the review of the Protected Disclosure Policy was deferred to the September Strategic Risk and Assurance Committee meeting.
13. There are two copies of the policy: the draft policy as **Attachment 1** and the current policy as **Attachment 2**. Due to the substantial review of the current policy, no tracked changes version has been circulated with this report.
14. The draft Protected Disclosure Management Policy has been reviewed by BSLT (Business Support Leadership team) and has been circulated to Mary Hill, Council's external designated officer for feedback. At the time of writing this report, Ms Hill's feedback had not yet been received.

### Fraud and Corruption

15. Council has in place a Fraud and Corruption Management Policy.
16. 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.
17. 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. All reported allegations are recorded in a Fraud Activity Register.
18. 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.
19. No incidents of fraud or corruption have been established since the Strategic Risk and Assurance Committee last met.

### Privacy Act 2020

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

### Council and Management Policy Schedule

21. 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 3** and is current as of **24 August 2022**. The details of the list can be discussed at the Committee meeting.

### **Financial Considerations - *Whaiwhakaaro Puutea***

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

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

23. Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.
24. 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***

25. 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').
26. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
27. There are no known social, economic, environmental or cultural considerations associated with this matter.

### **Risks - *Tuuraru***

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

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

#### **Significance**

29. 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**

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

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - 2022 - Draft Management Policy - Protected Disclosures

Attachment 2 - 2019 - Current Management Policy - Protected Disclosures

Attachment 3 - Policy List for 13 September 2022 Compliance Report - Strategic Risk and Assurance

Date Reviewed	August 2022
Date considered by the Strategic Risk and Assurance Committee	September 2022
Date Approved by BSLT	TBC
Document number:	TBC
Associated documents:	N/A
Sponsor/Group:	People and Organisational Performance

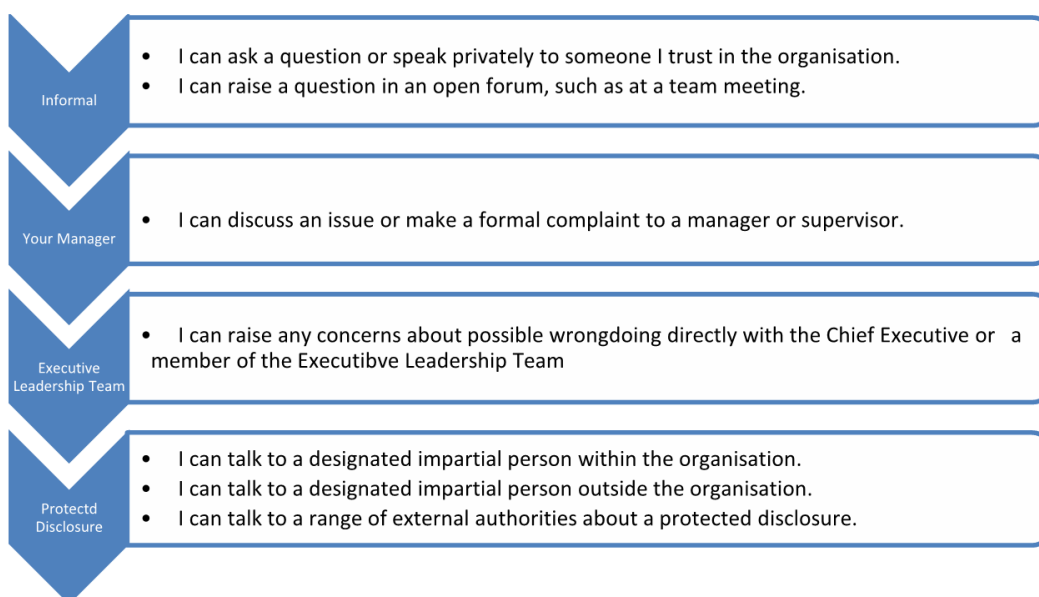
## Management Policy – Protected Disclosures

### *Ko te Puutaketanga* Purpose

- The purpose of the [Protected Disclosures \(Protection of Whistleblowers\) Act 2022](#) (the Act) is to promote the public interest by:
  - facilitating the disclosure and timely investigation of serious wrongdoing in or by an organisation; and
  - protecting the people who disclose in accordance with the Act.
- Under the Act, public sector organisations must have appropriate internal procedures which:
  - set out a process for the organisation to follow as the receiver of a protected disclosure;
  - identify who in the organisation a protected disclosure may be made to;
  - describe the protections available under the Act;
  - describe how the organisation will provide practical assistance and advice to disclosers; and
  - are published widely and republished at regular intervals.
- The purpose of this Policy is to set out how Hamilton City Council will comply with its obligations under the Act.

### Speaking up

- There are a number of reasons for an organisation to encourage reporting. Employees are often best placed to identify serious wrongdoing and are most likely to make accurate reports that are both substantiated and promote organisational change and improvement. Employees need to understand and have confidence that they can raise concerns at an appropriate level of the organisation as outlined below.



**Ko ngaa Tikanga Whakahaere Kaupapahere****Principles of the Policy**

5. Hamilton City Council is committed to ensuring:
- employees can raise their concerns regardless of whether they are sure it meets the standard of a protected disclosure;
  - we have a workplace free from serious wrongdoing;
  - we have appropriate internal procedures and support if an employee discovers matters of serious wrongdoing;
  - employees are protected if they make a protected disclosure under the Act; and
  - procedural fairness in the internal procedures.

**Ko te Whaanuitanga****Scope**

6. This policy applies to all individuals who fall within the definition of a 'Discloser' under the Act.

**Ko ngaa Tikanga****Policy****Who can I make a protected disclosure to?**

7. A Discloser can make a protected disclosure to any one of the following designated officers in the first instance:
- the People, Safety and Wellness Manager
  - the General Manager People and Organisational Performance
  - the Financial Director
  - the Chief Executive
  - the Chair of the Strategic Risk and Assurance Committee
  - Council's external independent designated person:  
Mary Hill  
Cooney Lees Morgan  
Landline 07 9270590  
Mobile Phone 021 506 803  
Email [mhill@clmlaw.co.nz](mailto:mhill@clmlaw.co.nz)
8. If a Discloser feels they need to make a protected disclosure to an authority outside of the organisation, they may disclose to an external authority. Information on external authorities that may be able to assist are listed in [Schedule 2 of the Act](#). Each of the external authorities must clarify with the Discloser whether they have the ability to assist on the disclosure or if the disclosure is best referred to another designated officer or authority.

**How do I make a protected disclosure?**

9. A Discloser is encouraged to check if they are eligible to make a protected disclosure under the Act (refer to the flowchart in Appendix 1).
10. Once the Discloser is satisfied that there has been serious wrongdoing, they can decide whether to put the disclosure in writing, or approach a designated officer in person, in a confidential setting.
11. The Discloser does not have to specifically say that a protected disclosure is being made under the Act, but it would be best practice to do so. This is so the designated officer is clear on their obligations to respond. The Discloser should check or ask what to do if there is an emergency or extraordinary circumstances apply or if it relates to the CEO. Guidance from the Ombudsman on getting ready to make a protected disclosure can be found [here](#).

**What protections do I have?**

12. An individual who makes a protected disclosure will be protected in the following ways:
- Your identity must be kept confidential unless certain exceptions apply (there are more details on this protection below).

- You will be protected from civil, criminal and disciplinary proceedings that might otherwise arise 'because of making the disclosure'.
  - You will be protected from retaliatory action or unfavourable treatment by your employer.
  - You will be protected by the anti-victimisation provisions of the Human Rights Act 1993.
13. When you make a protected disclosure, the person you make it to must use their best endeavours to keep confidential any information that would identify you, unless one of the exceptions in the Act applies. This is a very strong obligation to keep your identity confidential. As a public sector organisation, Council must refuse any request for official information if release of that information might identify you in relation to the disclosure or allegation of serious wrongdoing.
14. There are limited exceptions to the confidentiality requirement:
- where you consent to release of the identifying information, or
  - if there are reasonable grounds to believe that release of the identifying information is essential:
    - for the effective investigation of the disclosure;
    - to prevent a serious risk to public health, public safety, the health or safety of any individual, or the environment;
    - to comply with the principles of natural justice; or
    - for an investigation by a law enforcement or regulatory agency for the purpose of law enforcement.
15. An individual can make an anonymous protected disclosure. However, this may limit the ability of the organisation investigate if it does not know who you are or cannot ask you further questions. If you need further advice on these protections, you can contact the [Ombudsman](#).

#### **Practical assistance and advice for individuals making a disclosure**

16. Council will provide all reasonably practical assistance and support to Disclosers, including access to support persons and advice surrounding the risks that may be associated with making the protected disclosure.
17. Arrangements for support can be made through any designated officer(s) prior to or after a protected disclosure has been made. Employees can also seek assistance through the [Employee Assistance Programme](#).
18. Disclosers can also seek information and guidance from the [Ombudsman](#) on protected disclosures [here](#).

#### **Council process for responding to a Protected Disclosure**

19. Within 20 working days of receiving a protected disclosure, the receiver should:
- acknowledge receipt of the disclosure to the discloser
  - consider the disclosure and whether it warrants investigation
  - check with the discloser whether the disclosure has been made elsewhere (and any outcome)
  - deal with the matter by doing one or more of the following:
    - investigating the disclosure
    - addressing any serious wrongdoing by acting or recommending action
    - referring the disclosure (see below)
    - deciding that no action is required, and
  - inform the discloser (with reasons) about what the receiver has done or is doing to deal with the matter.



20. When it is impracticable to complete these actions within 20 working days, the receiver will undertake the first three steps and inform the discloser how long the receiver expects to take to deal with the matter. The receiver should then keep the discloser updated about progress.

### ***Ko te Aroturukitanga me te Whakatinanatanga*** **Monitoring and Implementation**

#### **Awareness**

21. Council is committed to ensuring all employees are aware of this policy, our obligations and the protections provided by the Act. The following actions will be used to support employee awareness.
- Providing regular organisation-wide updates (for example Moorena Mail and Walk the Talk);
  - Providing an e-learning module as part of all new employees' induction and as a resource for existing employees;
  - Ensuring the policy is available on the organisational intranet;
  - Regular review of the policy by relevant staff; and
  - Regular training and support for designated officers.

#### **Reporting the relevant Committee**

22. The General Manager of People and Organisational Performance or the Chief Executive will report protected disclosures to the Chair of the relevant Committee (currently the Strategic Risk and Assurance Committee) as they arise.
23. At each meeting of the relevant Committee, any protected disclosures made since the last meeting of the Committee will be reported, along with the outcome of any investigations concluded in that time.

### ***Ko ngaa Whakamaaramatanga***      **Definitions**

Definition	Detail
<b>Discloser</b>	Means an individual who is (or was formerly): <ul style="list-style-type: none"> <li>• an employee;</li> <li>• a homeworker within the meaning given in section 5 of the Employment Relations Act 2000;</li> <li>• a secondee to the organisation;</li> <li>• engaged or contracted under a contract for services to do work for the organisation;</li> <li>• concerned in the management of the organisation (including, for example, a person who is or was a member of the board or governing body of the organisation);</li> <li>• a member of the Armed Forces (in relation to the New Zealand Defence Force);</li> <li>• a volunteer working for the organisation without reward or expectation of reward for that work.</li> </ul>
<b>Serious wrongdoing</b>	Includes any act, omission, or course of conduct in (or by) any organisation that is one or more of the following: <ul style="list-style-type: none"> <li>• An offence.</li> <li>• A serious risk to the health and safety of the public and/or an individual or the environment; or</li> <li>• A serious risk to the maintenance of law, including the prevention, investigation, and detection of offences and the right to a fair trial; or</li> <li>• An unlawful, corrupt, or irregular use of public funds or public resources; or</li> <li>• An act, omission, or conduct that constitutes an offence; or</li> <li>• Oppressive, unlawfully discriminatory, or grossly negligent, or that is gross mismanagement and is done (or is an omission) by an employee or a person performing (or purporting to perform) a function or duty or exercising (or purporting to exercise) a power on behalf of a public sector organisation or the Government.</li> </ul>
<b>Protected disclosure</b>	A disclosure of information is a protected disclosure if the discloser: <ul style="list-style-type: none"> <li>• believes on reasonable grounds that there is, or has been, serious wrongdoing in or by the discloser's organisation; and</li> <li>• discloses information about that in accordance with this Act; and</li> <li>• does not disclose it in bad faith.</li> </ul>

	<p><i>The requirements of reasonable belief of the truth of the allegation and a genuine motivation on the part of the employee preclude the Act being used to protect employees from malicious or trivial accusations.</i></p> <p><i>It should be noted that the Act does not authorise disclosure of information protected by legal professional privilege.</i></p>
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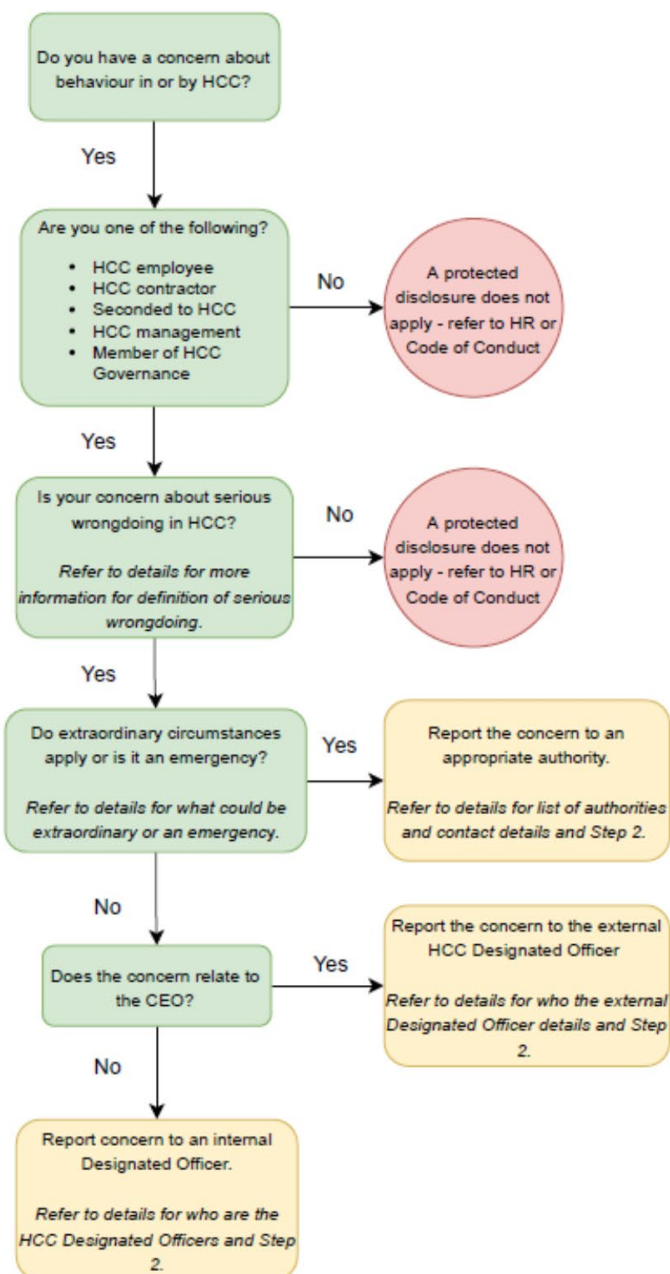
### ***Ko ngaa Tohutoro***

### **References**

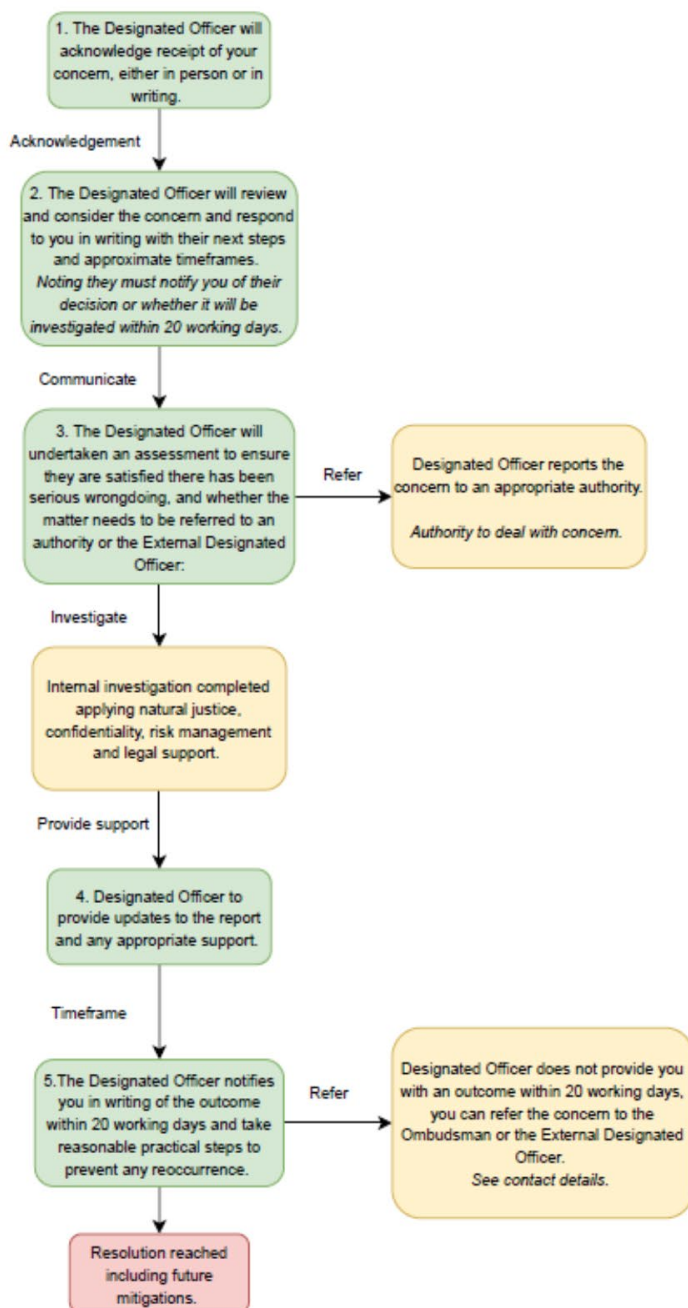
- [Protected Disclosures \(Protection of Whistleblowers\) Act 2022](#)
- [Human Rights Act 1993](#)
- [Employment Relations Act 2000](#)
- Ombudsman [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)

## Appendix 1

## Step 1: How Do I Make a Protected Disclosure?



### Step 2: What is the process once I have made a Protected Disclosure?



Date Reviewed	<b>September 2019</b>
Date considered by Audit and Risk Committee	3 September 2019
Date Approved by GM Corporate	17 September 2019
Document number:	D-3049354
Associated documents:	N/A
Sponsor/Group:	Corporate

## Management Policy – Protected Disclosure

### Purpose

It is a fundamental term of every contract of employment that every employee must faithfully serve his or her employer and not disclose confidential information about the employer's affairs.

However if an employee discovers information which they believe shows serious wrong doing within the organisation, there should be established procedures which enable the employee to disclose such information without fear of reprisal.

### Purpose of the Protected Disclosures Act 2000

The stated purpose of the act is to promote the public interest by protecting employees who, in accordance with the procedures set out in the Act, disclose information about serious wrongdoing in or by an organisation.

The Act does not provide a blanket protection to employees, rather it requires the creation of a clear internal procedure within an organisation for the disclosure of specific types of information to specific categories of people.

### Principles of Policy

Hamilton City Council is committed to ensuring:

- A workplace free from matters of serious wrongdoing
- All staff understand what comprises matters of serious wrongdoing
- Appropriate internal procedures and support if an employee discovers matters of serious wrongdoing
- Employees are protected if they make a protected disclosure under the Protected Disclosures Act
- Procedural fairness in the internal procedures

### Scope

This policy applies to all employees of Hamilton City Council.

### Guidelines

The use of the protected disclosures process is seen as an act of last resort when staff are unable to get appropriate management action through the usual reporting mechanisms.

Any employee may make a disclosure of information involving a serious wrongdoing. This includes:

- Former employees
- A person seconded to Hamilton City Council
- An individual who is contracted under a contract of services to do work for Hamilton City Council; and
- A person concerned in the management of Hamilton City Council

### Disclosure: General Principles

If an employee wishes to make a protected disclosure, then the matter is to be reported to the designated officer(s) listed below.

The designated officer(s) will arrange an immediate investigation into the facts. If as a result of this investigation, they are satisfied that serious wrongdoing has occurred, then Hamilton City Council will take reasonable practical steps to prevent the recurrence of the serious wrongdoing complained about, without disadvantaging the employee. The organisation may refer the alleged serious wrongdoing to the appropriate external authorities.

### To whom disclosures are made:

At Hamilton City Council, protected disclosures are to be made to any one of the following designated officers in the first instance:

- the Chief Executive
- the Chair of the Audit and Risk Committee
- the General Manager Corporate
- the People, Safety and Wellbeing Manager
- Mary Hill (External Contact) – Associate Cooney-Lees-Morgan
  - Contact details
    - Landline – 07 9270590
    - Mobile Phone - 021506803
    - Email – [mhill@clmlaw.co.nz](mailto:mhill@clmlaw.co.nz)

There are specific circumstances in which disclosure may be made outside Hamilton City Council i.e. where the employee believes on reasonable grounds that:

- The Chief Executive of Hamilton City Council is believed to be involved in the serious wrongdoing, or;
- There has been no action or recommended action on the matter within 20 working days after the disclosure was made.

Under these specific extraordinary or emergency circumstances, a Hamilton City Council employee may make a 'protected disclosure' to any one of the following authorities:

- The Commissioner of Police
- The Controller and Auditor-General
- The Director of the Serious Fraud Office
- The Inspector-General of Intelligence & Security
- An Ombudsman
- The Parliamentary Commissioner for the Environment
- The Police Complaints Authority

### Confidentiality

Every person to whom a protected disclosure is made must use their best endeavours not to disclose information that might identify the person making the disclosure unless:

- the person making the disclosure consents in writing to disclosure of identifying information; or
- the person receiving the disclosure reasonably believes that disclosure of identifying information:

- is essential to the effective investigation of the allegations in the protected disclosure;
- is essential to prevent serious risk to public health or public safety or the environment; or
- is essential having regard to the principles of natural justice.

### Reporting to the Audit and Risk Committee

The General Manager Corporate shall report protected disclosures to the Chair of the Audit and Risk Committee as they arise.

At each Audit and Risk Committee, any protected disclosures made since the last meeting of the Committee shall be reported, along with the outcome of any investigations concluded in that time.

### Definitions

Definition	Detail
<b>Serious wrongdoing</b>	<p>Unlawful, corrupt, or irregular use of public funds or public resources; or</p> <p>An act, omission, or conduct that constitutes a serious risk to public health or public safety or the environment; or</p> <p>An act, omission, or conduct that constitutes a serious risk to the maintenance of law, including the prevention, investigation, and detection of offences and the right to a fair trial; or</p> <p>An act, omission, or conduct that constitutes an offence; or</p> <p>An act, omission, or conduct by a public official that is oppressive, improperly discriminatory, or grossly negligent, or that constitutes gross mismanagement, whether the wrongdoing occurs before or after the commencement of the Protected Disclosures Act.</p>

It should be noted that the Protected Disclosures Act does not authorise disclosure of information protected by legal professional privilege.

The requirements of reasonable belief of the truth of the allegation and a genuine motivation on the part of the employee preclude the Protected Disclosures Act being used to protect employees from malicious or trivial accusations.

### References

- Protected Disclosures Act 2000
- Human Rights Act 1993
- Employment Relations Act 2000
- Ombudsman [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)



# Strategic Risk and Assurance Committee – Policies Update 24 August 2022

KEY
In progress
Paused/awaiting prioritisation or resourcing
Current

Item 12

Attachment 3

COUNCIL POLICIES						
Committee	Policy	Sponsor/ Group	Last reviewed date	Next review date	Status	Related Legislation
Council	Corporate Hospitality and Entertainment Policy	GM People and Organisational Performance (Corporate)	Jul-15	Jul-18	Review paused	n/a
Strategic Growth	Hamilton Gateways Policy	GM Infrastructure Operations	Dec-15	Oct-18	Review scheduled for 22/23 financial year	n/a
Infrastructure Operations	Streetscape Beautification and Verge Maintenance Policy	GM Community & GM Infrastructure Ops	Nov-12	Nov-18	Review scheduled for 22/23 financial year	n/a
Community	Citizens Initiated Referenda Policy	GM People and Organisational Performance (Corporate)	Jul-16	Jul-19	Review paused	Local Electoral Act 2001
Community	Community Occupancy Policy	GM Community	Nov-18	Apr-21	Review deferred to 2022/23 financial year	n/a
Community	Open Space Provision Policy	GM Community	Jun-18	Jun-21	Under review	n/a
Community	TAB Board Venue Policy	GM Growth	Dec-18	Dec-21	Review scheduled for November 2022	Racing Industry Act 2020
Economic Development	Business Improvement District (BID) Policy 2019	GM Growth	Jun-19	Jun-22	Under review	n/a
Community	Disability Policy	GM Community	May-19	Jun-22	Under review	n/a
Strategic Growth	Sale and Disposal of Council Land Policy	GM Growth	Sep-19	Jul-22	Due for review	n/a
Community	Class 4 Gambling Venue Policy	GM Growth	Sep-19	Sep-22	Review scheduled for Nov 2022	Gambling Act 2003
Council	Delegations to Positions Policy	GM People and Organisational Performance (Corporate)	Jun-21	Oct-22	Current	n/a
Economic Development	Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy	GM People and Organisational Performance (Corporate)	Jun-21	Nov-22	Current	Local Government Act 2002
Council	Elected Members Support Policy	GM People and Organisational Performance (Corporate)	Mar-21	Nov-22	Current	Local Government Act 2002
Infrastructure Operations	Dangerous and Insanitary Buildings Policy	GM Growth	May-18	May-23	Current	Building Act 2004
Strategic Growth	Growth Funding Policy	GM People and Organisational Performance (Corporate)	Jun-21	Jun-23	Current	n/a
Strategic Risk & Assurance	Risk Management Policy	GM People and Organisational Performance (Corporate)	Aug-20	Jun-23	Current	n/a
Council	Significance and Engagement Policy	GM Strategy & Communications	Aug-20	Aug-23	Current	Local Government Act 2002
Economic Development	Municipal Endowment Fund Policy	GM Growth	Sep-20	Sep-23	Current	n/a
Community	Smokefree and Vapefree Outdoor Areas Policy	GM Community	Sep-20	Sep-23	Current	n/a
Infrastructure Operations	Three Waters Connections Policy	GM Infrastructure Operations	Sep-20	Sep-23	Under review	n/a
Community	City Honours Policy	GM Strategy and Communications	Oct-20	Oct-23	Current	n/a
Community	Community Assistance Policy	GM Community	Oct-20	Oct-23	Current	n/a
Community	Psychoactive Substances (Local Approved Products) Policy	GM Community	Oct-18	Oct-23	Current	Psychoactive Substances Act 2013
Community	Domain Endowment Fund Policy	GM Growth	Nov-20	Nov-23	Current	n/a
Community	Trading in Public Places Policy	GM Community	Dec-20	Dec-23	Current	n/a
Community	International Relations Policy	GM People and Organisational Performance (Corporate)	Mar-21	Mar-24	Current	n/a
Strategic Growth	Development Contributions Policy	GM Growth	Jun-22	Jun-24	Current	Local Government Act 2002
Finance	Funding Needs Analysis Policy	GM People and Organisational Performance (Corporate)	Jun-21	Jun-24	Current	Local Government Act 2002
Finance	Investment and Liability Management Policy	GM People and Organisational Performance (Corporate)	Jun-21	Jun-24	Current	Local Government Act 2002
Finance	Rates Remissions and Postponements Policy	GM People and Organisational Performance (Corporate)	Jun-22	Jun-24	Current	Local Government Act 2002
Finance	Rating Policy	GM People and Organisational Performance (Corporate)	Jun-21	Jun-24	Current	Local Government Act 2002; Local Government Rating Act 2002
Finance	Revenue and Financing Policy	GM People and Organisational Performance (Corporate)	Jun-21	Jun-24	Current	Local Government Act 2002

Update as at 24 Aug 2022



Community	<b>External Funding Applications Policy</b>	GM Community	Jun-21	Jun-24	Current	n/a
Economic	<b>Freeholding of Council Endowment Land Policy</b>	GM Growth	Aug-21	Aug-24	Current	Hamilton Domain
Development	<b>Delegations to officers specific to the Resource Management Act 1991</b>	GM Growth	Oct-21	Oct-24	Current	Endowment Act 1979
Council	<b>Monuments and Memorials Policy</b>	GM Community	Nov-21	Nov-24	Current	Resource Management Act 1991
Community	<b>Permanent Public Art Policy</b>	GM Community	Nov-21	Nov-24	Current	n/a
Community	<b>Event Sponsorship Policy</b>	H3 & Events	Mar-22	Mar-25	Current	n/a
Economic	<b>Naming of Roads, Open Spaces and Council Facilities Policy</b>	GM Infrastructure Ops and GM Growth	Jun-22	Jun-25	Current	n/a
Development	<b>Hamilton Parking Policy</b>	GM Infrastructure Operations	new	Aug-25	Current	n/a
Community	<b>Climate Change Policy</b>	GM Strategy and Communications	Jun-22	Jun-27	Current	n/a
Infrastructure	<b>Dog Control Policy</b>	GM Community	May-15	Feb-23	Current	Dog Control Act 1996
Operations						
Environment						
Community						

OTHER GOVERNANCE DOCUMENTS						
Council Committee	Document	Sponsor/ Group	Last review date	Next review date	Status	Related legal provisions
Council	<b>Committee Terms of Reference and Governance Structure</b>	People and Organisational Performance	Nov-19	Nov-22	Current	Local Government Act 2002
Council	<b>Elected Member Code of Conduct</b>	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
Advertising	To ensure Hamilton City Council receives best value from its advertising expenditure by providing advice and guidance in the buying and placement of advertisements.	Feb-10	Oct-12	Being replaced	Communications	Dan Silverton
Copyright Print Media	To outline the licensing provision which allows Council staff the right to use print media copyright material.	Oct-09	Oct-12	Being replaced	Communications	Dan Silverton
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	Karin Barclay
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.	Apr-17	Apr-20	Under review	Finance	Tracey Musty
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

Update as at 24 Aug 2022

<b>Treasury</b>	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
<b>Museum Collection</b>	To guide the growth, development and management of the Museum's collection.	Jun-18	Jun-21	Under review	Museum	Anita Robinson
<b>Customer Complaints Policy</b>	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	Due for review	Customer Services	Michelle Kerbers
<b>Unreasonable Customer Conduct Policy</b>	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	Due for review	Customer Services	Michelle Kerbers
<b>Surveillance Camera</b>	To outline the guidelines for Councils collection, storage and use of images collected.	Oct-18	Oct-21	Due for review	City Safe	Kelvin Powell Paul Blewman
<b>Acceptable Use</b>	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
<b>Execution of Documents</b>	To provide procedure for execution and signing of documents having legal significance.	Nov-19	Nov-21	Due for review	Governance and Assurance	Michelle Hawthorne
<b>Code of Conduct</b>	To set out the rules and expectations of staff while they are employees at Hamilton City Council.	Dec-18	Dec-21	Due for review	People, Safety & Wellness	Dan Finn
<b>Intellectual Property and Ownership Rights</b>	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
<b>Performance Management and Disciplinary</b>	To ensure that HCC has a performance management and disciplinary process that is fair, transparent and applied consistently.	Dec-18	Dec-21	Due for review	People, Safety & Wellness	Dan Finn
<b>Fencing</b>	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	Due for review	City Infrastructure	Robyn Denton
<b>Capitalisation</b>	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	Due for review	Finance	Tracey Musty
<b>Drug and Alcohol</b>	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
<b>Compliance</b>	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
<b>H3 Venue Conditions of Entry</b>	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 Chad Hooker
<b>COVID-19 Vaccination Policy</b>	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. 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.	Dec-21	Jun-22	Due for review	People, Safety & Wellness	Dan Finn
<b>Business Continuity</b>		Aug-19	Aug-22	Due for review	Governance and Assurance	Julie Ambury
<b>Encroachment Policy</b>	To enable Council to reasonably control encroachments into Road Reserves and Reserves	Aug-19	Aug-22	Due for review	City Transportation	Eeva-Liisa Wright
<b>Sensitive Development</b>	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	Due for review	Growth	Blair Bowcott
<b>Domestic Violence Leave</b>	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	Current	People, Safety & Wellness	Dan Finn

Item 12

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Update as at 24 Aug 2022

<b>Visitor Control</b>	To control visitors exposure to work place hazards and to control visitor access for all council buildings.	Oct-14	Oct-22	Current	Customer Service Key Accounts	Michelle Kerbers
<b>Energy and Carbon Management</b>	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
<b>Remuneration</b>	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
<b>Flexible Working Arrangements</b>	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
<b>Leave</b>	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
<b>Hamilton City Libraries Collection</b>	To provide a framework for the development and management of Hamilton City Libraries' collections. 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.	Nov-20	Nov-23	Current	Hamilton Libraries	Stephen Pennruscoe Rebecca Whitehead
<b>Workplace Diversity and Inclusion Policy</b>	Note this includes the Rainbow Policy and, in future, Religion Policy, ethnicity Policy etc. 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.	Aug-22	Aug-25	Current	People, Safety & Wellness	Dan Finn
<b>Procurement Policy and Procedures Manual</b>	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).	Dec-21	Dec-24	Current	Procurement	Igor Magud
<b>Child Protection</b>	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.	Jan-22	Jan-25	Current	People, Safety & Wellness	Dan Finn
<b>Fleet</b>	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	Facilities	Anita Oliver
<b>Health and Safety</b>	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
<b>Recruitment and Selection</b>	To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979.	Jan-22	Jan-25	Current	City Safe	Kelvin Powell
<b>Litter Enforcement</b>	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
<b>Civil Defence and Emergency Management</b>	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
<b>Staff Election Protocols</b>	NEW - TBC	new	new	In development	Governance and Assurance	Michelle Hawthorne
<b>LGOIMA Charging Policy</b>	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
<b>Media and Social Media</b>	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
<b>Revaluation</b>						

Update as at 24 Aug 2022



MANAGEMENT POLICY WITH STRATEGIC RISK AND ASSURANCE COMMITTEE OVERSIGHT						
<b>Conflicts of Interest</b>	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
<b>Sensitive Expenditure</b>	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.	May-18	May-21	Under review	Finance	Tracey Musty/Igor Magud
<b>Protected Disclosure</b>	If an employee discovers information which they believe shows serious wrong doing within the organisation, there should be established procedures which enable the employee to disclose such information without fear of reprisal	Sep-19	Sep-21	Under review	Governance and Assurance	Michelle Hawthorne
<b>Fraud and Corruption</b>	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	Current	Governance and Assurance	Michelle Hawthorne

DELEGATIONS MANAGEMENT POLICIES						
Delegations Management Policy Title	Purpose	Last reviewed and approved	Next Review Date	Status	Sponsor	Policy Owner Name
<b>Delegations to Officers under the Public Works Act 1981</b>	To set out the delegations from the Chief Executive to Council Officers under the Public Works Act 1981.	Apr-14	Apr-17	Review paused	Growth	Mark Davey
<b>Financial Delegations to Officers</b>	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
<b>Delegations to Officers under the Trespass Act 1980</b>	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
<b>Delegations to Growth Officers and City Safe Unit Officers (excluding delegations under the RMA)</b>	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
<b>Delegations to City Infrastructure Officers</b>	To set out the delegations from the Chief Executive to Council Officers in City Infrastructure.	new	new	Draft	Infrastructure Operations	Eeva-Liisa Wright

Update as at 24 Aug 2022

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# Council Report

Item 13

**Committee:** Strategic Risk and Assurance Committee

**Date:** 13 September 2022

**Author:** David Bryant

**Authoriser:** David Bryant

**Position:** General Manager People and Organisational Performance

**Position:** General Manager People and Organisational Performance

**Report Name:** Strategic Risk and Assurance Committee - Annual Self Review

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

1. The purpose of this report is to present the 2021 annual self-review of the Strategic Risk and Assurance Committee, completed by Keiran Horne, Chair of this Committee.

## **Staff Recommendation - *Tuutohu-aa-kaimahi***

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

## **Attachments**

Attachment 1 - Strategic Risk and Assurance Annual Self-Review 2022

**Committee: Audit and Risk Committee      Date: 18 July 2022**

**Author: Keiran Horne**

### **Meetings**

1. The Strategic Risk and Assurance Committee have met on the following dates:
  - 18 November 2021
  - 30 March 2022
  - 9 June 2022
  - The Committee also held an informal workshop on 8<sup>th</sup> June 2022 – to provide a review of the three waters reform, the strategic risk review and reframing, and a health and safety case study on the Wharkaaari/White Island tragedy.

### **Chair's Activities**

2. The Chair held additional meetings with the internal auditors, PWC to discuss progress with current internal audit projects. Oversight and monitoring of Council's own internal audit staff member and her work plan were also discussed throughout the year.
3. Liaison with the external auditors throughout the audit process.
4. Throughout the year the Chair has been advised of any potential frauds, protected disclosures or significant claims against Council. Any resulting investigations have been monitored. The Chair provided an annual fraud questionnaire to the external auditors.
5. A training session on the new Protected Disclosure legislation was attended.
6. The Chair liaised with the staff to review the committee agenda and the reports schedule in order to facilitate a strategic focus to Committee discussions.
7. The following meetings were attended throughout the year by the Chair either in person or by videoconference:
  - Regular meetings, and ad hoc correspondence, with General Manager - People & Organisational Performance, Finance Director and Governance and Assurance Manager.
  - Meetings with the Chief Executive prior to each Committee meeting, as well as correspondence as relevant issues arose.
  - Liaising with staff regarding workshop planning.
  - Telephone conversations with Committee members as matters arose.
  - Telephone conversations with Council's internal audit staff member to discuss internal audit findings.
  - Liaison with senior management with regards to various emerging risks and incidents that have relevance to this Committee.
8. Many of these tasks and meetings were also attended by the second independent Committee member.
9. The Chief Executive expenses have been reviewed on a six-monthly basis.
10. The Chair has also monitored media, noting any issues that may be relevant to this Committee.

### Annual Reporting Process

11. The Committee oversaw the engagement of the external auditors and the completion of the annual financial statements and made recommendations to Council where required.
12. The Committee reviewed accounting policies, material estimates, the impact of the Covid pandemic and asset impairment where appropriate and reviewed the interim and annual external auditor management report.

### Risk Management

13. The Committee monitored emerging risks and the key organisational risks and recommended action where required. As part of this, the Committee focused on continuous improvement. The top strategic risks were reassessed and fully reviewed by SLT. Reporting at all levels within Council was considered to ensure that effective risk management may be more fully integrated throughout the organisation.
14. Insurance strategy and cover where also reviewed.

### Health, Safety and Wellness.

15. Over the past year the Committee has continued its focus on driving continual improvement in Council's HSW performance. It has been pleasing to see a step-change in the way that Council governs and manages the health, safety and wellness of its staff, contractors and community. This includes the establishment of the Safety Governance Committee which meets quarterly. This committee has broad membership including senior leaders, operational staff, safety representatives, union representatives, an elected member, and a member representing Maaori. It was particularly pleasing to see the HSW focus in Council's Covid response throughout the year.
16. Increased resourcing in this area has allowed new systems and processes to be developed and integrated into Council's way of working. There has been a particular focus on improving Council's contractor management HSW systems and processes.

### Organisational Improvement

17. The Committee received reports from external parties which included recommendations for improvement, including:
  - Audit New Zealand – Annual Audit and Controls
  - PwC – Internal Audit reports
  - Credit Report
18. Progress with significant recommendations was monitored by HCC's internal IA resource and reported to the Committee.

### Cyber Security

19. During the year the Committee received an internal audit report prepared by PwC which assessed Council's Cyber security position against industry standards. This first phase identified key security controls to be reviewed in the second phase of this work. Next steps will be to confirm the desired cyber maturity level, develop a road map for achieving this state and monitor implementation. Given the increased cyber security risk globally, this will be an area of focus for the Committee over the coming year.



### **Other Work**

20. The Committee received internal reports including:

- Health and Safety
- Insurance
- Internal Audit
- Cyber risks
- Emerging legal risks

### **Reflections over the past triennium**

21. With the current triennium coming to an end later this year, I provide some comment on the Committees work over that period.
22. The Committee's initial focus at the start of the triennium was on the continued work on building a strong risk management foundation from which to identify, manage and monitor risk. The focus in this area then moved to integrating risk management processes and concepts into ways of working throughout Council in order to make risk informed decisions and ultimately, achieve better outcomes for the Community.
23. Lifting HSW performance has also been a key focus over the past two years. An external review provided a good platform from which to assess gaps and an action plan to address those gaps and the recommendations coming out of the report was developed. Progress against those actions has been monitored by the Committee. This work has seen a step change in the way Council manages its HSW risks.
24. Towards the later part of the term, the Committees focus has turned to Cyber Security as discussed above.

### **New triennium Terms of Reference Review**

25. With a new triennium starting later this year, this is a good opportunity to reconsider the terms of reference for this Committee.
26. Given the critical nature of Cyber Security and Health, Safety and Wellness, Council may wish to consider once more whether these items are best dealt with at Committee level or by full Council. Alternatively, many organisations have a separate HSW Committee. This allows for specific focus on the critical HSW risks within the organisation. It also allows for HSW experts to be co-opted onto the Committee if necessary. Council could consider elevating the existing Safety Governance Committee to a committee of Council, reporting directly to Council.

### **Closing**

27. I would like to thank Councillors and management for their support, engagement and hard work this year. I would like to particularly commend their commitment to the Health, Safety & Wellness work programme which ultimately impacts Council's ability to keep all those that they interact with safe and well.

## 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 - 9 June 2022	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Gas Utility Service Strikes	)	
C3. Legal Risks - Committee Update		
C4. Loss of Information or Access to Systems (Cyber Risk)		

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 avoid the unreasonably, likely prejudice to the commercial position of a person who supplied or is the subject of the information	Section 7 (2) (b) (ii)
Item C3.	to maintain legal professional privilege	Section 7 (2) (g)
Item C4.	to prevent disclosure of a trade secret	Section 7 (2) (b) (i)
	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)