

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held via Audio Visual Conference on **THURSDAY, 16 DECEMBER 2021** commencing at **9.30am**.

- 1. APOLOGIES AND LEAVE OF ABSENCE**
  
- 2. CONFIRMATION OF STATUS OF AGENDA**  
*Representatives from Audit New Zealand will be in attendance*
  
- 3. DISCLOSURES OF INTEREST**
  
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GJ Ion  
**CHIEF EXECUTIVE**

## TERMS OF REFERENCE AND DELEGATION

<b>Reports to:</b>	The Council
<b>Chairperson:</b>	External appointee – Mr Peter Stubbs
<b>Membership:</b>	Deputy Chairperson – Cr Janet Gibb Mayor Allan Sanson ( <i>ex officio</i> ) Cr Aksel Bech Cr Jacqui Church Cr Jan Sedgwick
<b>Meeting frequency:</b>	As required – no less than four times each year.
<b>Quorum:</b>	Four members

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### Purpose:

The Audit and Risk Committee is responsible for:

1. Considering and reviewing the adequacy of Council's risk management and internal control frameworks.
2. Monitoring and seeking assurance on the functioning of Council's risk management and internal control frameworks (including systems and processes).
3. Managing the independent auditor (internal and external) expectations and relationships.

### Terms of Reference:

To achieve the above purpose the Audit and Risk Committee will:

1. Annually review council's risk management framework to ensure it is effective
2. Ensure the strategic risk register is current and relevant
3. Ensure Council has an effective internal control framework to identify and manage business risk (at the risk portfolio level)
4. Review Council's insurance programme for adequacy of risk mitigation
5. Review the effectiveness of Council's business continuity and disaster recovery planning and testing arrangements
6. Ensure Council has an effective framework in place to prevent, detect and investigate fraud-related issues
7. Ensure Council has an effective Health and Safety/Zero Harm framework in place to prevent, detect and investigate safety-related issues
8. Review the internal audit framework to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place
9. Approve the annual internal and external audit programme and related plans
10. Consider Council's annual report from a risk perspective, and subject to audit clearance, make recommendations to Council regarding adoption
11. Review audit reports (internal and external) and monitor management's implementation of audit recommendations
12. Keep Council informed on significant risk or audit issues raised and proposed actions
13. Meet regularly with independent auditors to gain assurance on the risk frameworks and the management of them

**The Committee is delegated the following recommendatory powers:**

1. The committee has no decision-making powers.
2. The committee may make recommendations to the Council and/or the Chief Executive
3. The committee may conduct and monitor special investigations in accordance with Council policy and approved budget, including engaging expert assistance, on matters within its terms of reference.

**Administrative arrangements:**

**Meetings**

The committee will meet at least four times each year. An extraordinary meeting may be called to review the annual report. The chairperson is required to call a meeting if requested to do so by the Council, or the Chief Executive.

A meeting plan, including dates and agenda items, will be agreed by the committee each year. The meeting plan will cover all the committee's responsibilities as detailed in these Terms of Reference.

For clarity, the Council's Standing Orders and Code of Conduct will apply to committee meetings and members.

**Membership**

Members are appointed for an initial term of no more than the three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.

The Council appoints external members of the committee; the terms of the appointment are to be recorded in a contract.

**Attendance at meetings**

Meetings can be held in person, by telephone, or by video conference in accordance with Standing Orders.

The Chief Executive, Executive Leadership Team members, and external audit representatives will be invited to attend each meeting, unless requested not to do so by the chairperson of the committee. The committee may also ask other Council employees, or other suitably qualified persons with interest or expertise in special topics, to attend committee meetings or participate for certain agenda items.

The committee will meet separately with both the internal and external auditors at least once a year.

**Reporting**

The committee will regularly, and at least once a year, report to the Council on its operation and activities during the year.

The report should include:

- a summary of the work the committee performed to fully discharge its responsibilities during the preceding year; and
- a summary of the Waikato District Council's progress in addressing the findings and recommendations made in internal and external audit reports, and the Auditor-General's reports (if applicable).

The committee may, at any time, report to the Chief Executive or the Council on any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Chief Executive or the Council.

**Assessment arrangements**

The chairperson of the committee will initiate a review of the performance of the committee at least once every two years and present it to the Council. This will support the committee's philosophy of continuous improvement.

**Review of Terms of Reference**

The committee will review its Terms of Reference at least once a year. This review will include consultation with the Council.

Any substantive changes to the Terms of Reference will be recommended for approval by the committee to the Council.

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### **Open Meeting**

<b>To</b>	Waikato District Council
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	8 December 2021
<b>Prepared by</b>	Gaylene Kanawa Democracy Team Leader
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1303
<b>Report Title</b>	Confirmation of Open Minutes

### **1. EXECUTIVE SUMMARY**

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To confirm the open minutes for the meeting of the Audit & Risk Committee held on Thursday, 16 September 2021.

### **2. RECOMMENDATION**

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**THAT the minutes for the meeting of Audit & Risk Committee held on Thursday, 16 September 2021 be confirmed as a true and correct record.**

### **3. ATTACHMENTS**

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Minutes – Thursday, 16 September 2021

**MINUTES** of a meeting of the Audit & Risk Committee of the Waikato District Council held via Audio Visual Conference on **THURSDAY, 16 SEPTEMBER 2021** commencing at **9.30am**.

**Present:**

Mr P Stubbs (Chairperson)  
His Worship the Mayor Mr AM Sanson [*until 9.56am*]  
Cr AD Bech  
Cr JA Church  
Cr JM Gibb  
Cr JD Sedgwick

**Attending:**

Cr L Thomson

Mr GJ Ion (Chief Executive)  
Mr TG Whittaker (Chief Operating Officer)  
Mr R MacCulloch (General Manager Service Delivery)  
Mrs S O’Gorman (General Manager Customer Support)  
Mr V Ramduny (Acting General Manager Community Growth)  
Mrs L Shirley (Zero Harm Manager)  
Ms A Diaz (Chief Financial Officer)  
Mr K Abbot (Projects and Innovation Manager)  
Mr G Mason (Innovation and Risk Manager)  
Mr M Balloch (Building Quality Manager)  
Mr C Bailey (Finance Manager)  
Ms M Russo (Corporate Planning Team Leader)  
Mrs GJ Kanawa (Democracy Team Leader)

Ms C Susan (Audit New Zealand)  
Ms K Macown (Audit New Zealand)

**APOLOGIES AND LEAVE OF ABSENCE**

**Resolved: (Mr Stubbs/Cr Bech)**

**THAT the apology from His Worship the Mayor, AM Sanson, for early departure for other Council business be received.**

**CARRIED**

**A&R2109/01**

## **CONFIRMATION OF STATUS OF AGENDA ITEMS**

**Resolved: (Mr Stubbs/Cr Sedgwick)**

**THAT the Audit & Risk Committee:**

- a) confirms the agenda for the meeting of the Audit & Risk Committee held on Thursday, 16 September 2021;
- b) agrees all items therein be considered in open meeting, with the exception of those items detailed at agenda item 8 which shall be discussed with the public excluded and item 7.2 which will be considered out of cycle; and
- c) receives all reports.

**CARRIED**

**A&R2109/02**

**Action:** Attachment for Item 7.2 was not attached to the agenda last week and only circulated to members during the meeting, therefore any feedback should be sent to the Democracy team to obtain answers between now and the December committee meeting.

## **DISCLOSURES OF INTEREST**

His Worship the Mayor and Cr Church advised members of the Committee that they would declare a conflict of interest in any discussions that arise on Waikato Wellbeing Trust, for which they were members.

Mr Stubbs advised members of the Committee that he would declare a conflict of interest as Chairman of Waikato Local Authority Shared Services.

## **CONFIRMATION OF MINUTES**

**Resolved: (Mr Stubbs/Cr Sedgwick)**

**THAT the minutes for the meeting of the Audit & Risk Committee held on Tuesday, 8 June 2021 be confirmed as a true and correct record, with the following amendment:**

- a) noting that Cr Smith is not a member of the Committee and should be put in the attendance list at the bottom with the officers (not the present list as currently indicated).

**CARRIED**

**A&R2109/03**

## **REPORTS**

### **Audit & Risk Committee Action Register for September 2021**

#### **Agenda Item 5**

The report was received [A&R2109/02] and taken as read. The following discussion was held:

- More information was requested regarding the dog pound – it was agreed that further information would be circulated to the Committee on this issue.

#### **Resolved: (Mr Stubbs/Cr Bech)**

**THAT the Audit & Risk Committee notes the updated Action Register for September 2021, and further notes there will be an out of cycle update on the dog pound issues.**

#### **CARRIED**

**A&R2109/04**

**Action:** Staff to provide an out of cycle update to the committee on the dog pound issues.

### **Chief Financial Officer Report**

#### **Agenda Item 6.1**

The report was received [A&R2109/02] and taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Website pulled together from neighbouring councils on Three Waters – need to provide caution on what is reported on that website.
- Waikato District Council had provided feedback to the Department of Internal Affairs on their proposal.
- Waikato will make a position on whether they Opt “in” or “out” of the proposal on Tuesday, 28 September 2021.

Further discussion was held as follows:

- Are there any trends that may be a risk in the future? Resourcing will be an issue but it was not raised during the lockdown period as it is difficult to recruit during these times.
- What happens if people en masse decide not to pay rates? We are receiving good sector advice from the Covid Resurgence Group and a number of councils are delaying their penalty runs, however there had been a steady stream of payments occurring even during lockdown. Good number of calls regarding why they have to pay their instalments when they can't get into the office but working through those with those customers.
- Providing the advice to customers for objections against valuation to make first instalment and once valuation resolved adjustments (if any) will be made or they are at risk of penalties arising.



**Resolved: (Mr Stubbs/Cr Bech)**

**THAT the Audit & Risk Committee notes the updates from the Chief Financial Officer.**

**CARRIED**

**A&R2109/05**

Strategic Risk Register and Emerging Risks September 2021

Agenda Item 6.2

The report was received [A&R2109/02] and taken as read. The following discussion was held:

- Could we have a heat map as to where we need to keep our attention, with the balance running as normal just being an attachment? Refer below action.
- Affordability Risk – issue around how can council maintain the services to ratepayers within their affordability (highlighted with Three Waters Reform)? Council did a deep dive on affordability risk during the workshop with KPMG in December last year – this was wording provided out of that workshop.
- Need to ensure risk mitigations are up to date – some of which are due for reporting by 1 December – need to ensure we meet any inherent risk targets.
- Significant harm is caused to workers – inherent rating is extreme and risk appetite low. Can we not do anything to work towards mitigating this risk? Yes, we are working towards this but as of now until we have a number of outcomes we are looking to deliver in plan we can't reduce the residual rating.

**Action:** Staff to look at reporting mechanisms so it highlights any issues the committee need to keep an eye on, with the balance of issues that are on track being in the large attachment report.

**Resolved: (Mr Stubbs/Cr Gibb)**

**THAT the Audit & Risk Committee notes the Strategic and Emerging Risks as outlined in the register attached to the report.**

**CARRIED**

**A&R2109/06**

His Worship the Mayor left the meeting during the above item at 9.56am.

### Risk Conversations – Building Quality

#### Agenda Item 6.3

The report was received [A&R2109/02] and taken as read. In speaking to the report the Building Quality Manager highlighted the following points:

- All non compliances had been cleared and we are working strongly toward no reoccurrence of these matters.
- Recruitment is still an issue and we are struggling to fill roles – similar issue for other councils too.

Further discussion was held as follows:

- What is the risk for not complying with inspections – pools for instance, legislatively and reputationally? If an accident does occur regarding pools, we are not liable. Responsibility lies with the pool owner, however reputationally there is a risk. However, whilst there is a shortage of materials for building sites our inspectors have been doing pool inspections, which is working towards us catching up with the backlog.
- Concern regarding burn out of team? Yes, this is always a concern and not an easy fix whilst we have gaps in positions. A number of wrap around services are being provided by the Executive Leadership Team in regard to consciously accepting timeframes are not going to be met and surveys being run promoting staff to look after their wellbeing first and foremost.
- The Chief Executive noted he met with inspectors bi-monthly and the last conversation was they felt supported and were on top of workloads.
- Does your team feel supported as they can be? Yes - more staff would help immeasurably, but symptoms of the time.

**Resolved: (Mr Stubbs/Cr Sedgwick)**

**THAT the Audit & Risk Committee notes the progress made on mitigation of risk in the Building Quality area.**

**CARRIED**

**A&R2109/07**

### Deep Dive Report – Growth

#### Agenda Item 6.4

The report was received [A&R2109/02] and taken as read. In speaking to the report the Acting General Manager, Community Growth highlighted the following points:

- Report refers to the University of Waikato 2020 growth strategy – recommendation to Council for Monday, 20 September 2020

Further discussion was held as follows:

- Note teams will continue to work on monitoring our development capacity and actual dwelling consenting as we know that we are growing across the district, so checking/ground truthing University of Waikato trends are important as we know things on the ground that they will not necessarily be aware of.
- What work is being undertaken on a sub regional or regional consideration with other councils to aggregate information to provide us with better insights about growth prospects across political boundaries? Particular workstream across councils that will provide this oversight.
- Inherent risk score assessment prior and post deep dive – dramatic reduction in risk consequence, yet our experience and pressure to deliver hard infrastructure to keep up with growth. This is the to do with the planning for infrastructure which we are able to monitor regularly and would increase the risk consequence as soon as we identified an issue.
- Consequences of growth and reputation for non-delivery – if Council had lenses focussed on customers, where is the relationship with developers to understand what is coming for the future? Very silo approach – what connectivity is there? There is a risk in the register that covers supply chain issues and risks in being unable to meet demands.
- Silo of model used needs more conversation – growth, risk and reputational issues need to have interconnectivity within report.

**Resolved: (Mr Stubbs/Cr Gibb)**

**THAT the Audit & Risk Committee confirms:**

- a) the existing risk be changed as follows - **“Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts. population and household growth not occurring in line with forecasts.”**;
- b) the current risk treatments be removed and replaced with the new risk treatments outlined in this report;
- c) the inherent and residual risk likelihood and consequence be updated as outlined in this report; and
- d) notes that staff will provide an out of cycle update on the issues raised regarding inherent risk score assessments in regard to growth and supply chain issues.

**CARRIED**

**A&R2109/08**

**Action:** Staff to provide further update out of cycle on the resolution d) above.

Tax Risk Management Update

## Agenda Item 6.5

The report was received [A&R2109/02] and taken as read. In speaking to the report the Chief Financial Officer highlighted the following point:

- Assured the committee that events that occurred with the error in the self declaration GST issues won't happen again as we have put appropriate processes in place, including peer reviews of spreadsheets and data.

**Resolved: (Mr Stubbs/Cr Church)**

**THAT the Audit & Risk Committee notes the tax risk management update.**

**CARRIED****A&R2109/09**Waikato District Council Zero Harm Update

## Agenda Item 6.6

The report was received [A&R2109/02] and taken as read. In speaking to the report the Zero Harm Manager highlighted the following points:

- Last three (3) months had been busy and the end of year performance review had been completed. This led to a new zero harm strategic plan for the new year, with changes to activities – zero harm engagement conversations which will lead to better analysis of data.
- Big achievement is 60% delivery of workplace violence situational awareness and tactical training programme, another four courses which would mean we have trained 168 people in the organisation – these have been delayed due to Covid lockdown.

Further discussion was held as follows:

- What are the areas of concern you have? Management of critical risks and making sure we implement, with haste, any controls and have robust assurance controls are in place with ongoing reviews.
- There are three critical risks – mental wellbeing, work on or near roadways and working with firearms. Trickiest issue is in regard to wellbeing – this will involve the most thought and would impact on more people across the organisation.
- Safety culture and leadership standard piece is obviously moving beyond clipboard to put ambulance at top of cliff or back from it – whole wellbeing piece of work really important – hybrid model of different workplaces or at home that create more zero harm issues.
- We are giving our people the right tools to identify/assess situations and implement controls and have developed a much more dynamic risk assessment model for staff to manage their own risk.

Would like to see trend analysis for zero harm, which categorises extreme alert as significant gap between post mitigation risk currently and appears high risk appetite.

**Resolved: (Mr Stubbs/Cr Church)**

**THAT the Audit & Risk Committee notes the Zero Harm Update.**

**CARRIED**

**A&R2109/10**

**Action:** Staff to consider providing a trend analysis portion to the report in regard to activation of mitigations across the critical risk areas to ensure we are moving downwards.

Proposed Revision of the Audit & Risk Committee Terms of Reference  
Agenda Item 6.7

The report was received [A&R2109/02] and taken as read. No discussion was held.

**Resolved: (Mr Stubbs/Cr Bech)**

**THAT the Audit & Risk Committee recommend to Council adoption of the revised Audit & Risk Committee Terms of Reference.**

**CARRIED**

**A&R2109/11**

Information and Records Audit Management Report  
Agenda Item 6.8

The report was received [A&R2109/02] and taken as read. No discussion was held.

**Resolved: (Mr Stubbs/Cr Gibb)**

**THAT the Audit & Risk Committee notes the Information & Records Management Audit report recommendations as listed in the report.**

**CARRIED**

**A&R2109/12**

### Audit and Risk Committee Key Achievements

#### Agenda Item 6.9

The report was received [A&R2109/02] and taken as read. In speaking to the report the Deputy Chair, Cr Gibb highlighted the following points:

- Staff had taken on any suggestions and provided good guidance for which the committee appreciates and is proud of where they had taken us.
- Need to consider a scale of starting point, guidance on where we need to go and how to achieve our targets – noting this is in the terms of reference regarding the maturity of the committee over time.
- Keep remainder of councillors connected to what is occurring at this committee.
- Tighter focus and brevity which allows time and space for the committee to provide overview and oversight without getting bogged down in paperwork.
- Chair would like to caucus with members from time to time to land a series of benchmarks that we can focus on.

#### **Resolved: (Mr Stubbs/Cr Gibb)**

**THAT the Audit & Risk Committee notes the progress made in several areas in the 2020/21 financial year and that activities undertaken met all requirements outlined in the Audit & Risk Committees Terms of Reference.**

#### **CARRIED**

**A&R2109/13**

### 2020-21 Annual Report

#### Agenda Item 6.10

The report was received [A&R2109/02] and taken as read. In speaking to the report the Finance Manager highlighted the following points:

- In relation to annual report – the Chair advised he was not sufficiently qualified to make an opinion on financial statements for the annual report. It was noted that the actual report and risk related to the financial statements would not be attached in future.
- The Chair enjoyed the opportunity to learn and read about the district.
- Executive summary on how we are performing to be placed at the beginning of financial statements to say how we are actually doing for those who don't understand the detailed financials.
- Need to reference that \$11.34million was actually our share of the \$761million noted on page 17 of the annual report – it was noted that this had been noted further on in the document.
- Downer / Cushman Wakefield contracts had recently been rolled over or renewed – very early on with both of these so audit of performance at this stage but will be done on regular basis going forward.

- The review deadline for the Alliance contract is December. A lot of work had been done on what demonstrates performance.
- It was noted capital expenditure deficits are funded by debt and recovered over time from Development Contributions and Agreements.
- Business units are growing less than national average – need to refer to growth team.
- Graphic on general rate funding for water and refuse could be seen as misleading as it doesn't account for targeted rates that also fund these services – perhaps we need to look at this in the future.
- Perhaps breakdowns on how we spend other targeted rates district wide needs to be looked at for next year also.

**Resolved: (Mr Stubbs/Cr Bech)**

**THAT:**

- a) subject to receiving final clearance from Audit New Zealand, the Audit & Risk Committee recommends to Council the adoption of the Annual Report 2020/21 (as attached to the staff report) from a risk perspective; and
- b) improvements to the Annual Report process be captured, with progress on actions being reported to the March 2022 Audit & Risk Committee meeting.

**CARRIED**

**A&R2109/14**

**Actions:** Growth team to provide further information regarding why business units in the Waikato are growing less than the national average and what risks arise from this.

Breakdowns for how we spend targeted rates should be included with how we spend general rates for future years.

Final Audit Management Report for the Long-Term Plan 2021-31  
Agenda Item 6.11

The report was received [A&R2109/02] and taken as read. No discussion was held.

**Resolved: (Mr Stubbs/Cr Gibb)**

**THAT the Audit & Risk Committee notes the final Audit Management Report for the Long-Term Plan 2021-31.**

**CARRIED**

**A&R2109/15**

Quality and Governance Assurance Update – September 2021  
Agenda Item 7.1

The report was received [A&R2109/02] and taken as read. No discussion was held.

**Resolved: (Mr Stubbs/Cr Bech)**

**THAT the Audit & Risk Committee notes the Quality and Governance Assurance update for September 2021.**

**CARRIED**

**A&R2109/16**

Updated Future Work Plan  
Agenda Item 7.2

The report was received [A&R2109/02] and taken as read. In speaking to the report, the Chief Operating Officer highlighted the following points:

- It was noted that the work programme was not provided until the meeting, questions to be forwarded to Democracy team who will forward to the team for response.

**Actions:** Committee members to provide any questions to the Democracy Team who will forward to staff for response.

Register of Interests – Elected and Appointed Members  
Agenda Item 7.3

The report was received [A&R2109/02] and taken as read. No discussion was held.

**Resolved: (Mr Stubbs/Cr Church)**

**THAT the Audit & Risk Committee notes the registers of interests.**

**CARRIED**

**A&R2109/17**



**EXCLUSION OF THE PUBLIC**

Agenda Item 8

**Resolved: (Mr Stubbs/Cr Bech)**

- a) **THAT** the public be excluded from the following parts of the proceedings of this meeting.

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 are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item number 1 Confirmation of Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item number 2 Action Register		
Item number 3.1 Fraud Declaration		
Item number 3.2 Register of Members' Interests – Staff		
Item number 3.3 Application Landscape and Associated Risks		
Item number 3.4 Committee time with Audit NZ (management excluded)		

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:

<b>Item No.</b>	<b>Section</b>	<b>Interest</b>
<b>Item 1 Confirmation of Minutes</b>		<b>Refer to the previous Public Excluded reason in the agenda for this meeting.</b>
<b>Item 2 Action Register</b>		<b>Refer to the previous Public Excluded reason in the agenda for this meeting.</b>
<b>Item 3.1 Fraud Declaration</b>	<b>7(2)(a)</b>	<b>To protect the privacy of natural persons, including that of deceased natural persons.</b>
	<b>7(2)(c)(ii)</b>	<b>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.</b>
<b>Item number 3.2 Register of Members' Interests – Staff</b>	<b>7(2)(a)</b>	<b>To protect the privacy of natural persons, including that of deceased natural persons.</b>
<b>Item number 3.3 Application Landscape and Associated Risks</b>	<b>7(2)(b)</b>	<b>Protect information where the making available of the information:  (i) would disclose a trade secret, or (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or</b>
	<b>7(2)(e)</b>	<b>Avoid prejudice to measures that prevent or mitigate material loss to members of the public; or</b>
	<b>7(2)(j)</b>	<b>Prevent the disclosure or use of official information for improper gain or improper advantage.</b>
<b>Item number 3.4 Committee time with Audit NZ (management excluded)</b>	<b>7(2)(c)(ii)</b>	<b>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.</b>

- b) **THAT Mr Susan and Ms Macown from Audit NZ be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.**

**CARRIED**

**A&R2109/18**

*Resolutions A&R2109/19 – A&R2109/24 are contained in the public excluded section of these minutes.*

Having resumed open meeting and there being no further business the meeting was declared closed at 11.45am.

Minutes approved and confirmed this                      day of                      2021.

Mr P Stubbs  
**CHAIRPERSON**

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### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	06 December 2021
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Audit & Risk Committee Action Register – December 2021

## **1. EXECUTIVE SUMMARY**

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The purpose of this report is to present an updated Audit & Risk Committee Action Register for the Committee's information.

## **2. RECOMMENDATION**

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**THAT the Action Register for December 2021 be received.**

## **3. ATTACHMENTS**

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- Audit & Risk Committee Action Register – December 2021

**Audit & Risk Committee: Action Register – December 2021**

#	Action	Owner	Date Assigned	Date Due	Status
1	<b>Chief Financial Officer Report</b> Staff to update the Audit & Risk Committee regarding Kainga Ora risks.	Chief Financial Officer	June 2021	September 2021	Waikato District Council and Kainga Ora did not sign an agreement or memorandum of understanding. WDC presented a remit to the Local Government NZ conference in July 2021, which was endorsed by the requisite number of councils, which looked to investigate and agree with the relevant government departments on where any potential risk from Kainga Ora builds would reside. We have not at this stage had any update on progress from this. With respect to Kainga Ora building in the Waikato, Council staff are continuing to process and issue their building consents. We have not experienced any loss of staff to Kainga Ora in recent times so believe that the risk is not high now.
2	<b>Audit &amp; Risk Committee Action Register for September 2021</b> Staff to provide an out of cycle update to the committee on the dog pound issues.	General Manager Customer Support	September 2021	September 2021	Complete. Circulated via email 17 September 2021.
3	<b>Strategic Risk Register and Emerging Risks September 2021</b> Staff to look at reporting mechanisms so it highlights any issues the committee need to keep an eye on, with the balance of issues that are on track being in the large attachment report.	Risk Advisor	September 2021	December 2021	Dashboard provided for key strategic risks comparing residual risk to risk appetite. We have trialled a trending dashboard for Zero Harm which we could consider rolling out to other risks if considered useful by the Committee.
4	<b>Deep Dive Report – Growth</b> Staff to provide further update out of cycle on the resolution d) above: <i>d) notes that staff will provide an out of cycle update on the issues raised regarding inherent risk score assessments in regard to growth and supply chain issues.</i>	Strategic Projects Manager	September 2021	December 2021	Complete. Circulated via email 04 November 2021. Follow up provided 30 November.

#	Action	Owner	Date Assigned	Date Due	Status
5	<p><b>Waikato District Council Zero Harm Update</b></p> <p>Staff to consider providing a trend analysis portion to the report in regard to activation of mitigations across the critical risk areas to ensure we are moving downwards.</p>	Zero Harm Manager	September 2021	December 2021	Complete. Included in reporting this month.
6	<p><b>2020-21 Annual Report</b></p> <p>Growth team to provide further information regarding why business units in the Waikato are growing less than the national average and what risks arise from this. Breakdowns for how we spend targeted rates should be included with how we spend general rates for future years.</p>	General Manager Community Growth	September 2021	December 2021	Complete. Refer above.
7	<p><b>Audit &amp; Risk Committee Maturity</b></p> <p>Chair to think about measurement of progress re: effectiveness and maturity of committee.</p>	Chair / Chief Operating Officer	September 2021	December 2021	The Chair and Chief Operating Officer have contacted KPMG to explore ways to achieve this. This action is in progress.
8	<p><b>Audit &amp; Risk Committee Focus</b></p> <p>Chair driving brevity – focus on critical risks and assurance.</p>	Chair / Chief Operating Officer	September 2021	December 2021	This is work in progress. Staff would appreciate feedback on this agenda.

### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Alison Diaz Chief Financial Officer
<b>Date</b>	6 December 2021
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318/ 3310309
<b>Report Title</b>	Chief Financial Officer Report

## **I. EXECUTIVE SUMMARY**

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This report aims to keep the Audit & Risk Committee abreast of risks and issues that could impact council and its stakeholders from a financial perspective. Brief updates are included for insurance and legal compliance matters.

### **Vaccination Policy**

With Covid-19 having established itself within the community in New Zealand, the alert level system that focused on eliminating the virus, has recently been replaced with the Covid-19 protection framework (or traffic lights). Notably, achieving a high rate of vaccination triggered the move to the traffic light system which aims to minimise the spread of the virus and keep hospitalisations as low as possible by flexing various protection measures.

As a person conducting a business or undertaking (PCBU), Council has a primary duty of care to look after the health and safety of its workers and any other workers that we influence or direct. Until vaccinations were available, staff and contractor safety was managed by following the Ministry of Health guidelines requiring social distancing and hygiene related controls, with the main tool in the toolbox being the closure of our facilities and enforced working from home. Under the traffic light system, the country will no longer place restrictions on movement and as such keeping our staff and contractors safe will become more difficult.

At the time of writing this report, consultation on a proposed staff vaccination policy has closed, and the Executive Team are working through the survey results and the feedback.

A role-based risk assessment exercise was undertaken to establish the proposed policy statements for consultation.

The risk of exposure to covid, along with business continuity risk placed all assessed roles as having moderate to extreme inherent risk. And while existing mitigations would assist in reducing levels of risk, to enable us to meet the low level of zero-harm risk appetite the two most effective treatments are full vaccination or permanent work from home.

Of 360 staff anonymously surveyed (excludes campground staff), 306 indicated they were vaccinated or intended to be vaccinated, 12 did not disclose their vaccination status and 14 indicated they did not want/intend to be vaccinated.

Assuming the non-disclosures and the remaining 28 staff who did not respond to the survey were also not vaccinated, 15% of the workforce would not currently comply with the proposed policy.

Council is also forming a view on whether council facilities (offices, libraries, pools etc.) should be restricted to customers with a vaccine pass. A decision is expected at the 13 December Council meeting.

While most policy impacts fall outside of financial considerations, (i.e., people impact – staff wellbeing, potential job loss, perceived lack of access to public services etc.) some of the financial pressure points of a fully vaccinated stance for council staff, contractors and access to facilities could be:

- Increased security costs
- Purchase of IT equipment to support vaccine pass scanning
- Establishment costs to support click and collect services – resources/equipment
- Rates disputes and/or non-payment of rates due to perceived loss of council services
- Possible legal challenge and related costs
- Higher short-term employment-related costs, e.g., costs to support staff through the process, possible backfill of roles with consultants, higher staff turnover etc.
- Possible loss of council knowledge leading to re-work or process delays

### **Resource Management Act amendment**

The Resource Management (enabling housing supply and other matters) Amendment Bill was introduced to Parliament on 19 October. The Bill was referred to the Environment committee and submissions closed on the 16 November. Controversially, the bill is expected to move through the parliamentary process in just five weeks with Labour and the National party supporting the bill, and Act in opposition. The proposed amendments aim to accelerate housing supply by removing resource consent requirements for urban intensification.

The Bill provides for:

- Moving the National Policy Statement on Urban Development (NPS-UD) implementation timeframes forward from 2024 to August 2023
- Default settings for Tier 1 councils to allow three dwellings per section, or an apartment up to three stories high without resource consent (building code of compliance still needed). These standards would be classified as medium density with the related intensification planning instruments to be notified by councils by 20 August 2022

From a financial perspective the Bill appears divorced from the realities of infrastructure constraints, such as the planning, regional consenting, construction, and funding that will be required to support earlier supply. Given the three waters reform work has highlighted the country's current infrastructure challenges it seems ill conceived to expect councils to be able to respond to this government directive.

The intensification planning instruments, and speed of the NPS-UD implementation is likely to escalate short-term costs as councils will need to use consultants to progress the work. These costs will be borne by ratepayers rather than the developers who will ultimately profit from the legislative change.



## Other items for noting

### Insurance renewal

The renewal process is now complete and the full renewal report from Aon New Zealand Limited will be distributed via email once available. The largest increase in premium this year related to Cyber Security cover, where the premium has doubled. This particular risk is likely to become uninsurable over time as it is not an 'if' but a 'when' scenario in terms of occurrence. The initial approach to the market required further negotiations via Aon to secure cover and accept an each and every claim deductible of \$100,000.

### ComplyWith legal compliance survey

In November, Council carried out an online legal compliance survey using the ComplyWith legal compliance tool. There was a high level of engagement, with 96/98 people from various parts of the business completing the survey within the allocated two-week period. The survey covered the previous 6-month period (1 May to 31 October 2021).

There were 114 compliance issues reported out of 2497 responses (5%). Of these:

- 34 related to Health and Safety;
- 15 related to managing information (including Local Government Official Information and Meetings Act and privacy obligations);
- 11 related to Local Government Act obligations;
- 6 related to delegations;
- 6 related to employment; and
- 6 related to Council buildings and evacuation schemes.

Compliance issues were reported across several regulatory and enforcement areas, particularly relating to timeframes. Where non-compliances are reported, corrective actions are assigned in the ComplyWith tool and tracked with notifications until the matter is resolved.

Further detail on the survey results will be shared with the Audit & Risk Committee in March 2022.

## 2. RECOMMENDATION

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**THAT the report from the Chief Financial Officer be received.**

## 3. ATTACHMENTS

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Nil

### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	30 November 2021
<b>Prepared by</b>	Katja Jenkins Risk Advisor
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 3307649
<b>Report Title</b>	Strategic Risk Register and Emerging Risks December 2021

## **1. EXECUTIVE SUMMARY**

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This report details:

- Strategic Risk update (gap analysis).
- Emerging Risks.

## **2. RECOMMENDATION**

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**THAT the Strategic Risk Register and Emerging Risks report for December 2021 be received.**

## **3. STRATEGIC RISK GAP ANALYSIS**

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Waikato District Council is managing eleven Strategic Risks. The full Strategic Risk Register is reviewed annually to ensure the risks remain current in the strategic context. The next review is on 16 December 2021. Post review, a copy of the full amended register, including all identified mitigations, will be provided to the Audit and Risk Committee (“the Committee”).

Tables 1 and 2 (below) summarise the current Strategic risks and their alignment with Councils Risk Appetite. This quarter:

- Six risks are assessed to be outside of Councils Risk Appetite.
- Five risks are within appetite.

Table I. The Strategic Risks documented below are assessed to be outside of Councils Risk Appetite.

Key	Title	Inherent Rating	Residual Rating	Risk Appetite	Comment
R00184	Zero Harm: Significant harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance/ management of shared health and safety responsibilities with other PCBUs.	Extreme	High	Low	Quantitative assessment of risk mitigations has been implemented to determine residual risk. The implementation of the “Comply With” system has reduced the residual risk from <b>Extreme</b> to <b>High</b> . A timeline for ongoing reduction is included in the Zero Harm Report.
R00185	Asset Management: Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.	Extreme	High	Low	No change.
R00128	Cyber Security: Council is exposed to significant business disruption caused by unauthorized access or damage to privileged information and or reduced data integrity resulting from cyber-attack or employee behaviour (externally or internally initiated).	Extreme	High	Moderate	No change. See Cyber Security update in section 4 of this report.
R00189	Regional & National Strategic Planning & Legislative Reform: Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.	High	Moderate	Low	No change. See update in section 5 of this report.
R00233	Community Expectations: Waikato District Council fails to meet key community expectations associated with the capital works program (and other key plans) as the result of failed processes, systems or due to a lack of capability.	Extreme	High	Moderate	Work to determine mitigation effectiveness has been completed; residual risk is assessed as high. Going forward, some quantitative evaluation will be included to inform the residual risk using the quarterly customer satisfaction survey.
R00235	Affordability Waikato District Council is unable to deliver key community infrastructure and services due to insufficient funding streams.	Extreme	High	Moderate	No Change.

Table 2. The Strategic Risks documented below are assessed to be within Councils Risk Appetite.

Key	Title	Inherent Rating	Residual Rating	Risk Appetite	Comment
R00230	Growth: Council experiences significant business, financial and community disruption as the result of population and household growth not occurring in line with forecasts.	High	Moderate	High	As per recommendations (Deep Dive Report September 2021), residual risk has been reduced from High to Moderate.
R00190	People & Culture: Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.	High	Moderate	Moderate	This risk is being closely monitored due to activity associated with COVID-19.
R00053	Business Resilience: Business function is significantly disrupted due to a lack of organisational resilience.	Extreme	Moderate	Moderate	This risk continues to be closely monitored due to activity associated with COVID-19.
R00234	Climate Resilience: Waikato District Council is exposed to litigation or financial impact as the result of failing to meet legislative requirements associated with emissions reduction.	Extreme	High	High	Recruitment for a dedicated resource to oversee the Climate Resilience Action Plan is complete; Senior Advisor -Climate Action. Having this role operational reduces the risk by ensuring appropriate monitoring and communication of emissions reduction requirements along with progression of existing risk mitigation actions outlined in the plan.
R00188	Economic & Social Development: Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.	High	Moderate	Moderate	No change.

#### 4. STRATEGIC RISK ACTIVITY UPDATE

Table 3 (below) summarises strategic risk treatments requiring action.

Risk	Treatment Summary	Status	Comment
Asset Management	MC00162: Activity Management Policy	Overdue	Treatment Owner notified
Asset Management	MC00527: Resource Asset Management Team	Overdue	Treatment Owner notified
People & Culture	MC00476: Organisational Change Program: Role of Change Manager	Non-Compliant	This treatment is not in place. It is currently under review.

#### Cyber Security Update

Council has successfully renewed its Cyber Insurance with AON. For the year coming however Council will have an increased premium and reduced cover. AON have indicated improvements required to secure cover in the future. These are addressed through the Cyber Security Maturity Improvement plan (presented to the Committee in June 2021).

The National Cyber Security Centre has release updated guidance on the ten best practices to combat ransomware. The guidance aligns to and reconfirms the prioritised initiatives in Councils Cyber Security Maturity Improvement plan 2020/21. These initiatives are being progressed but until they are delivered Council is managing residual risk higher than its risk appetite. Council is currently accepting of this given the strong work programme it has in place and Management is working on revised resourcing plans to accelerate deferred initiatives.

Below is a RAG status summary of 2020/21 prioritised initiatives (Red = At Risk, Amber = Monitor, Green = Progressing to plan):

Initiative	RAG	Notes
Exchange Online and Advance Threat Protection solution (12 month project).	R	Paused due to resource constraints, to commence in Feb 2022
Security & Privacy training for all staff. Phishing Surveys to enable targeted training	A	Planned to commence in Feb 2022
Lifecycle updates to remove end-of-life technology risk.	G	In Progress. Risk to be managed down over 12 months.
Implementing borderless (Zero Trust) protection (4 month project).	G	Underway scheduled to be implemented Dec-21 and Feb-22.
Update & Test of council Business Continuity Plan & Disaster Recovery Plan, including underpinning internal & vendor plans.	R	Council Wide BCP progressing & planned to be completed in Feb. IM component to commence in March-22.
Expansion of the security forums & advisories which inform the council to include InfoTech.	G	Completed & ongoing.
Collaboration with other councils in our region to establish a standardised Security Incident Response Plan.	G	Underway, Incident Response Plan and Playbook developed.

## **5. EMERGING RISKS**

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The emerging risks outlined below are considered unstable. They are therefore the key areas requiring Committee oversight:

### **1. Pandemic Response**

Council's Incident Management Team ("IMT") continue to respond to and monitor the impact of COVID-19. During November the IMT conducted COVID-19 exposure risk assessments across all business units. Outcomes from the assessments, recommendations from the subsequent assessment report, and from the employee consultation process, will inform policy decisions associated with exposure and transmission mitigations.

### **2. Significant Government Reform**

Council continues to monitor the progression of the key areas of reform. During November this included Council receiving a presentation from the Ministry of Business, Innovation and Employment ("MBIE") to support development of its submission, due 20 December 2021.

High levels of uncertainty associated with significant reforms is expected to continue over the next twelve to twenty-four months.

### **3. Climate Change**

Outcomes the United Nations Climate Change Conference ("COP26") could impact Local Governments responsibilities associated with meeting Climate Change targets. Specific areas for consideration include the potential impact on local industry e.g. consents associated with the provision or use of fossil fuels, economic impacts of methane reduction, and emissions reporting requirements. Council needs to develop a strong understanding of the potential cross organisational impacts and its ability to respond to associated disruption. Having said that Council does have a Climate change action plan in place.

## **6. CONCLUSION**

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Changes to inherent and residual risk is being monitored and reported. The December review of the full Strategic Register will facilitate conversation between Council and Management to ensure the register is appropriate for the upcoming twelve months.

## **7. ATTACHMENTS**

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Nil

### **Open Meeting**

<b>To</b>	Audit and Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	29 November 2021
<b>Prepared by</b>	Katja Jenkins Risk Advisor
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 3307648
<b>Report Title</b>	Risk Management Framework Review 2021

## **I. EXECUTIVE SUMMARY**

Waikato District Council’s (“Council”) Risk Management Framework (“RMF”) is reviewed annually to ensure it remains current and aligned with best practice. The RMF is based on the International Standard ISO3100. The latest updates are consistent with ISO3100:2018 (which cancels and replaces ISO3100:2009).

Key changes in the 2018 edition of the standard include:

- Review of the principles of risk management
- Highlighting leadership and integration of risk management, starting with governance
- Greater emphasis on the nature of risk management, noting that continuous improvement may lead to revision at each stage of the process
- Streamlining of content with focus on sustaining a customisable model

To meet the new requirements a significant overhaul of the RMF was required; Appendix I: Risk Management Framework v9.0 DRAFT 2021. Key changes include:

- Streamlined content which refers users to the existing detailed processes and guides
- Inclusions which consider the organisations context and internal culture
- Highlighting integration of risk management into business activities
- Emphasis on a consistent process-based approach to risk management, keeping in mind the need to be flexible and adaptable at each stage of the risk management process
- Stronger focus on the role of Leadership and the existing governance structure

Appendix I is the proposed updated Risk Management Framework. Because this is so significantly different to the previous version of the framework (as that version was prepared based on the 2009 standard) a tracked changes version was complex and hence has not been included. A copy of the previous version of the framework and the ISO Standard can be made available to members if they wish to analyse or make comparisons.

## **2. RECOMMENDATION**

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**THAT the Audit and Risk Committee:**

- a) receives the **Risk Management Framework Review 2021**; and
- b) approves the **Risk Management Framework V9.0**.

## **3. ATTACHMENTS**

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Appendix I: A – ARC - DRAFT Risk Management Policy V9.0 2021



# Risk Management Framework

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## Background

The Waikato District Council's vision is to create liveable, thriving, and connected communities. To do this it works in partnership with other councils, local and central government agencies, and a wide range of other organisations as well as with the community. Activities are funded by rates as well as other funding sources and initiatives. Activities include developing and actioning plans, policies, and bylaws to direct and manage resources effectively, and providing a wide range of services and facilities to residents and visitors.

The Waikato District Council's core activities and its operating environment means it is exposed to a wide range of varied risks in pursuit of its objectives. It has large and diverse groups of public and private external stakeholders who scrutinise its performance. The Waikato District Council is committed to proactively addressing its risks to enable it to meet its goals and has adopted a Risk Management Framework to systematically identify, assess, manage, and monitor risks at all levels of organisation.

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## Revision History

Action	Approval Body	Date Amended	ECM Set #
Framework developed	ELT, Council	September 2008	546997
Initial Review	ELT	March 2013	
Annual Review	Audit & Risk Committee	September 2018	
Annual Review	Audit & Risk Committee	June 2019	
Annual Review	Nil	June 2020	
Annual Review	Audit & Risk Committee	December 2021	

## 1.0 Introduction

The purpose of this document is to outline processes that assist the organisation to integrate risk management into all its activities and functions to improve performance, encourage innovation and support the achievement of objectives. The processes provide **an expected standard** of risk management and are designed to support all business units to identify, record, and actively manage risks in their areas of responsibility.

Waikato District Council’s approach to risk management, through its Risk Management Framework, is modelled on the International Standard ISO3100:2018. The Risk Management Framework is reviewed annually to assess its performance, to ensure it meets best practice requirements, and to ensure it remains fit for purpose. The Risk Management Framework supports and feeds into Waikato District Councils:

- Risk Appetite Statements
- Organisational Risk Register
- Risk Culture and Maturity Programme

## 2.0 Definitions

<b>Consequence</b>	The outcome of an event which impacts an objective either positively or negatively. The consequence may be expressed qualitatively or quantitatively.
<b>Council</b>	The Waikato District Council Elected Members.
<b>Inherent Risk</b>	The initial assessment of the risk without considering to treatments (controls).
<b>Likelihood</b>	The probability of occurrence
<b>Operational Risks</b>	Risks connected with internal resources, systems, processes, and employees.
<b>Opportunity</b>	A potential action associated with an existing risk or that could result in new risks
<b>Organisational Risk Register (“ORR”)</b>	A risk register containing the key risks faced by the organisation. It is informed by the organisations objectives and supplemented by risk registers developed at the operational and project level.

<b>Project Risks</b>	Risk specific to the scope of a project. They are often unique in nature and usually exist only for the duration of the project.
<b>Promapp</b>	Waikato District Councils central risk repository system.
<b>Residual Risk</b>	The level of risk left after implementing treatments.
<b>Risk</b>	The effect of uncertainty on objectives. Risks can be positive, negative, or both. Risks can address, create, or result in opportunities and threats.
<b>Risk Appetite</b>	The level of risk that the Council is willing to take to achieve its objectives. Risk Appetite is expressed in Risk Appetite Statements.
<b>Risk Assessment</b>	The process of identifying and assessing the potential impact of risks.
<b>Risk Advisor</b>	Waikato District Council role responsible for coordinating the Risk Culture and Maturity Programme and accountable for administration and progression of the ORR.
<b>Risk Culture</b>	Waikato District Councils shared, values, beliefs, knowledge, and understanding of risk management.
<b>Risk Level</b>	Risks are identified and managed at different levels within the organisation; Strategic, Operational and Project.
<b>Risk Management</b>	The process of coordinated activities and structures that are directed towards managing uncertainty.
<b>Risk Owner</b>	A person assigned to manage a risk due to knowledge, accountability, and/or authority.
<b>Risk Portfolio</b>	A risk consequence category aligned with the organisation's objectives.
<b>Risk Register</b>	A document/application containing a record of identified risks and management actions.
<b>Risk Treatment/Control</b>	A measure that maintains or modifies risk e.g. existing processes, policies, practices, or other actions that act as mitigations or contingencies to minimize negative risks.
<b>Strategic Risks</b>	Risks, caused by external and or internal events, that have potential to have significant impact on the achievement of organisational objectives. These risks are the focus of Council, through its Audit and Risk Committee.
<b>Waikato District Council ("WDC")</b>	The Waikato District Council as an organisation

### 3.0 Risk Management Framework Objective

The Waikato District Councils objectives for applying effective risk management are to:

1. Identify and manage existing, emerging, and future risks in a planned and coordinated manner.
2. Develop a “**risk aware**” culture that encourages all staff to identify risks and associated opportunities as part of their business-as-usual activities
3. Create a standardised central risk repository that provides transparency of Councils risk management activity
4. Improve achievement of Council’s vision, values, and strategies

The Executive Leadership Team (“ELT”) is accountable for managing risk. The ELT actively seeks to understand the range and the priority of risks that need to be managed by the organisation.

### 4.0 Risk Management Strategies

The Waikato District Council takes an integrated approach to risk management using the “Three Lines of Defense” model ([Appendix A: Three Lines of Defence](#)). The three lines of defence are described as:

1. Functions managing individual risks e.g. management controls, internal controls
2. Functions overseeing risks e.g., Risk, Compliance and Financial functions
3. Functions providing independent assurance e.g., Internal Audit

Within the three lines of defence there are five control options available:

1. Retain the risk; make a conscious decision to not take any action
2. Mitigate the risk; take some actions to minimize its likelihood and or consequence (using treatments)
3. Transfer the risk; moving the responsibility for the risk to another individual or organisation; for example by outsourcing the activity
4. Finance the risk; insure against it
5. Eliminate the risk; cease to perform the activity or use alternatives to achieve the same outcome.

Examples of controls include policies, processes, strategies, systems, plans, activities, and actions.

### 5.0 Risk Governance

Managing risk is part of governance and leadership and is fundamental to how the organisation is managed at all levels. The mandate for the Risk Management Framework comes from the ELT and Council, through its Audit and Risk Committee (“ARC”). ELT and ARC provide continuous engagement and support with the aim to enable successful integration of risk management practices.

The following table (Table 1: Waikato District Councils Risk Management Governance Structure) documents key roles and delegated responsibilities within the structure. These roles and responsibilities ensure ongoing implementation of the risk management framework.

Table 1: Waikato District Councils Risk Management Governance Structure

GROUP / TITLE	ROLE & RESPONSIBILITIES
Council	Governance oversight for risk management and legal compliance at Waikato District Council
Audit & Risk Committee	<p>Acts as the sponsor for risk management with specific responsibility to provide external, independent perspectives to the risks, issues, and challenges faced by Waikato District Council. This includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• Determination of organisational Risk Appetite (captured in the Risk Appetite Statement)</li> <li>• Review of organisations risk profile via the organisations risk register (ORR)</li> <li>• Review of risk treatment plans associated with the ORR</li> <li>• Review of how unacceptable risks should be managed including the costs and benefits of treatment plans</li> <li>• Review of the effectiveness of the risk management process</li> </ul>
Executive Leadership Team	<p>Demonstrates leadership and commitment by ensuring risk management is integrated into all organisational activities. This includes:</p> <ul style="list-style-type: none"> <li>• Leading the progression and promotion of an appropriate organisation wide risk culture</li> <li>• Ensuring risk management activity is appropriately resourced</li> <li>• Issuing a policy that establishes a risk management approach</li> <li>• Assigning authority, responsibility, and accountability at appropriate levels</li> <li>• Identifying, assessing, managing, and monitoring strategic risk</li> </ul>
Risk Advisor	Champions risk management processes including responsibility for the progression of the Risk Management Framework. Supports the delivery of the Risk Culture and Maturity Programme. Administrates risk management systems and maintenance of the ORR.
Project Sponsors & Project Managers	Responsible for application of the Risk Management Framework at the project level; including proactive escalation and reporting of key project risks to Governance.
People Leaders	Responsible for application of the Risk Management Framework at the operational level; including proactive escalation and reporting of risk to Senior Management and for promoting appropriate risk culture within teams and business units.
All Staff	Responsible for application of the Risk Management Framework at the operational level; including proactive escalation and reporting of risk to People Leaders and for engaging with Waikato District Councils Risk Culture and Maturity Programme initiatives.

## 6.0 Risk Management Process

The Waikato District Council has implemented processes by which strategic, operational and project risks are identified, assessed, managed, and reported to ELT and to Council through the Audit and Risk Committee. The processes align with the International Standard: Risk Management – Principles and Guidelines: ISO 31000:2018.

An overview of the risk management components is shown in [Appendix B: Risk Management Process](#), and summarised in sections 6.4 and 6.5 of this document. Detailed process steps and guides are available in Promapp. They are reviewed annually as part of the Waikato District Council’s internal audit programme.

Links to the Promapp processes are included in the [resources](#) section of this document.

## 6.1 Record and Report Risk

The Waikato District Council maintains an [Organisational Risk Register](#) (“ORR”) in Promapp (the organisations central risk repository system). The ORR documents key strategic and operational risks and is informed by the organisation’s objectives. It aligns with the risk identification and assessment processes outlined in the Risk Management Framework and is a key tool for integrated business planning. The register is reviewed annually and reported quarterly to the Audit and Risk Committee.

Project risks are captured in CAMMs Project (the organisations central project management system) and reported monthly to the Waikato District Councils Project Governance Group (“PGG”).

People Leaders may also create team-based risks registers to add value, efficiency, and transparency to their daily business activities. These are maintained at the team level and recorded in Waikato District Councils central document storage system (“ECM”). They may be reported to the ELT or the Audit and Risk Committee as part of assurance exercises or in the event of escalation.

The follow table (Table 2: Risk Reporting Schedules) outlines the periodic communication of risk information:

Table 2: Risk Reporting Schedules

Report to	Period	Content
Council	Annually (start of financial year)	Report to council on <b>strategic level risks</b> facing the organisation. Full status report with information on current or revised strategic level risk profile, treatment plans in place, effectiveness of treatment plans, audit history of treatment plans, and risk management tools.
	6 monthly	Report to council on trends of strategic risks, any changes to <b>strategic risk profile</b> , management of risk profile, and any <b>emerging risks</b> .
Audit & Risk committee	Quarterly	<b>Strategic risks</b> , and <b>key operational</b> and <b>project risks</b> . Effectiveness of risk treatment plans, risk trends, and emerging risks.
Executive Leadership Team	Monthly	Overview of <b>strategic risk profile</b> , <b>key operational</b> and <b>project risks</b> . Effectiveness and priority of risk treatment plans, risk trends, new and emerging risks, and organisational risk activity (engagement).
Business Unit Mangers	Monthly	<b>Operational risks</b> , management plans, and emerging risks. Risks may be escalated to Senior Management and ELT.
Project Sponsors	Monthly	<b>Project risks</b> , management plans, and emerging risks. Risk may be escalated to the PGG.

## 6.2 Establish Risk Scope and Context

Risks are identified and managed at three levels: Strategic, Operational and Project level. Within the Risk Management process group in Promapp, each level has a corresponding process. An overarching process, called “Identifying Risk” describes how to establish scope and context at each level. Considerations include:

- Objectives and decision-making requirements
- Outcomes sought
- Time, location, and specific inclusions and exclusions
- Resources, responsibilities, and record keeping requirements
- Relationships with other activities, processes, and projects
- The operating environment (internal and external)
- Links to Waikato District Councils vision, values, and goals

### 6.3 Risk Management Criteria

The Waikato District Council takes a consistent approach to evaluating the significance of risk to support decision making. The approach includes defined criteria for categorising and assessing risk and for communicating how much risk the organisation is willing to take. The detailed criteria are recorded in the Risk Management Likelihood and Consequence Guide (Matrix) and in Waikato District Councils Risk Appetite Statements, stored in Promapp. Links can be found in the [resources](#) section of this document.

#### 6.3.1 Risk Portfolios

The Waikato District Council has eight risk portfolios with corresponding consequence descriptors:

- Business Continuity
- People
- Financial
- Reputation and Image
- Compliance and Regulatory
- Environmental
- Political and Strategic
- Technical

The portfolios outline risk consequence categories with Waikato District Councils objectives.

#### 6.3.2 Risk Management Likelihood and Consequence Guide

The Waikato District Council Risk Management Likelihood and Consequence Guide includes likelihood (probability) and consequence (impact) ratings. Descriptors are provided to assist users to evaluate identified risks using the ratings. A risk score is determined by multiplying the Likelihood and Consequence ratings using the Risk Matrix included in the guide (Table 3: Risk Matrix).

Table 3: Risk Matrix

<b>LIKELIHOOD</b>	Almost Certain (5)	Low (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
	Likely (4)	Low (4)	Moderate (8)	High (12)	High(16)	Extreme (20)
	Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
	Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
<b>CONSEQUENCE</b>						

#### 6.3.3 Risk Appetite

**Risk appetite** is the conscious decision about which risks, and how much of each, the Waikato District Council is willing to accept to achieve its objectives. It reflects the business model, risk capacity, internal risk management capabilities and the culture of the organisation. Appetite for risk is influenced by several factors including the local, national, and global business environment, internal culture, community needs and wants, business systems, and policies.

Waikato District Councils risk appetite statements provide guidance on the nature and degree of risks that can be taken to achieve desired outcomes at the strategic, operational and project level.

## 6.4 Risk Profiling

High level risk profiling is used as a first stage filter to identify activities, contracts and or projects that pose the most risk when delivering organisational objectives. Risk profiles of either low, moderate, high, and extreme are established for each activity, contract or project using a risk profile assessment tool; a link to the tool is included in the [resources](#) section of this document. Each risk profile has corresponding risk management actions according to the level, as shown below.

ACTION REQUIRED FOR RISK PROFILE	
EXTREME RISK	Escalated to ELT for review against risk appetite. Detailed risk management applied Requires regular risk status reports to ELT
HIGH RISK	Escalated to GM/PPG for review with consideration to risk appetite. Detailed risk management applied Requires regular risk status reports to GM/PPG.
MODERATE RISK	Managed within Business Unit with consideration to risk appetite. Monitored for changes that may affect risk profile triggering the need for escalation
LOW RISK	Managed with consideration to risk appetite through routine procedures.

## 6.5 Risk Assessment

### 6.5.1 Identify Risks

The risk assessment process starts by identifying risks that may impact the activity, contract or project that is being undertaken. Once identified, risks are structured into meaningful risk statements and entered into the relevant risk registers. Detailed guidance on how to identify risks is included in Waikato District Councils Risk Management Process: [Identify Risk](#).

### 6.5.2 Analyse Risks

Risk Analysis is the second step of the process. It includes using Waikato District Council Risk Management Likelihood and Consequence Guide to determine the inherent risk score for each of the identified risk. This is done with consideration to factors including:

- The scope and context of the risk
- It's complexity and connectivity
- Time restraints
- The potential volatility of the risk
- Assumptions made

Detailed guidance on how to analyse risks is included in Waikato District Councils Risk Management Processes for [Assessing Risk](#).



### 6.5.3 Risk Evaluation

The purpose of risk evaluation is to support decision making. It involves comparing the results of the risk analysis to Waikato District Councils risk criteria to determine if [control options](#) (treatments) are required. Risks that sit outside of the organisations risk appetite require treatment and become the main risks on the relevant risk registers. Risks that sit within organisational appetite (typically moderate and low risks) are periodically reviewed in case circumstances change, whereby the risk(s) are escalated for treatment planning.

Table 4 (Risk Evaluation Outcomes) shows the comparative levels of risk and potential actions required.

Table 4: Risk Evaluation Outcomes

ACTION REQUIRED FOR RISK	
17-25	<b>Extreme Risk:</b> Review the level of risk against the Organisational Risk Appetite. This level of risk may need a detailed risk management plan and require regular risk reporting to be implemented.
11-16	<b>High Risk:</b> Review the level of risk against the Organisational Risk Appetite. This level of risk may need a detailed risk management plan and require regular risk reporting to be implemented.
6-10	<b>Moderate Risk:</b> Review the level of risk against the Organisational Risk Appetite. This level of risk may need a treatment or monitoring plan. Changes should be <a href="#">reported</a> and appropriate action taken.
1-5	<b>Low Risk:</b> Review the level of risk against the Organisational Risk Appetite. These risks can be monitored and need only be managed where changes result in increased risk.

### 6.6 Risk Treatment

Each main risk on the risk register is subject to risk treatment planning using the Waikato District Councils control options. The purpose of risk treatment is to ensure the risk profile of the activity/contract/project remains within risk appetite. A summary of the process is documented below; detailed guidance on how to identify and implement risk treatments is included in Waikato District Councils Risk Management Processes for [Managing Risk](#).

#### 6.6.1 Identify Risk Treatment Options

There are many ways to identify treatments, for example, seeking advice from subject matter experts, examining historic response strategies to similar risks, researching specific protective measures, or designing contingency plans. Selecting treatment options is not necessarily exclusive or appropriate in all circumstances, and usually involves balancing benefits against cost, effort, resource availability, or disadvantages of implementation.

When an appropriate treatment is selected, it is documented against the risk it impacts in the relevant risk register. This includes a description of the treatment and the impact it has on controlling the risk.

### 6.6.2 Prepare Risk Treatment Plans

Risk Treatment Plans determine how control options will be executed. They contain specific information including:

- Accountability
- Proposed actions
- Resourcing
- Measures and triggers
- Constraints
- Monitoring and reporting expectations
- Timeframes

Treatment plans may be stand alone or integrated into the Waikato District Councils management plans and processes. They may need review and approval if the scope and context of the risks are complex or sensitive.

### 6.6.3 Determine Residual Risk

Risks are reassessed with consideration to treatments to determine a Residual Risk score. This involves reviewing and assessing the effectiveness of treatment plans. Both qualitative and quantitative assessment may be applied to determine the residual risk ratings using the Risk Management Likelihood and Consequence Guide. A detailed guide to determining inherent and residual risk is available in Promapp: [Calculating Risk Scores](#).

### 6.6.4 Monitor Risks

Risk is dynamic. Monitoring identified and emerging risk is conducted to ensure risk information and associated actions remain current. The risk level along with specifications outlined in treatment plans and report requirements dictate the monitoring schedule. Details of how to set a monitoring schedule are included in Waikato District Councils Risk Management Process: [Monitor and Report on Risks](#), available in Promapp.

### 6.7 Risk Process Notes

Each Business Unit will have documented in their team business plans:

1. Risks, both strategic and operational from the Organisational Risk Register that relate to their area
2. Key project risks that the business area is responsible for

An overview of how risk processes interact within the business model is shown in [Appendix C](#).

All newly identified risks should be added to the relevant risk register and managed according to processes outlined in this Risk Management Framework. For transparency and reporting, risks that sit outside of Waikato District Councils risk appetite, risks that are highly complex, have high levels of connectivity or sensitivity, and emerging risks should be notified to the Risk Advisor.

## 7.0 Resources

### 7.1 Promapp Risk Management Processes Links

- [Identify Risk](#)
- [Assess & Manage Risk –Operational](#)
- [Assess & Manage Risk – Projects](#)
- [Assess & Manage Risk – Strategic](#)
- [Monitor and Report on Risks](#)

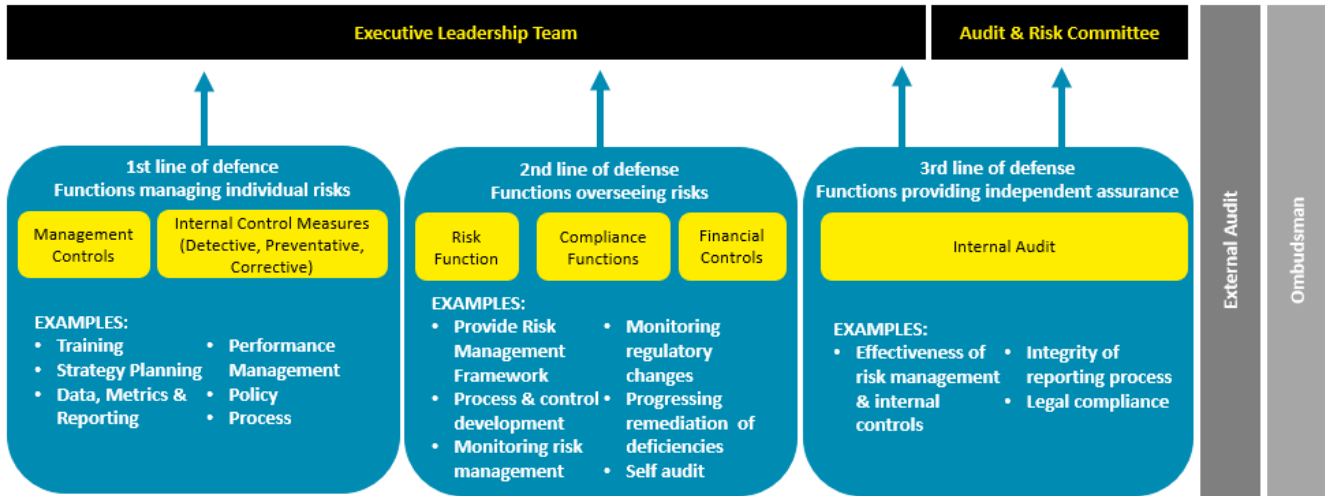
### 7.2 Risk Management Criteria Links

- [Waikato District Council Risk Appetite Statements](#)
- [Risk Management Likelihood and Consequence Guide \(Matrix\)](#)

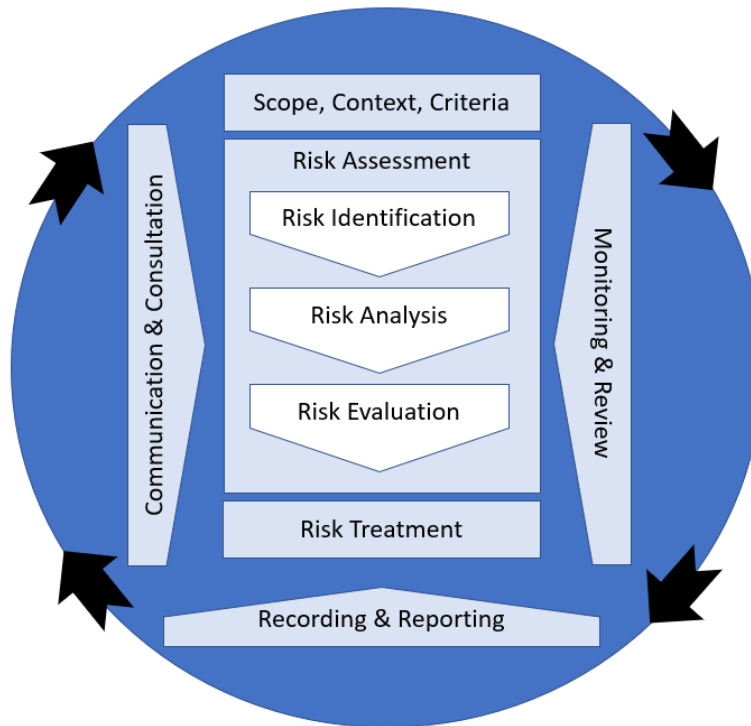
### 7.3 Risk Profiling Links

- [Risk Management Risk Profile Assessment](#)

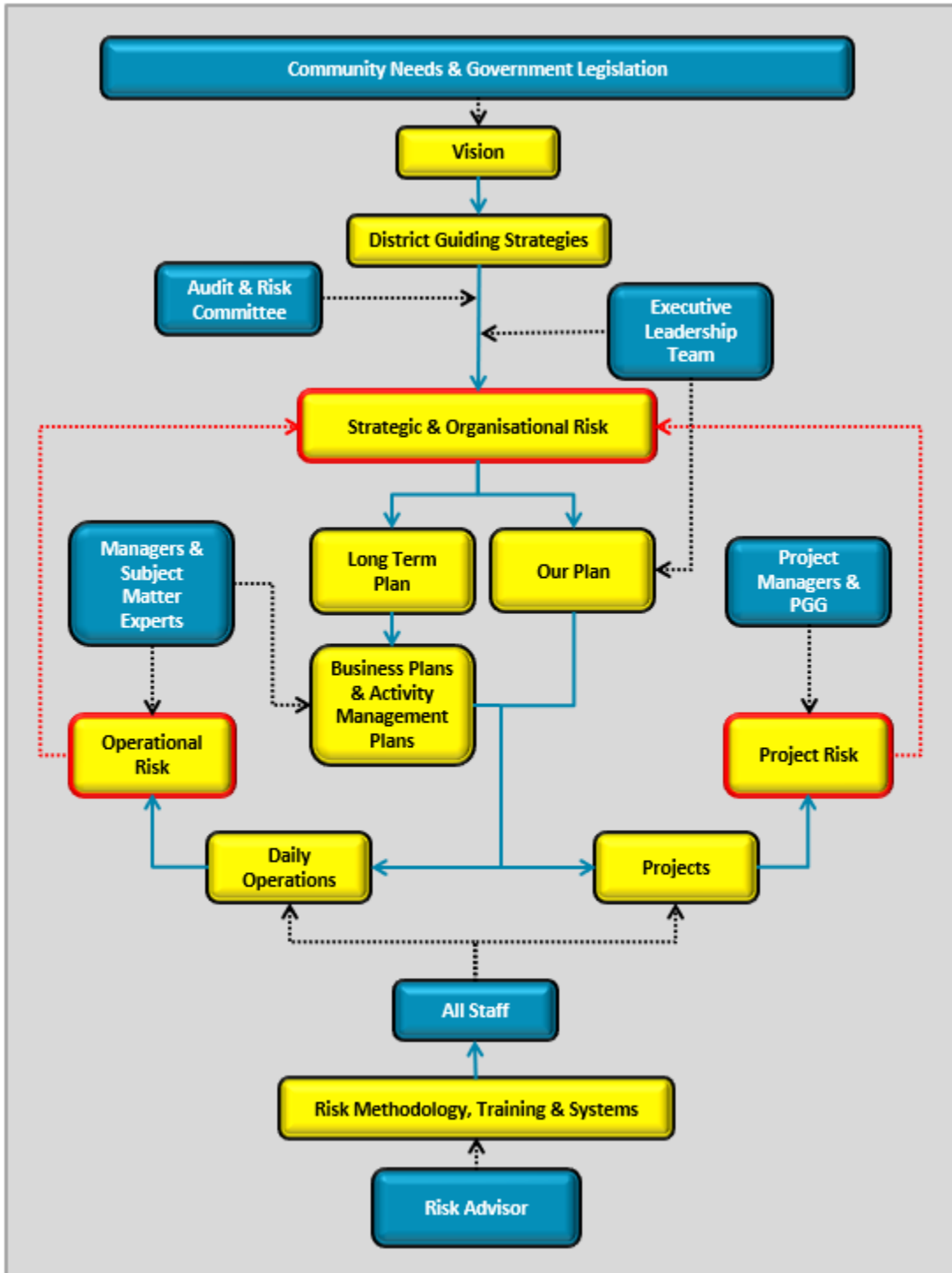
## Appendix A: Three Lines of Defence



## Appendix B: Risk Management Process



## Appendix C: Overview of Risk Process Interact with Business Model



<b>To</b>	Audit and Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	25 November 2021
<b>Prepared by</b>	Kat Jenkins Risk Advisor
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 3307651
<b>Report Title</b>	Deep Dive Report – Waikato District Council Employee Covid-19 Exposure Risk Assessment

## I. EXECUTIVE SUMMARY

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This Deep Dive Report provides an opportunity for the Audit and Risk Committee (“the Committee”) to gain an understanding of the risk assessment process undertaken by the Waikato District Council (“Council”) Incident Management Team (“IMT”) to understand employee’s potential exposure to the coronavirus SARs-CoV-2 (“COVID-19”) when returning to work, and options for managing the risk.

The report includes:

- Risk background
- Risk Assessment Approach
- Inherent Risk Assessment
- Examination of Available Treatments
- Residual Risk
- Outcomes of Assessment (Recommendations)

The risk assessment determined that the organisations inherent risk profile for operating with COVID-19 in the community is **High** to **Extreme** and that Council’s current controls are considered insufficient to reduce the workplace risk to align with Council’s risk appetite. Examination of available treatments based on the Ministry of Health’s (“MoH”) advice regarding effectiveness indicates that vaccination is the only option Council has which bridges the identified gap and reduces risk to levels that align with Council’s risk appetite.

A six-monthly review of the risk assessment has been included in recommendations to maintain currency of both the inherent and residual risk.

## 2. RECOMMENDATION

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**THAT the Deep Dive Report – Waikato District Council Employee Covid-19 Exposure Risk Assessment be received.**

### 3. BACKGROUND

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#### 3.1 HAZARD BACKGROUND

COVID-19 is an infectious disease which can affect the respiratory system. Symptoms range in severity from asymptomatic to fatal. Deaths have occurred with otherwise fit and healthy individuals as a direct result of contracting the virus.

COVID-19 emerged in 2019 and was declared a global pandemic in March 2020. Several strains of the virus have been identified. New Zealand is currently managing an outbreak of a strain known as the Delta variant.

The MoH details the Delta variant as one which spreads easily and causes increased cases of severe symptoms when compared to earlier strains. It has become increasingly difficult to control the disease and Central Government has moved from an elimination strategy to a disease management strategy. This changed approach includes promoting vaccination which will reduce nationwide and regional lockdown restrictions, giving people more freedom of movement within the country. With this approach it is reasonable to assume that ongoing transmission is likely, and more people will contract the disease over the next 12 months.

#### 3.2 RISK MANAGEMENT BACKGROUND

New Zealand's primary workplace health and safety legislation, the Health and Safety at Work Act ("HSWA") 2015, states that Council must ensure, as far as is reasonably practicable, the health and safety of employees. Council's Health and Safety Management System categorises COVID-19 as a biological hazard; it is therefore considered a Health and Safety risk within the Zero Harm risk portfolio. In line with HSWA and Council's commitments to make employee health, safety, and wellbeing a priority, Council's Risk Appetite for risks in the Zero Harm portfolio is **Low**.

As part of Council's duty of care, it has an obligation to consider the risk of infection and transmission of COVID-19 to all employees, elected members, suppliers, contractors, volunteers, and customers. To meet these commitments Council has managed the risk of COVID-19 exposure according to MoH advice since the initial outbreak in New Zealand. This includes implementing social distancing protocols, increased sanitation, use of masks, and, where necessary, remote working. These measures ensured compliance with Central Government's elimination strategy.

Central Government's latest approach means that COVID-19 will be present in the community. Council accepts that from a workplace culture perspective, maintaining a remote workforce will not be possible long term. Therefore, decisions must be made to implement reasonable protective measures for the health and safety of employees, customers, and stakeholders with consideration to Central Government's COVID-19 management strategy.

In response, Management instigated a risk assessment to determine the workplace exposure risk to COVID-19 for employees. Analysis was undertaken to assess the effectiveness of control mechanisms, including the potential use of vaccination as a workplace control. The purpose of the risk assessment and analytics is to gain an understanding of how to reduce risk to align as reasonably practicable with Council's risk appetite.

Considering the urgency of reopening key Council facilities to provide services to the community, and in line with Work Safe advice, the scope of the risk assessment was limited to employees. Subsequent work is underway to determine risk management actions for other stakeholders including customers, volunteers, elected members, suppliers, and contractors.

### 3.3 RISK ASSESSMENT APPROACH

The approach Council took to understanding its level of risk included the following activities:

- Classifying employees into role-based workgroups/teams; in total 76 workgroups/teams were identified across all business units
- Determining the potential level of exposure to COVID-19 for each workgroup/ team if they return to business as usual (“BAU”) operations.
- Using exposure outcomes and potential consequences of COVID-19 to produce a corresponding risk profile for Council (Extreme, High, Moderate, or Low) using Councils Risk Management Framework (“the RMF”). The RMF dictates that risks are evaluated against a range of likelihood (probability) and consequence (impact) ratings using a risk matrix.
- Assessing effectiveness of existing infectious disease controls that Council has in place
- Determining if additional control measures, including vaccination, should be considered to further reduce the risk of COVID-19 infection and transmission to as low as reasonably practicable.

To assist with collecting the relevant information a risk assessment tool was developed in line with guidance from WorkSafe NZ and Taituara, Local Government Professionals Aotearoa. The tool included questions related to each role’s potential exposure levels and the impact of infection on business continuity.

Workgroups/teams were asked to approach the risk assessment questions in a BAU context, considering what the work tasks for the role look like during a typical day or week. The BAU context was described as working in an environment where there are no COVID-19 restrictions and where existing infectious disease controls are not in place. This context allowed an inherent risk assessment based on a normalised operating environment where:

- COVID-19 exists within the district’s communities
- Employees are expected to perform the full scope of their role

The participants were then asked to collectively agree on the response to each question based on their combined knowledge, skills, and experience.

To ensure consistency each risk assessment was facilitated by a member of the IMT. To secure elevated levels of engagement, two or three representatives were nominated by each workgroup/team to complete the risk assessments. Representatives from the Safety Action Team (SAT) and both Unions (PSA and WSA) were also invited to attend each assessment.

The risk assessments took place over a two-week period starting 4 November 2021. A Risk Assessment Summary Report, that includes recommendations based on findings was produced. On 22 November 2021, the summary report was provided to all staff as part of a consultation pack for policy approach.





As part of the risk assessment process these controls were evaluated using advice on the effectiveness of the controls from the MoH and Local Government New Zealand (“LGNZ”). It was found that they assist to reduce the likelihood of infection and transmission of COVID-19 but do not impact the consequences of the disease if it is contracted.

Other available treatments include:

- COVID-19 Surveillance Testing (“testing”).
- Vaccination using the Pfizer vaccine Comirnaty (“vaccination”).

Testing identifies the virus after a person is infected. This potentially assists in reducing transmission by reducing exposure after a positive test however it does not protect an individual from infection. Infected people may transmit the virus prior to tests detecting its presence. Testing also relies on several financial, logistical, and administrative processes. These would require resourcing and funding at Councils expense. Testing is therefore not considered a viable nor effective option at this time.

The MoH advises that being fully vaccinated (described as two doses of the Pfizer vaccine) provides protection by:

- minimising the likelihood of infection
- reducing the seriousness of symptoms
- providing protection by reducing the likelihood of transmission

Vaccination is therefore the only control which is effective in reducing both the likelihood and the consequences of COVID-19. Table 2 summarises the effectiveness of controls.

Table 2

	CONTROLS REDUCING LIKELIHOOD	CONTROLS REDUCING CONSEQUENCE
EXTREMELY EFFECTIVE	Face masks or coverings, Physical distancing, Hygiene & sanitisation	<b>And</b> Vaccination
	<b>Or</b> Work from home	
HIGHLY EFFECTIVE	Nil	Vaccination
MODERATELY EFFECTIVE	Face masks or coverings, Physical distancing, Hygiene & sanitisation, and Physical Barriers	Nil
LOW EFFECTIVENESS	Face masks or coverings, Physical distancing, and Hygiene & sanitisation	Nil

### 4.3 RESIDUAL RISK

To determine potential residual risk levels, a matrix, aligned to the risk matrix in Councils Risk Management Framework, was created. The matrix, shown in Table 3, uses the effectiveness of available controls to demonstrate the potential risk reduction (residual risk) at each level of inherent COVID-19 risk exposure.

Table 3

	RESIDUAL RISK			
EXTREME	LOW	MODERATE	EXTREME	EXTREME
HIGH	LOW	MODERATE	EXTREME	EXTREME
MODERATE	LOW	LOW	HIGH	EXTREME
LOW	LOW	LOW	MODERATE	HIGH
	EXTREMELY EFFECTIVE	HIGHLY EFFECTIVE	MODERATELY EFFECTIVE	LOW EFFECTIVENESS
	CONTROL EFFECTIVENESS			

Councils risk appetite is Low. Where inherent COVID-19 risk exposure levels are Extreme or High, both the likelihood of exposure and consequences of exposure need to be reduced to achieve acceptable levels of risk. This can only be achieved if controls deemed to be “Extremely Effective” are in place. Where inherent risk is Moderate or Low, “Highly Effective” controls achieve acceptable levels.

#### 4.4 OUTCOME OF ASSESSMENT (RECOMMENDATIONS)

It was found that Council’s existing infectious disease controls only provided a low to moderate level of effectiveness in reducing the likelihood of infection and/or transmission of COVID-19 where the disease is present in the district’s communities. They are therefore considered insufficient to reduce risk to within Council’s risk appetite.

Vaccination and remote working are the only controls which provide sufficient levels of protection to achieve risk reduction to within risk appetite. Council cannot continue to provide a full range of services if staff work remotely indefinitely.

The risk assessment process considered that vaccination, coupled with existing controls where appropriate and necessary, is the only control option providing the level of protection that aligns residual risk with Council’s risk appetite. Outcomes from the risk assessment therefore recommended that the Executive Leadership Team consider implementing a policy requirement for full vaccination of all roles.

A further recommendation to adopt a periodic review of the COVID-19 exposure risk assessment was included in the assessment. This enables appropriate decision making, ensures Council maintains a current risk profile for COVID-19 exposure and facilitates agile and flexible working arrangements to accommodate the potential impact of new control requirements on employees.

## 5. CONCLUSION

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Council has made all reasonable efforts to follow the MoH guidance on determining COVID-19 exposure and subsequent protection measures for employees. It has applied the key principles of its Risk Management Framework to undertake a comprehensive risk assessment which has informed the draft policy and management plan (under consultation). Outcomes of the consultation process will be communicated to the Committee.

## 6. ATTACHMENTS

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Nil

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### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	6 December 2021
<b>Prepared by</b>	Lynn Shirley Zero Harm Manager
<b>Chief Executive Approved</b>	Y
<b>Reference/Doc Set #</b>	GOV1318 / 1866302
<b>Report Title</b>	Waikato District Council Zero Harm Report

## **1. EXECUTIVE SUMMARY**

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The purpose of this report is to present an overview of Waikato District Council's current health and safety performance to the Audit & Risk Committee

## **2. RECOMMENDATION**

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**THAT the Waikato District Council Zero Harm Report be received.**

## **3. REPORT**

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### **Primary Objective**

Council is committed to pursuing a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks.

### **People and Organisational Safety Culture**

#### ***Zero Harm Engagement Conversations***

It has now been three months since the revised Zero Harm Engagement Conversation process was implemented. The data being captured in BWare is reviewed by the Zero Harm team and reported on weekly to the Executive Leadership Team (ELT). The data shows that the Chief Executive, ELT and People Leaders continue to undertake Zero Harm Engagement Conversations.

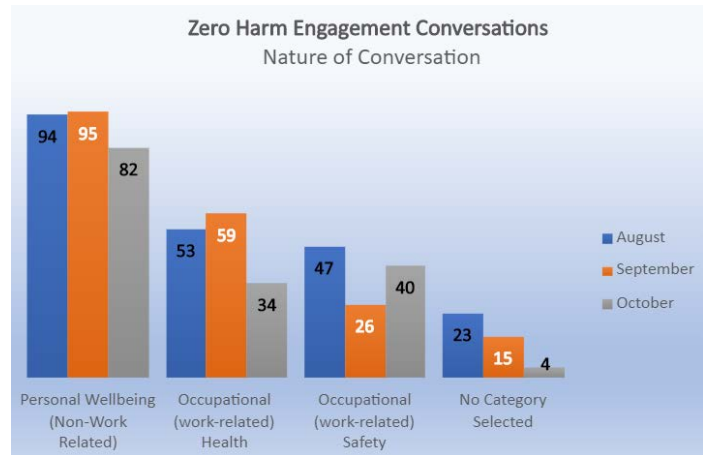
A total of 160 Zero Harm Engagement Conversations were recorded for October. This is an 18% decrease on the number recorded in September but still above the minimum of 154 which is based on two conversations per People Leader. The Zero Harm team has recently reviewed and updated the Promapp process to reflect the new method of recording conversations.

The team also continues to provide 1:1 coaching and support when and where required. Information on the process and expectations regarding undertaking taking Zero Harm Engagement Conversations has also been incorporated into the new People Leader Zero Harm Induction module.

The following graph illustrates the type (or nature) of Zero Harm Engagement Conversations undertaken in the past three months. Analysis shows that 51% of the total conversations recorded are related to Personal Wellbeing.

The top three topics of these conversations were:

- Personal stress
- Personal health
- Relationships/family



## Disciplined Management Systems

### **Strategic Improvement Planning**

A quarterly review was recently completed on progress made to deliver the improvement tasks detailed in the FY21/22 Zero Harm Strategic Improvement Plan.

The FY21/22 Improvement Plan contains 91 tasks. Progress to date includes:

- 17 tasks have been completed
- 24 tasks have commenced and are on track to be completed
- 10 tasks have either not yet been started or will not be completed by the planned date.



The COVID-19 lockdowns during September and October have impacted the completion of the following key tasks:

- Developing and implementing a Safety Leadership Survey with all People Leaders
- Supporting the Wellbeing Collective to develop a Wellbeing Plan for FY21/22
- Facilitating the development of a critical risk bowtie for Working on or Near Roadways
- Undertaking critical risk reviews for Workplace Violence and On Road Driving

The Zero Harm team could also potentially be short a resource for a period of time as Zero Harm Advisor Neil Hancock has resigned from his position to move to the South Island with his family. Neil's last day with the organisation is 24<sup>th</sup> December. A recruitment process is currently underway to fill the role.

### **Performance Reporting**

The Zero Harm team has completed a review of our zero-harm performance across several health and safety metrics for the period July 2021 to October 2021. The results are shown in the table below along with the result for the period July 2020 to June 2021.

Measures	July 20 to June 21	July to Oct 21
Events reported in BWare Safety Manager (Lead)	203	52
Total Recordable Injuries (TRIs) e.g. Lost Time Injury, Restricted Work Injury or Medical Treatment Injury (Lag)	4	1
WorkSafe NZ Notifiable Events (Lag)	1	1
First Aid Injury events (Lag)	19	6
Serious Near Miss events (Lead)	4	0
Near Miss events (Lead)	107	28
New Uncontrolled Hazards (Lead)	17	22
Safety Engagement Conversations (Lead)	2872	735

The attached Zero Harm Dashboard illustrates safety performance for October 2021.

### **Contractor Management - Interaction with Other PCBUs**

The Zero Harm team alongside the relevant Council Contract Manager, have continued to understand and progress the development of relationships with other Persons Conducting a Business or Undertakings (PCBUs) who we share overlapping health and safety duties with, despite the recent COVID-19 lockdowns.

Key activities undertaken in the past three months include;

- Continuing to review existing and new contracted work or services health and safety plans to confirm identification and implementation of relevant COVID-19 risk management controls. These reviews are being undertaken by Council Contract Managers with support from the Zero Harm team.
- Peer review of Site-Specific Safety Plan for stage 2 of the Brownlee Ave Depot roofing repair works. This work is occurring on a site that has several co-located PCBUs.
- The review of District Wide Playground Upgrade Contract Specific Safety Plan.
- PCBU Communication, Co-ordination and Collaboration meetings held with all three Solid Waste Contractors to discuss health and safety expectations and joint risk management responsibilities following contract renewal.

### **Volunteer Worker Health and Safety Management**

The Zero Harm team alongside the relevant Council Manager or Team Leader and the Venue and Events Team, have continued to understand and progress the development of relationships with volunteer groups who undertake physical work activities on Council's behalf. The purpose of this is to understand the health and safety risks associated with the activity and ensure that these risks are either eliminated or managed.

Key activities undertaken in the past three months include;

- Site meeting undertaken with members of the Tamahere Mangaone Restoration Trust. Draft Volunteer Work Safety Plan and templates provided to the Trust for review and completion.

## **Zero Harm Auditing and Assurance**

### **External Assurance Activities**

The Zero Harm Team continues to progress the completion of the actions from the KPMG H&S Governance Audit undertaken in November 2019. Council received 29 improvement actions and to date we have now completed ~ 90% (26 actions). All actions yet to be implemented are assigned, time bound and being managed in BWare Safety Manager.

The most recent action to be completed from the KPMG H&S Governance Audit was the implementation of the legal compliance software – “Complywith”. The purpose of the software is to enable Council to clearly determine what the law requires and make it easy to identify and report legislative compliance risks. As part of the implementation process legislative obligations were identified and assigned to relevant roles within the organisation. These obligations included health and safety legislative requirements.

### **Internal Assurance Activities**

To support the development of our Zero Harm internal auditing programme, Council’s Continuous Improvement Analyst and Business Analyst undertook an internal ISO 45001 audit of Council’s Zero Harm Safety Management System during October and November.

The scope of the audit was a full systems documentation audit to the criteria of ISO 45001 with sampling of areas and activities across the Animal Control Team and the Customer Delivery Team. The audit process included documentation reviews and interviews.

The audit report is currently being finalised. Once completed it will be presented to the Executive Leadership Team for review and action planning. The audit report will also be used to inform the annual Zero Harm Safety Management System Review. This will be conducted in March 2022.

### **Worker Information, Training, Instruction and Supervision**

During September and October, the Zero Harm team implemented a number of changes to Council’s existing Zero Harm induction programme for new, returning or transferring workers. The changes were to ensure that the correct information was being communicated to the right audience at the right time.

As a result of the changes, Council’s Zero Harm Induction programme now consists of the following four components.

- Workgroup First Day H&S Induction
- Zero Harm Worker Induction or Zero Harm People Leader Induction
- Annual Zero Harm Refresher Induction

Two key changes that have been implemented are;

- I. People Leaders are now responsible for delivering a Workgroup First Day H&S Induction to their new team member using a newly developed workbook



2. A Zero Harm People Leader Induction module is now delivered by the Zero Harm Manager. This is specifically targeted at supporting People Leaders to understand their health and safety responsibilities.

The Zero Harm team has been providing coaching and support to People Leaders to enable them to deliver the Workgroup First Day H&S Induction to new staff. The following is some feedback that has been received to date on the changes:

- *“Thank you it was good to cover all of this on the first day (simple and easy to follow)”*
- *“Thanks again for the session last week, it was informative and so well run”*
- *“Thank you for yesterday’s presentation, really enjoyed it and it was great to hear other people’s experience and different stories.”*

### **Training and Competency**

The COVID-19 lockdowns during September and October have significantly impacted the delivery of scheduled health and safety training. Situational Safety and Tactical Communications training for approximately 60 staff and elected members has been postponed until early 2022. The Zero Harm team continues to investigate online training options where they exist.

Recently delivered or planned health and safety training is summarised in the following table;

Training delivered or planned	Number of workers required to complete training	Number of workers trained
Asbestos Awareness Training (Self-paced online course delivered by Safety N Action)	11	5 out of 11 have completed to date. Training is required to be completed by 5 <sup>th</sup> December

## **Critical Safety Risk Management**

### **COVID-19 Risk Management**

During October and November, the Zero Harm team has continued to support the Incident Management Team (IMT) response to the recent COVID-19 Delta outbreak. Primary focus has been on the development of a risk assessment tool and the completion of role-based risk assessments to determine the current workplace exposure risk to COVID-19.

The risk assessment also sought to assess the effectiveness of control mechanism, including the potential use of vaccination as a workplace control, on reducing risk to align as reasonably practicable with Council’s risk appetite.

The risk assessment process was used to identify if any risk factors are associated with the nature of the work that increase the risk of COVID-19 infection and transmission above the risk faced outside work. The risk assessment tool was developed based on guidance provided by WorkSafe NZ. Additional questions were added to the tool based on the nature of work undertaken by Council employees.



The risk assessments were undertaken with Council employees, and Safety Action Team (SAT) and Union representatives were also invited to participate in the process. When applying the risk assessment process teams were asked to collectively assess/score each of the risk factors based on a “Business as usual” situation e.g. no controls in place. This enabled the inherent risk of exposure to be identified.

To ensure consistent application of the Risk Assessment Tool, each risk assessment was facilitated by either the Zero Harm team, Emergency Management team or Risk Advisor. A total of 76 risk assessments were completed. The outcomes of the risk assessments were analysed and provided in a report to the Executive Leadership Team (ELT). The risk assessment report has been included as part of the Vaccination Policy Consultation pack sent to all Council staff on 22 November 2021.

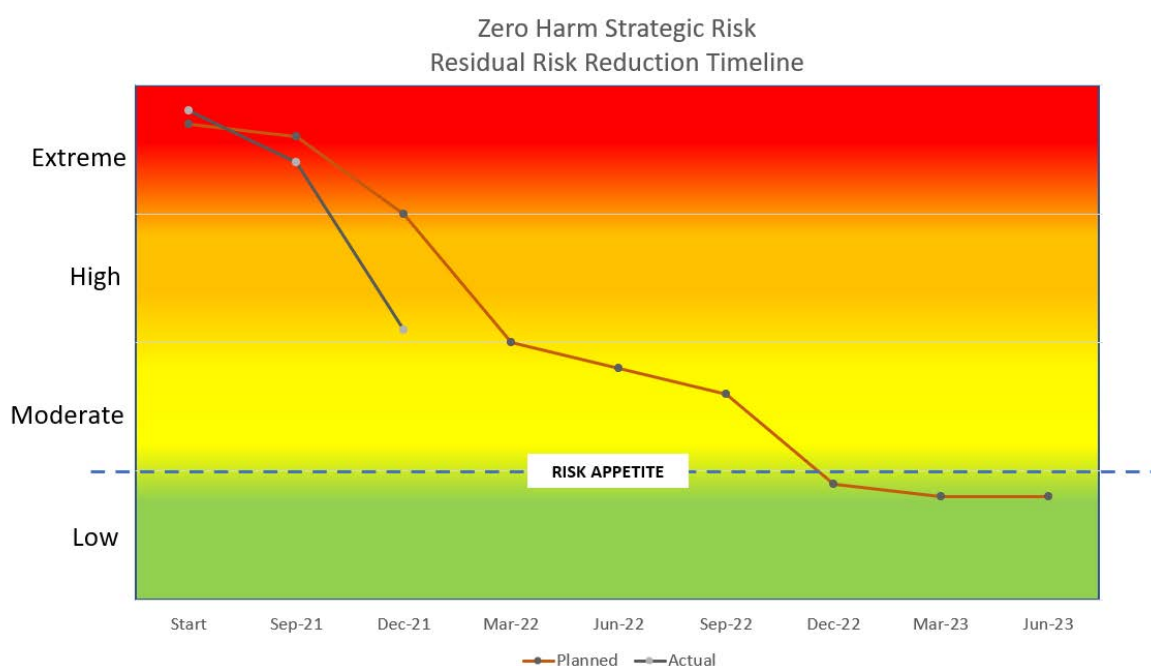
### **Zero Harm Strategic Risk Management**

As requested, following discussion at the September Committee meeting, the Zero Harm Manager and Risk Advisor in conjunction with the Chief Executive have undertaken a review of the control plan for Council’s Zero Harm strategic risk. This review has resulted in a new approach, using quantitative treatment analysis, to be adopted to monitor progress on the Zero Harm strategic risk control plan. The tool facilitates improved monitoring and reporting of risk reduction including an estimated timeline for reducing risk to acceptable levels. Council’s risk appetite for the Zero Harm strategic risk is **low**.

The tool includes:

- Treatment (Control) effectiveness assessments
- A scoring matrix
- Scoring bands aligned with Council’s Risk Management Framework risk levels
- Estimated treatment (Control) delivery timeframes

A copy of the tool is provided in the Attachments. Illustrated below is the timeline for estimated risk reduction milestones.



Each quarter the Committee will receive a progress update through the Zero Harm Report. As previously discussed in this report, implementation of the “Complywith” software has reduced the residual risk for the Zero Harm strategic risk. It is currently assessed as **high**. Full implementation of a highly effective treatment in the control plan is required to reduce the residual risk to **moderate**. We are on track to achieve this by June 2022.

## 4. DISCUSSION AND ANALYSIS OF OPTIONS

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### 4.1 DISCUSSION

This report is to assist Councillors with their due diligence requirements as Officers. The report should start the conversation and provide opportunities for Councillors to raise questions and discuss progress.

### 4.2 OPTIONS

Council could choose to accept the report or not. Council could ask for additional information if needed.

## 5. CONSIDERATION

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### 5.1 FINANCIAL

There are no direct financial requirements identified in this report.

### 5.2 LEGAL

This report is prepared as part of assisting Council to meet its duties in accordance with the Health and Safety at Work Act 2015 and associated regulations.

### 5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Council has a Zero Harm Commitment (Policy) and Zero Harm Strategy which forms the basis of our health and safety philosophy and management system.

### 5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Councillors, as Officers under the Health & Safety at Work Act 2015 are required to undertake due diligence to ensure appropriate health & safety systems are in place and operating.					

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
			Internal
			Community Boards/Community Committees
			Waikato-Tainui/Local iwi
			Households
			Business
			Other Please Specify

## **6. CONCLUSION**

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This report provides an update on our Zero Harm Safety Management System and monthly health and safety performance.

## **7. ATTACHMENTS**

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Zero Harm Dashboard – October 2021

Zero Harm Strategic Plan V2 27.10.2021

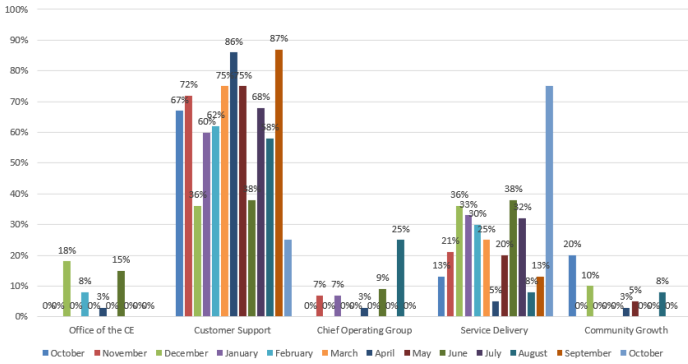
Zero Harm Strategic Risk Control Plan Tool V2 26.11.2021

# Zero Harm Performance Dashboard - October 2021

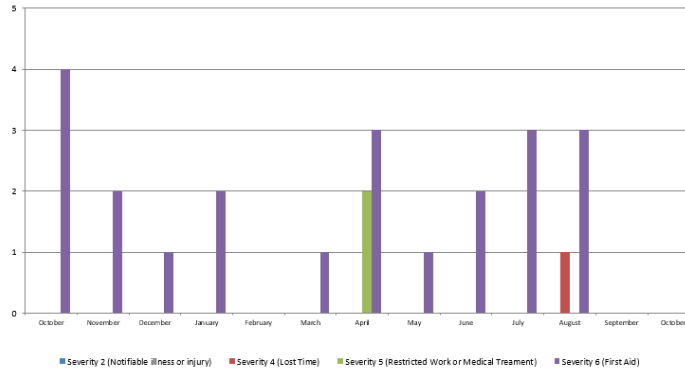


## Event Management

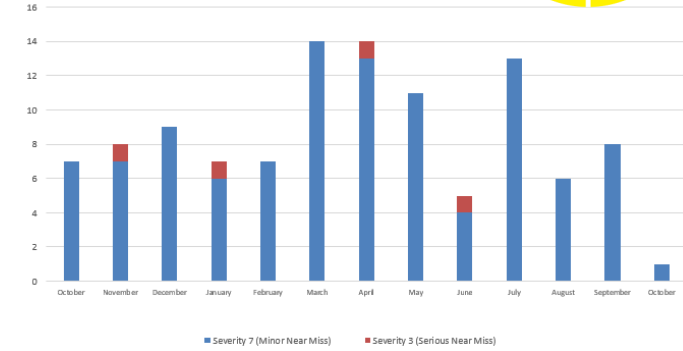
Percentage of Total Events Reported by Business Unit



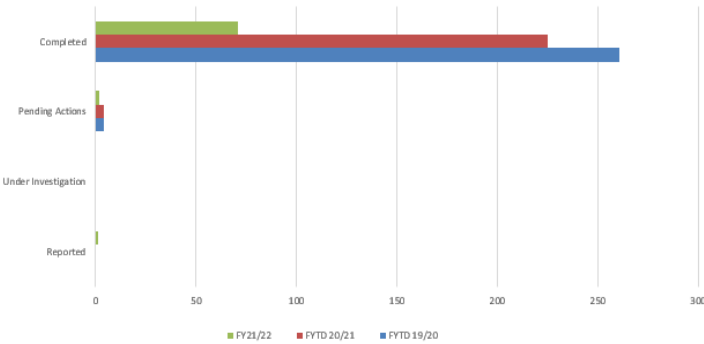
Personal Injury Events by Severity Rating



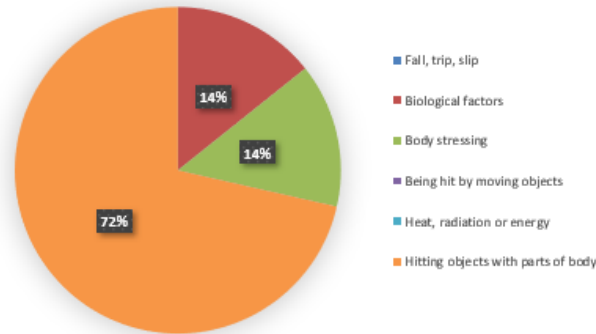
Near Miss Events



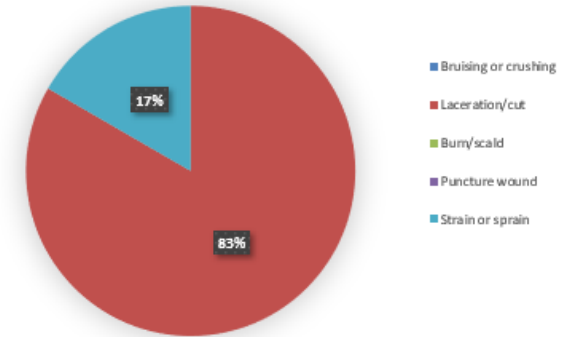
Event Management Status



Mechanism of Harm Year to Date

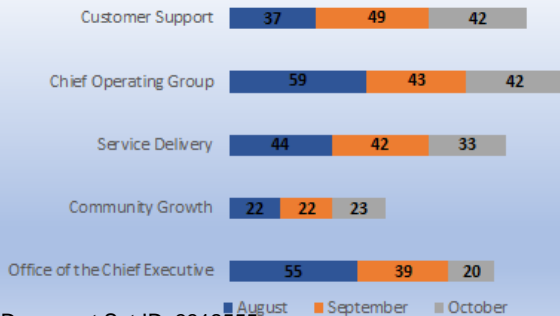


Nature of Injury Year to Date

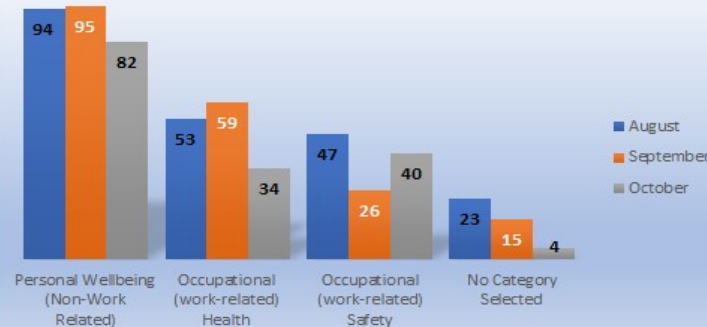


## Zero Harm Engagement Conversations (Safety Leadership)

Zero Harm Engagement Conversations  
Number of Conversations per Group

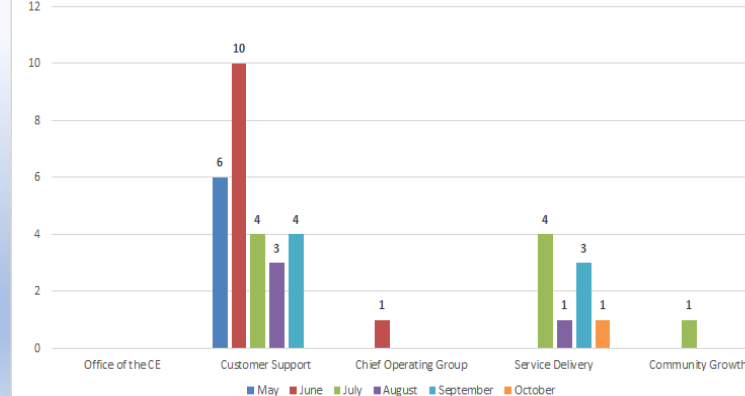


Zero Harm Engagement Conversations  
Nature of Conversation



## Hazard & Risk Management

New Uncontrolled Hazards by Business Unit



# Zero Harm Performance Dashboard - October 2021



## Contractor Safety Management

## Key Take Outs

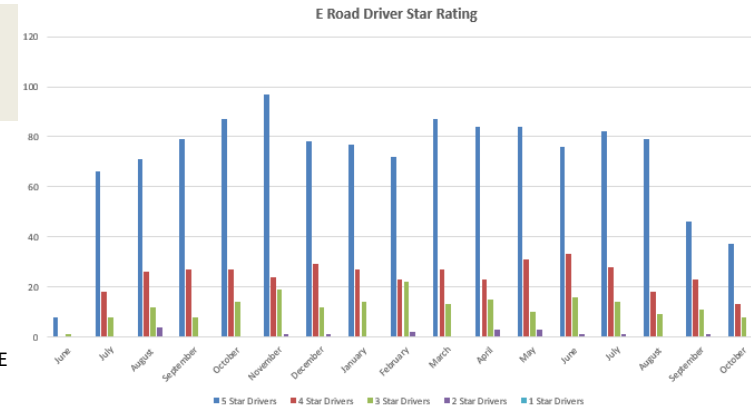
Contractor Safety Management Activity Undertaken by the Zero Harm Team and Contract Managers	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
Contracted Work H&S Risk Assessment	4	3	3		7		3	2	3							4	
Contract Manager H&S Advice and Support					5			3	3	3	2					1	4
Contractor Site Visit or Inspection	1		9	2	11	1	2		4	15	15	3	1				2
Contractor Pre-Start or Tool Box Meeting			1		2					2	1	1				1	2
Contractor H&S Meeting			4	1	1	2	1	2		3		3		1	3	2	
Contractor Task or JSA Review and Approval	2	1	4	5			3	3	3	1		2	1			1	
Contractor Task or JSA Field Audit		1	2							1	1					1	
Contracted Work Safety Plan Review and Approval	4	3	2	1		2	3	2	2	4	1	2	1			2	3
Contracted Work Safety Plan (SSSP) Field Audit				1					1	2	1	1					
Contracted Work End of Project H&S Review				1	1								1				

### A summary of key insights from October's Zero Harm Performance

- The impact of the recent COVID-19 Alert Level 3 lockdown in the Waikato can be seen in this months data
- A total of 4 events were reported in BWare during the months of October. This include one near miss report.
- No personal injury events were recorded in October.
- Zero Harm Engagement Conversation reporting has remained consistent despite lockdown. We now have three months of data in the new recording format.
- Contractor H&S management activities have continued to be undertaken with many project sites continuing to work at Alert Level 3.

## Critical Risk Management

Risk	Description	People Exposed	Risk Management Activities	Gaps/Improvements/Progress	Controls in Place	Controls to be Implemented	Level of Assurance	Incidents/Issues/Events
On Road Driving	Drivers and passengers of light vehicles driven on a public road or access way are at risk of sustaining potential serious injuries or becoming a fatality when involved in accidents or incidents with other vehicles, structures, animals or people. Light vehicles include cars and light trucks used by employees or contractors who either drive a company owned, leased or privately owned vehicle for work related purposes. Road crashes are one of the most common causes of work-related fatalities, injuries and absence from work and are responsible for significant numbers of by-stander and commuter fatalities.	Workers (ours and contractors), members of the public	Pre-start visual inspections Monthly documented visual inspections Fleet coach on line driver training E Roads driver performance monitoring	Work is being progressed with Facilities Team on how to undertake documented monthly vehicle inspections	32	1	97%	Has now been 12 months since we implemented E Roads and the next risk review will include a review of performance data from E Roads



## Worker Engagement

Key items raised at Safety Action Team (SAT) meeting and other worker feedback

- Safety Action Team Representatives have been involved in completion of role-based COVID-19 exposure risk assessments
- A sub-set of the SAT Team continues to support the Work Safe Home Safe 2022 project team work.

**Vision (Mission)**

**Mahi Tika Kaainga ora "Work Safe Home Safe"**

We are committed to pursuing a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks. We believe that :

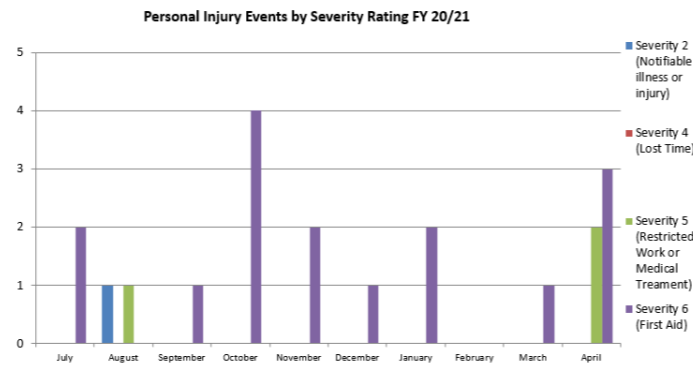
- By looking after ourselves and others we will return home safe every day
- Health and safety is everyone's non-negotiable responsibility
- Work should only start when all safety critical controls are in place



**Performance, gaps and targets (Key Challenges) Where are we?**

**2020 / 2021 Performance**

- 4 Total Recordable Injuries (TRIs) (33% increase on 19/20)
- 194 events reported in BWare Safety Manager at 19/05/2021 (258 events reported in FY19/20)
- 1 WorkSafe NZ Notifiable Injury event (Dog bite to face) (1 Notifiable Injury event in FY19/20)
- 2398 Safety Engagement Conversations recorded in BWare Safety Manager at 19/05/2021 (18% increase on 20/21)



**Gaps**

- Our documented H&S Management System is still being developed
- We are not auditing the application of our H&S Management System
- We have limited visibility of our legislative obligations and assurance of compliance to these obligations
- A number of people leaders have not received safety leadership training
- Implementation of our critical risk standards and bowtie control plans has been slower than planned due to Covid 19

**Reflection on activities (2020/2021) (Key Activities) How did we perform?**

Theme	Rating	Key result/meaning?
Our People	Yellow	The 2021 Work Safe Home Safe Campaign was successfully delivered with 329 out of 354 staff completing an online Zero Harm Induction Refresher. Great feedback was received on the Skin Checks and Interactive Hazard Room, with high participation rates for both of these activities. Development of the Safety Culture and Leadership Standard was delayed due to other priorities and this has subsequently impacted the Safety Leadership Survey and revised training programme for People Leaders.
Disciplined Management Systems	Green	Steady progress has been made on the development of Council's documented Zero Harm Safety Management System (ZHSMS) with 24 (previously 17) Standards now created. New additions include H&S Governance, Computer Workstation Management, Injury and Illness Management, Remote Working and Job Safety Analysis. Work is continuing to align the Contractor H&S Management Standard and associated procedures with the new Contract Lifecycle and Procurement Policy requirements. All workgroup hazard registers were revamped by the Zero Harm Team and then reviewed by all teams as part of WSHS 2021. Job Safety Analysis and Contractor H&S Management training was planned and delivered.
Managed Risks	Yellow	A Bowtie was developed for the risk of Working with Dangerous Animals (Dogs) with the Animal Control Team and a subsequent gap analysis was completed. Work is progressing on implementing the outstanding controls. Due to Covid 19 no work has yet been undertaken on the development of the Working on or Near Roads critical risk management standard. Implementation of controls has continued for the Workplace Violence, Asbestos and On Road Driving critical risks. Key achievements have included the securing of funding in the LTP to complete all asbestos management surveys and the implementation of ERoads technology into the fleet.

**"Work Safe, Home Safe" 2021/2022 (Team Objectives, Tactics, Projects and Targets)**

Goal	Activities	Lead	Q1	Q2	Q3	Q4
<b>Our People</b> Activity Key: Planned (Grey) Completed (Green) Underway (Yellow) Not started (Red)	1. Develop and undertake Safety Leadership survey with all People Leaders	ZHT		Grey	Grey	
	2. Develop and deliver Safety Leadership training programme for People Leaders	ZHT			Grey	Grey
	3. Deploy and imbed revised Safety Engagement Conversation process	ELT/ ZHT	Green			
	4. Work Safe, Home Safe 2022 Campaign developed and deployed to all workers and councillors	ZHT	Yellow	Yellow	Grey	
	5. Support and promote the activities detailed in the Wellbeing Collective 2021 Plan	ZHT	Green	Yellow	Grey	Grey
	6. Undertake H&S Needs Analysis with Community Hall Committees/Community Boards and develop support plan	ZHT/ ELT				Grey
<b>Disciplined Management Systems</b>	1. Implement Zero Harm Assurance Calendar	ZHT	Yellow	Yellow	Grey	Grey
	2. Develop and implement the Zero Harm Management System (ZHSMS) Framework to AS/NZS ISO 45001:2018	ZHT	Green	Yellow	Grey	Grey
	3. Implement revised Contractor H&S Management procedures	ZHT	Green	Yellow	Grey	Grey
	4. Implement ZHSMS internal assurance programme	ZHT/ R&I T	Green	Yellow	Grey	Grey
	5. Implement Complywith (H&S Legislative Obligations Register and assurance process)	ZHT/ Legal	Green	Green		
	6. Develop and implement Emergency Management Standard and review all existing Emergency Response Procedures	ZHT		Yellow	Grey	Grey
	7. Implement New Employee H&S Induction and Remote Working Risk Assessment	ZHT	Green	Yellow	Grey	Grey
<b>Managed Risks</b>	1. Implement remaining Bowtie Controls for Hazardous Substances, Workplace Violence, Asbestos and On Road Driving Critical Risks	ZHT	Green	Yellow	Grey	Grey
	2. Develop Critical Risk Standard and Bowtie for Working on or Near Roads	ZHT	Red	Grey	Grey	Grey
	3. Develop Critical Risk Standard for Working with Dangerous Animals	ZHT		Yellow		
	4. Develop Critical Risk Standard and Bowtie for Mental Wellbeing at Work	ZHT/ P&C			Grey	Grey
	5. Develop Critical Risk Standard and Bowtie for Working with Firearms	ZHT			Grey	Grey

## Zero Harm “Work Safe, Home Safe” Strategic Plan 2021/2022

### KEY PERFORMANCE INDICATORS

Objective and detail	Target (+/- 15%)	Unit	Deadline	Status
1. Undertake Safety Leadership survey with all People Leaders	74	Surveys completed	31st March 2022	
2. Develop and deliver Safety Leadership training programme for People Leaders	74	Training completed	30th June 2022	
3. Work Safe, Home Safe 2021 campaign developed and deployed including induction refresher training	330+	People completed induction refresher training	31st March 2022	
4. Support and promote the activities detailed in the Wellbeing Collective 2021 Plan including the delivery of personal health testing or skin checks	130+	Personal health tests or skin checks completed	31st March 2022	
5. Support and promote the activities detailed in the Wellbeing Collective 2021 Plan including the delivery of annual influenza vaccinations	100+	Flu vaccinations completed	30th June 2022	
6. Continue to review and further develop the Zero Harm Safety Management System Framework including standards and procedures to AS/NZS ISO 45001:2018	30+	Standards/procedures developed	30th June 2022	
7. Develop and implement Zero Harm internal auditing and assurance programme	6+	Management standards audited	30th June 2022	
8. Implement Bowtie Controls for Working with Dangerous Animals	80%+	Controls implemented	30th June 2022	
9. Implement Bowtie Controls for Working on or Near the Roadway	50%+	Controls implemented	30th June 2022	
10. Implement Bowtie Controls for Mental Wellbeing	50%+	Controls implemented	30th June 2022	
11. Implement Bowtie Controls for Working with Firearms	50%+	Controls implemented	30th June 2022	
12. Reduction in Total Recordable Injury (TRI) events from FY20/21	3 or less	Number of TRI events	30th June 2022	

## Zero Harm Strategic Risk Control Plan Tool

Version 02, 26th November 2021

Threat	Recommended Treatment	Treatment Effectiveness (H, M, L)	Rationale for Treatment Effectiveness	Status	Score	Actions to implement Treatments (Controls)	Estimated Timeframe for Implementation
<b>Scope and Context</b> – Council fails to identify and understand; 1. The external and internal issues relevant to its purpose that can affect health and safety 2. Who are the interested parties other than workers in relation to health and safety 3. What are the health and safety requirements in relation to planned or performed work activities, products or services that are within Councils control or influence	A documented health and safety risk assessment is completed to determine the scope, boundaries and applicability of Council's Zero Harm health and safety management system ZHSMS.	M	If we don't know the scope of our risk how can we effectively implement mitigations	In Place	3	Complete risk assessment in conjunction with Risk Advisor to determine scope, boundaries and applicability of Councils ZHSMS. Action assigned in BWare to complete	
<b>Leadership and Commitment</b> – Council fails to demonstrate leadership and commitment to health and safety	A documented health and safety policy and related health and safety objectives are established and are compatible with the strategic direction of the organisation.	L	Leadership and commitment can exist without the policy	In Place	5		
<b>Roles and Responsibilities</b> – Council fails to ensure that health and safety responsibilities and authorities for relevant roles are assigned and communicated at all levels within the organisation and maintained as documented information.	Health and safety responsibilities and authorities for relevant roles are assigned, documented and communicated at all levels within Council.	M	Provides clarity of scope of responsibilities (makes individuals accountable)	In Place	3		
<b>Worker Engagement and Consultation</b> – Council fails to establish, implement and maintain processes for the consultation and participation of workers in the development, planning, implementation, performance evaluation and actions for improvement of health and safety.	Documented processes are in place for the establishment, implementation and maintenance of a worker health and safety consultation and participation system.	L	An effective H&S system can exist without the engagement and consultation	In Place	5		
<b>Management Framework</b> – Councils fails to implement a documented health and safety management system based on the Plan-Do-Check-Act principles to manage health and safety risks and opportunities.	A documented health and safety management system based on the framework detailed in the Australian/New Zealand Standard (AS/NZS ISO 45001:2018) Occupational Health and Safety Management Systems is in place.	H	Standard describes what is accepted as effective	Partially In Place	5	Action to develop and implement documented health and safety management system is part of the Zero Harm Strategic H&S Plan for 2021-2022. Audit of ZHSMS against ISO45001 has been undertaken by WDC Continuous Improvement Analyst and Business Analyst. Report is currently being finalised. This will inform the Zero Harm Team to any gaps that exist in our documented Management Framework.	End of 2022 based on current gap analysis and workload
<b>Legislative Compliance</b> – Council fails to identify, understand and comply any regulatory, codes of practice and/or industry guidelines to manage the risks associated with its planned or performed work activities, products or services	A legal obligations register is in place identifying relevant key health and safety legislation. Primary focus is on the critical requirements covered under the Health and Safety at Work Act (HSWA) 2015 and supporting regulations. A gap analysis has been conducted to verify how Council is meeting its legal and other requirements.	H	Understanding (identifying) obligations facilitates the implementation of appropriate mitigations to comply with legislation	In Place	1	The ComplyWith Software has not been implemented.	
<b>Legislative Compliance</b> – Council fails to identify, understand and comply any regulatory, codes of practice and/or industry guidelines to manage the risks associated with its planned or performed work activities, products or services	Processes are in place for evaluating compliance with legal requirements including the frequency and method of evaluation and how to undertake action if noncompliance is identified. A gap analysis has been conducted to verify how Council is meeting its legal and other requirements.	H	Provides staff the necessary information / tools to be able to manage the operational risks they face consistently Communication device for staff to be able to manage the risks they face Ensuring effective systems in the face of change	Partially In Place	5	First ComplyWith survey (gap analysis) has been sent out to the organisation. Survey closed 24th November. Survey results now need to be analysed by Legal Team.	After discussion with Legal Counsel it was decided that this treatment should remain open until the analysis of the first survey is completed. It was advised by Legal that this would be done by February 2022. The corresponding action in BWare Safety Manager should be extended til then.
<b>Risk Identification</b> – Council fails to establish, implement and maintain processes for the identification of health and safety hazards and the assessment and management of risks arising from identified hazards.	Documented processes are in place for the proactive and systematic identification, assessment and management of health and safety critical risks and hazards.	H	Communication device for staff to be able to manage the risks they face	In Place	1		
<b>Resources</b> – Council fails to identify and provide sufficient resources to establish, implement, maintain and continually improve the Zero Harm safety management system.	The organisation has clearly identified and allocated sufficient economic, human and technology resources to support the establishment, implementation, maintenance and continual improvement of the Zero Harm safety management system (ZHSMS)	M	Provides the technical know how and resources to deliver H&S outcomes	In Place	3	A Business Case was developed and approved by the ELT for the hiring of an additional full time FTE (ZH Advisor). Recruitment was undertaken and an offer has been made and accepted. A new resourcing plan will be developed to support the delivery of the Zero Harm Strategic Plan for FY21/22.	



<p><b>Planning and Objectives</b> – Council fails to establish health and safety objectives at relevant functions and levels of the organisation to maintain and continually improve the Zero Harm safety management system and health and safety performance. Council also fails to ensure the plan and objectives are consistent with its Zero Harm Commitment, are measurable, monitored, communicated and reviewed as appropriate.</p>	<p>The organisation has clearly documented health and safety objectives and a plan to achieve these objectives that is consistent with its Zero Harm Commitment.</p>	L	<p>Understanding can still exist</p>	In Place	5		
<p><b>Planning and Objectives</b> – Council fails to establish health and safety objectives at relevant functions and levels of the organisation to maintain and continually improve the Zero Harm safety management system and health and safety performance. Council also fails to ensure the plan and objectives are consistent with its Zero Harm Commitment, are measurable, monitored, communicated and reviewed as appropriate.</p>	<p>Health and safety objectives are SMART, communicated to the organisation, reviewed frequently and updated when required.</p>	L	<p>Understanding can still exist</p>	In Place	5		
<p><b>Training and Competence</b> – Councils fails to have processes in place to determine the necessary competence of workers that can affect its health and safety performance. Council also fails to have in place processes to ensure that workers receive the appropriate education, training or experience to ensure their health and safety.</p>	<p>The organisation has a clearly documented health and safety training needs analysis that determines the necessary competence of workers to ensure their health and safety.</p>	H	<p>Provides the framework for identifying training needs so training meet PCBU requirements</p>	In Place	1	<p>The H&amp;S Training Needs Analysis continues to be developed as the Critical Risk Bowties are implemented. Training needs are being continually identified, budgeted for and training delivered.</p>	
<p><b>Training and Competence</b> – Councils fails to have processes in place to determine the necessary competence of workers that can affect its health and safety performance. Council also fails to have in place processes to ensure that workers receive the appropriate education, training or experience to ensure their health and safety.</p>	<p>A process is in place to ensure that workers receive and maintain the necessary competence (including the ability to identify hazards) via appropriate education, training or experience.</p>	H	<p>Provides record of which staff have obtained or require training to be able to manage the risks they face</p>	In Place	1	<p>The H&amp;S Training Needs Analysis continues to be developed as the Critical Risk Bowties are implemented. Training needs are being continually identified, budgeted for and training delivered.</p>	
<p><b>Communication</b> – Council fails to have in place processes for the internal and external communication of information relevant to the Zero Harm safety management system.</p>	<p>Clearly documented processes are in place for the communication of information relevant to health and safety both internally and externally.</p>	L	<p>Effective communication can exist without documented process</p>	Partially In Place	7	<p>Action to continue to develop and implement documented health and safety management system is part of the Zero Harm Strategic H&amp;S Plan for 2021/2022.</p>	<p>Work to commence with Communications and Engagement Team to make ZHSMS more accessible and visible via WaiSite and Promap. End of 2022 based on current gap analysis and workload.</p>
<p><b>Document Control</b> – Council fails to have processes in place to manage documented health and safety information to ensure it is available and suitable for use and is adequately protected.</p>	<p>Clearly documented processes are in place for the management of health and safety information required by the Zero Harm safety management system. This includes distribution, access, retrieval, use, storage and preservation and control of changes.</p>	M	<p>Reduces the effectiveness of sms and gives potential for incorrect application of process or failure to identify risk</p>	Partially In Place	6	<p>Action to continue to develop and implement documented health and safety management system is part of the Zero Harm Strategic H&amp;S Plan for 2021/2022.</p>	<p>Work to commence with Communications and Engagement Team to make ZHSMS more accessible and visible via WaiSite and Promap. End of 2022 based on current gap analysis and workload.</p>
<p><b>Operational Planning and Control</b> - Council fails to have in place systems to ensure that operational processes and the hazards associated with these processes are identified and managed, and that work is being carried out as planned.</p>	<p>The organisation has documented processes (Standard Operating Procedures (SOPs) are in place for all safety critical operational processes. SOPs detail the criteria or actions required to undertake the work and the controls to eliminate or manage any of the risks associated with the work.</p>	H	<p>Provides staff the necessary information / tools to be able to manage the operational risks they face consistently</p>	Partially In Place	5	<p>The Job Safety Analysis (JSA) Management Standard has been implemented and JSA training provided to approximately 30 staff in 2020/2021. Work is now underway in Animal Control to review and further develop Standard Operating Procedures for their safety critical processes following an event in August 2020. Action plan needs to be established for remaining operational business units to get Standard Operating Procedures developed. This includes for Open Spaces, Venue and Events, Community Safety and Council Facilities</p>	<p>Timeframe will depend on number of SOPs to be written for each team. Gap analysis needs to be undertaken to enable timeframe to be established.</p>
<p><b>Management of Change</b> – Council fails to have in place processes for the implementation and control of planned temporary and permanent changes that impact health and safety. Changes can include new products, services, processes or changes to existing products services or processes including workplace locations and surroundings, work organisation, working conditions, equipment or people.</p>	<p>Clearly documented processes are in place for the identification, management and control of changes either temporary or permanent that may impact health and safety.</p>	H	<p>Self audit for compliance and continuous improvement</p>	Not In Place	9	<p>Action to continue to develop and implement documented health and safety management system is part of the Zero Harm Strategic H&amp;S Plan for 2021/2022.</p>	<p>Work has commenced on development of Management of Change standard. Is currently included in Contracted Work Risk Assessment process. Expected to be completed by end FY22</p>

<p><b>Procurement and Contractor Safety Management</b> – Council fails to coordinate its procurement processes with contractors providing services or undertaking physical work, in order to identify hazards and access and control health and safety risks. This includes risks arising from</p> <ul style="list-style-type: none"> <li>the contractors activities and operations that impact Council</li> <li>Councils activities and operations that impact the contractors' workers</li> <li>The contractors' activities and operations that impact other interested parties in the workplace</li> </ul>	<p>The organisation has in place clearly documented procurement and contractor health and safety management processes to identify access and control the health and safety risks associated with contracted services or work.</p>	<p>H</p>	<p>Shared or transferred risk. PCBU maintains responsibility. Understanding of responsibilities and who is accountable for risk management.</p>	<p>Partially In Place</p>	<p>5</p>	<p>Action to continue to develop and implement revised Contractor H&amp;S Management System is part of the Zero Harm Strategic H&amp;S Plan for 2021/2022. Contractor H&amp;S Management Training has been delivered to 36 people in June 2021.</p>	<p>Work is progressing to update existing Promapp processes following integration with Procurement and Contract Lifecycle project. Expected to be completed by end FY22</p>
<p><b>Emergency Preparedness and Response</b> – Council fails to establish, implement and maintain processes needed to prepare for and respond to potential emergency situations.</p>	<p>The organisation has in place processes for preparing and responding to potential emergency situations. Processes include a planned response including provision of first aid, training, testing of response procedures and communicating information to all relevant parties e.g. Workers, contractors, visitors etc.</p>	<p>M</p>	<p>Implementation of mitigation to regain control and reduce consequence</p>	<p>Partially In Place</p>	<p>6</p>	<p>Action to undertake review of existing emergency response procedures is part of the Zero Harm Strategic H&amp;S Plan for 2021/2022.</p>	<p>Work has commenced on updating existing emergency response procedures. However changes in Zero Harm team may slow this completion. With additional resource this could be completed by the end FY22</p>
<p><b>Performance Monitoring</b> – Council fails to establish, implement and maintain processes for monitoring, measuring, analysing and evaluating health and safety performance.</p>	<p>The organisation has in place processes for evaluating, monitoring and measuring health and safety performance in relation to;</p> <ul style="list-style-type: none"> <li>Its activities and operations and the identification and management of hazards and risks</li> <li>Effectiveness of operational and other controls</li> <li>Progress towards achievement of health and safety objectives</li> </ul>	<p>M</p>	<p>Monitoring and reporting provides real time and demonstrates compliance and improvement opportunities</p>	<p>In Place</p>	<p>3</p>	<p>Action to review performance and reporting metrics and current Zero Harm dashboard was identified as part of the KPMG H&amp;S Governance Audit. This action has now been completed and new dashboard has been implemented.</p>	
<p><b>Internal audit</b> – Council fails to conduct internal audits at planned intervals to provide information on whether the Zero Harm safety management system conforms to Councils requirements, the requirements of the standard from which it was established, and if it is effectively implemented and maintained.</p>	<p>The organisation has in place an internal auditing programme based upon the three lines of assurance to determine if the Zero Harm safety management system is implemented and functioning as intended</p>	<p>L</p>	<p>Snap shot in time but measures against a standard</p>	<p>Not In Place</p>	<p>9</p>	<p>Development of an internal audit programme has commenced. Training is being undertaken in June 2021 to support the delivery of this internal audit programme and a trial of the audit tool and approach has been undertaken. Action to continue the implementation of the audit programme is part of the Zero Harm Strategic H&amp;S Plan for 2021/2022.</p>	<p>End of 2022 based on current gap analysis and workload</p>
<p><b>Management Review</b> – Council fails to review on a regular basis the Zero Harm safety management system to ensure that it remains suitable, adequate and effective.</p>	<p>The organisation has in place a process for Executive Management to undertake a review of the Zero Harm safety management system at planned intervals to ensure it remains suitable, adequate and effective</p>	<p>L</p>		<p>Partially In Place</p>	<p>7</p>	<p>No action scheduled in current Zero Harm work programme.</p>	<p>Planned for February/ March 2022 and then annually after that as part of ZHSMS</p>
<p><b>Incident, Nonconformity and Corrective Action</b> – Council fails to establish, implement and maintain processes for the reporting, investigation and taking of action from incidents and nonconformities in relation to health and safety.</p>	<p>The organisation has in place a system and documented processes for the reporting, investigation and taking of corrective and preventative actions from health and safety incidents and non-conformances. The documented process includes the identification of root causes to ensure it does not reoccur or occur elsewhere.</p>	<p>H</p>	<p>Continual improvement and mitigation development</p>	<p>In Place</p>	<p>1</p>		
<p><b>Total Score:</b></p>					<p><b>101</b></p>		
					<p><b>High</b></p>		

### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Sue O’Gorman General Manager Customer Support
<b>Date</b>	3 December 2021
<b>Prepared by</b>	Mervyn Balloch Building Quality Manager
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 3307650
<b>Report Title</b>	Building Quality Audits - September 2021; MBIE Territorial Authority Compliance Schedules & BCA Accreditation Internal Audit Summary Report

## **I. EXECUTIVE SUMMARY**

This report provides summary information on the outcome of two Building Quality (“BQ”) Audits that took place in September 2021:

- The Ministry of Business, Innovation, and Employment (“MBIE”) Territorial Authority Function Compliance Schedules Audit, and;
- the Building Consent Authority (“BCA”) Accreditation Internal Audit, carried out by Waikato Local Shared Services – Waikato Building Consent Group (“WLASS” – “WBCG”)

### **I. MBIE Territorial Authority Function Compliance Schedules Audit**

The purpose of this audit is to determine if the Waikato District Council (WDC) meets territorial function obligations under the Building Act 2004. It was the first of its kind for WDC and there is no further audit scheduled at this stage. The audit covered:

- Swimming pool fence (safety) compliance inspections. The statutory requirement for a swimming pool inspection is once every three years.
- Compliance Schedules and Building Warrant of Fitness (BWOFF) inspections. There are no statutory timeframes associated with this function.

The key audit outcomes were:

- Council was proficient and highly proactive in BWOFF inspection responsibilities
- Council did not inspect all district pool fences during the last three-year cycle

Pool fence safety is the owner’s responsibility however Council has a statutory and moral obligation to the Community, and in the event of an incident council may have some liability. The reason pool inspections did not meet requirements was resource capacity at the time. The resource requirement had been identified and recruitment was underway at the time of the audit. Two Pool Inspectors have now been recruited and inspections will be on target by March 2022.

## 2. BCA Accreditation Internal Audit

The purpose of this internal audit is to determine compliance with requirements of the Building (Accreditation of Building Consent Authorities) Regulations 2006. It is carried out by the WLASS Manager of Quality and Compliance as part of the WBCG agreement. It supports compliance and continuous improvement by enabling the identification of non-compliances required to meet the Accreditation Regulations. It also supports Council to meet the International Accreditation New Zealand (“IANZ”) audit requirements. IANZ conducts the BCA audit bi-annually.

Due to resourcing deficits at both WLASS and at Council, the last internal BCA Accreditation audit, carried out in 2020, was conducted by a contractor. The subsequent IANZ BCA Accreditation bi-annual audit carried out in February 2021, and reported to the Committee in March 2020, included several serious and general non-compliances. It is likely that the contracted service failed to identify some non-compliances which were subsequently carried over into the IANZ audit outcomes.

During September 2021 WLASS conducted the 2021 annual Internal BCA Accreditation audit. Key audit outcomes were:

- No serious non-compliances identified
- Twelve general non-compliances identified

The audit found that Council has good processes and procedures. The general non-compliances identified related to documentation updates and links. In response, all non-compliances have action plans in place and the BQ team is confident actions will be finalised by the audit target date (20 December 2021).

All other recommendations have been considered and will be actioned appropriately. No consequences are associated with the audit outcomes, and they do not impact Council’s risk level at this stage.

The next IANZ audit is scheduled for February 2022. Non-compliances identified through the IANZ audit have the potential to result in revoked accreditation. The Internal Audit outcomes suggest that a poor audit result would be highly unlikely.

## 2. RECOMMENDATION

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**THAT the Building Quality Audits - September 2021; MBIE Territorial Authority Compliance Schedules and BCA Accreditation Internal Audit Summary Report be received.**

## 3. ATTACHMENTS

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- Nil

### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Sue O’Gorman General Manager Customer Support
<b>Date</b>	23 November 2021
<b>Prepared by</b>	Tony Pipe Environmental Health Team Leader
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Recognised Agency Surveillance Report for Waikato District Council

## **I. EXECUTIVE SUMMARY**

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Waikato District Council (Council) is a Recognised Agency (RA), which enables us to undertake food verification services under the Food Act 2014. There are 388 registered businesses that require verification in the Waikato District which is an increase of 20 on the previous year.

Every year, a surveillance audit is completed by JAS-ANZ (Joint Accreditation System of Australia and New Zealand) to provide assurance to the Ministry of Primary Industries (MPI) that Council’s food Quality Management System (QMS) continues to meet the requirements to remain an RA.

The latest audit took place on 30 September 2021 and the results were positive, with only one minor non-conformity noted by the end of the audit. The requirement was for a digital report to be run using MPIs system, (called Titiro) for monitoring purposes. Training on this requirement has been undertaken with a 3<sup>rd</sup> party and it has been agreed with the auditor that examples of reports will be sent over the next 2 months.

The surveillance reported summary stated that "The team are to be commended on their competency framework and the content of their reports. Three new nonconformities were raised during this assessment and prompt corrective actions were provided and accepted (leaving only one). The findings from the previous assessment were reviewed"

Council retains its RA status.

The full report can be provided to Committee members if they would like more detail.

**2. RECOMMENDATION**

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**THAT the Recognised Agency Surveillance Report for Waikato District Council conducted by JAS-ANZ be received.**

**3. ATTACHMENTS**

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Nil

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### Open Meeting

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	6 December 2021
<b>Prepared by</b>	Alison Diaz Chief Financial Officer
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318/ 3309262
<b>Report Title</b>	Final Audit New Zealand Management Report for Year Ended 30 June 2021

## I. EXECUTIVE SUMMARY

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The purpose of this report is to highlight the issues that arose during the year end Annual Report audit. This audit was undertaken by our independent auditors, Audit New Zealand (Audit NZ).

Following the final audit, Audit NZ produce an audit management report which highlights issues that arose during the final audit. This is in addition to the report received following the interim audit work undertaken from April to June. Management has an opportunity to provide comment on each of the issues specified, based on management's understanding of the issues and whether they require further action or have already been addressed.

Four new issues were raised in this year's audit management report along with recommendations for the Sensitive Expenditure Policy review. These issues have been responded to and will be regularly updated in the report *Quality and Governance Assurance*, which is a standing item on the Audit & Risk Committee agenda.

## 2. RECOMMENDATION

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**THAT the Final Audit NZ Management Report for the Year Ended 30 June 2021 be received.**

## 3. ATTACHMENTS

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- Report to the Council on the audit for the year ended 30 June 2021

# Report to the Council on the audit of

Waikato District Council

For the year ended 30 June 2021



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## Key messages

We have completed the audit of Waikato District Council (the District Council) for the year ended 30 June 2021. This report sets out our findings from the audit and draws attention to areas where the District Council is doing well and where we have made recommendations for improvement.

### Audit opinion

We issued an unmodified audit opinion dated 19 October 2021. This means that we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

### Matters identified during the audit

We performed a high-level review of the District Council's control environment. Overall, we are satisfied the control environment is effective for the purpose of undertaking an efficient and effective audit.

Each year we select a number of significant service performance measures to review in detail and confirm to supporting documentation for accuracy. Two of the selected measures this year were the median response times for staff to attend urgent callouts for unplanned interruptions to the water supply network and wastewater. Our testing of the supporting data for the water supply and wastewater measures identified that we were unable to rely on the information provided for the District Council's Customer Request Management Module for the first six months of the year. The District Council made changes to the system in December 2020 where the District Council was able to provide appropriate supporting documentation to confirm the median response times.

Another area of audit focus was the valuation of infrastructure assets. We reviewed the valuations to confirm that they were soundly based and had been correctly accounted for. We are satisfied that the valuations were correctly recorded in the District Council's financial statements. We continue to note that there are a number of completed projects classified as work in progress. We have made recommendations for improvements in this area. Further information is provided in section 3.3.

The District Council received \$5.7 million from the Crown for the first tranche of funding for the three waters reform. We reviewed the accounting treatment of the funding to ensure compliance with the appropriate accounting standards. We are satisfied the funding has been correctly recorded in the District Council's financial statements and complies with the appropriate accounting standards.

We also followed up on the status of issues outstanding from previous audits. These matters are discussed further in Appendix 1.

**Thank you**

We would like to thank the Council, management, and staff for their assistance during the audit.

A handwritten signature in blue ink, appearing to read 'Clarence Susan', with a stylized flourish at the end.

Clarence Susan  
Appointed Auditor  
30 November 2021

# 1 Recommendations



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

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

## 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
The District Council updates RAMM for bridge culverts to reflect the data per WSP spreadsheets.	3.2.1	Necessary
Remind staff of the importance of processing work in progress in a timely manner to ensure reporting of property, plant, and equipment (including depreciation) is up to date and accurate in the financial statements.  Many of these projects were land assets, therefore we recommend the District Council considers revaluing land and buildings in the next financial year.	3.3	Necessary
Explicitly state in the rates resolution whether GST is included in the rates amount.	5.1	Necessary

Recommendation	Reference	Priority
The District Council ensures all capital expenditure is approved by individuals with the appropriate delegated authority limits.  The useful lives of assets in the asset management system are reviewed to ensure that they align with actual asset lives in the field.	5.2	Necessary
The District Council undertakes a review of its sensitive expenditure policy with a view to aligning the policies with the Office of the Auditor's General <a href="#">Controlling sensitive expenditure: Guide for public organisations – Office of the Auditor-General New Zealand (oag.parliament.nz)</a> .	6.1	Beneficial

## 1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 2 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open	-	8	-	8
Implemented or closed	2	11	1	14
<b>Total</b>	<b>2</b>	<b>19</b>	<b>1</b>	<b>22</b>

## 2 Our audit report

### 2.1 We issued an unmodified audit report



We issued an unmodified audit report on 19 October 2021. This means we were satisfied that the financial statements and statement of service performance present fairly the District Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters. Refer to sections 3 and 5 for further detail on these matters.

### 2.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial.

### 2.3 Corrected misstatements

We also identified misstatements that were corrected by management. A list of these misstatements is available on request.

### 2.4 Quality and timeliness of information provided for audit



Management is required to provide information for audit. During 2021, Audit New Zealand implemented AuditDashboard, a new client portal. AuditDashboard is an online tool that allows for easier collaboration and file sharing between our teams and for easy tracking of audit document requests.

AuditDashboard was used during the interim and final audits. The finance team provided us with the documents and information requested on a timely basis and by the due dates set. This allowed the resourced phase of the audit to proceed more efficiently and reduced the level of interruption to the finance team.

## 3 Matters raised in the Audit Plan



In our Audit Plan dated 18 May 2021, we identified the following matters as the main audit risks and issues:

### 3.1 Service performance reporting

Performance reporting is an integral part of measuring the District Council's performance. It is important these results are fairly stated to ensure stakeholders get an accurate understanding of the performance.

For the 2019/20 audit, we selected the Department of Internal Affairs' mandatory measures regarding the District Council's Customer Request Module (CRM). We attempted to test a sample of call-outs to supporting documentation to confirm the accuracy of the resolution times recorded. Our testing identified that while the District Council has a system in place to capture the appropriate response times, we were unable to obtain sufficient appropriate evidence to support the accuracy of the times recorded. This was despite trying various approaches and working with District Council and Watercare staff.

Our concerns were raised in the 2019/20 management report to Council where the District Council made changes to their system to address these concerns. These changes were implemented in December 2020 that took effect from January 2021. Our testing for January to June 2021 confirmed these improvements had been implemented as we were able to confirm our sample of call-outs for this period to supporting documentation. For our testing of call-outs between July and December 2020, we were unable to confirm the accuracy of the resolution times due to the issues identified in 2019/20.

It is important to acknowledge that across the local government sector we have found that there are challenges in providing supporting evidence for attendance and response times. Historically, in these circumstances, providing there is adequate disclosure of the matter, we have not consistently raised this in our audit opinion.

With that precedent, we concluded that there would be no impact on the audit opinion for the District Council's 2020/21 annual report as appropriate disclosure was made in the annual report regarding the matter.

### 3.2 Valuation of assets

#### 3.2.1 Revaluation and fair value assessments

The District Council periodically revalues land and buildings and infrastructure assets. PBE IPSAS 17, *Property, Plant and Equipment* requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

The District Council engaged independent valuers to value roading and bridges, water supply, wastewater, storm water, drainage, solid waste, and parks and reserves as at 30 June 2021.

Our review of the valuations included a review of the key assumptions and methodology applied. We also obtained confirmations from the valuers that the valuations were in accordance with appropriate accounting and valuation standards. We are satisfied the valuations are correctly accounted for in the District Council's financial statements.

We also reviewed the fair value assessment performed by the District Council for land and buildings. Our review confirmed the assumptions used and the resulting calculation did not indicate a material difference between the current carrying value and approximate fair value.

Our review also identified instances where some remaining useful lives for bridge culverts in RAMM were inconsistent with the roading valuation report provided by WSP. The incorrect rates in RAMM could potentially have a material impact on the depreciation charged in future years.

#### **Recommendation**

The District Council updates RAMM for bridge culverts to reflect the data per WSP spreadsheets.

#### **Management comment**

*Management will work with Waikato District Alliance to ensure RAMM is updated correctly. It is noted depreciation is calculated using the roading valuation report provided by WSP.*

### **3.2.2 Impairment**

At each reporting date management must assess whether there is any indication that assets may be impaired. If management identifies any indication of impairment, then they must estimate the recoverable service amount of the asset.

We reviewed management's impairment assessment to determine if there is any indication that assets need to be impaired. We evaluated the reasonableness of management's assumptions in the assessment and are satisfied that there is no indication that assets have been impaired.

### **3.3 Capital projects including work in progress**

The District Council continues to have a significant ongoing capital programme. 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 risks to accurate reporting in the financial statements associated with capital projects.



We reviewed the District Council's process and procedures for capitalising projects included in work in progress. Our review identified some projects classified as work in progress that should have been capitalised as the projects had been completed and the assets are in use. We noted that many of these projects were land assets.

The delays in capitalising assets can potentially have a material impact on the depreciation charged in future years.

### **Recommendation**

The District Council reminds staff of the importance of processing work in progress in a timely manner to ensure reporting of property, plant, and equipment (including depreciation) is up to date and accurate in the financial statements.

We also recommend the District Council considers revaluing land and buildings earlier to ensure these assets are correctly reflected at their fair value.

### **Management comment**

*Management will review the option of revaluing land and buildings before the next scheduled valuation.*

## **3.4 Impact of the three waters reform**

The three waters reform programme is one of the most significant policy programmes affecting local authorities. This is a three-year programme of work in three tranches.

In September 2020, the District Council signed a non-binding Memorandum of Understanding (MOU) with the Crown. By signing this MOU, the District Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform.

On signing of the MOU, the District Council subsequently received \$5.7 million from the Crown for its share of the \$761 million Crown stimulus funding, which was the first tranche of funding that was provided under the reform programme.

We reviewed the accounting treatment of the funding received to date and are satisfied that the accounting treatment is in line with PBE IPSAS 23 *Revenue from Non-Exchange Transactions*.

## **3.5 The risk of management override of internal controls**

There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.

We carried out substantive procedures, including reviews of journal entries, accounting estimates, and significant transactions that are outside the normal course of business. We also incorporated an element of unpredictability in our audit testing through random sampling. Our testing found no issues of concern.

## 4 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

### 4.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy, and is the context in which the accounting system and control procedures operate. Management, with the oversight of Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

Overall, we concluded that the control environment is effective.

### 4.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

We found that the controls are design effective and have been operating effectively throughout the period, to enable us to plan and undertake a controls reliance audit.

### 4.3 Information technology general controls review

We have updated our understanding of the information technology (IT) control environment. We reviewed aspects of the District Council's general IT control environment and this has been assessed as design effective. We reviewed the following areas:

- IT governance.
- Management of security service.
- Change management.
- Management of service requests and incidents.
- Management of continuity.
- Management of availability and capacity.
- Management of programmes and project.

We also followed up on prior year issues and the status of these issues is included in Appendix 1. We are pleased to see that the District Council has made progress on these issues as there has been slow progress made on these issues in the past.

## 5 Other matters identified during the audit



During the audit, we also identified the following matters that we wish to bring to your attention:

### 5.1 Rates resolution unclear on goods and services tax (GST)

We reviewed the rates setting process for 2020/21. Our review identified that the rates resolution did not clearly state whether the amounts of rates included in the resolution are GST inclusive or exclusive.

GST must be charged on rates. The default rule is that the amount includes GST unless otherwise specified. It is important that the various documents building up to the rates resolution are clear about when calculations do or do not include GST to ensure that revenue will be sufficient to meet expected costs.

#### Recommendation

Going forward, the District Council explicitly states in the rates resolution whether GST is included in the rates amounts.

#### Management comment

*Future rates resolutions will explicitly state that GST is included in the rates amounts.*

### 5.2 Property, plant, and equipment

We reviewed the District Council's processes and procedures for processing property, plant, and equipment additions, disposals and calculating depreciation. We found the following from our review of property, plant and equipment:

- We selected a sample of property, plant, and equipment additions to ensure these were correctly processed and classified, and appropriate useful lives had been applied. Our review identified instances where invoices had been approved by individuals who did not have the appropriate delegated authority limits. There is a risk that inappropriate purchases are made and assets are misclassified where incorrect depreciation is charged.
- We reviewed the depreciation rates applied to assets to ensure the rates used are consistent with the rates disclosed in the District Council's accounting policy. We found that a number of buildings, computer equipment, and library book assets were being depreciated at rates outside the policy. When assets are being depreciated at rates that are outside the policy, there is the potential that there could be a material misstatement as depreciation is being incorrectly charged.

While we are satisfied the impact of these issues was not material to the financial statements, it is important to address them, to ensure asset records are up to date and accurate, and that depreciation expense is accurately calculated.

### **Recommendations**

The District Council ensures all capital expenditure is approved by individuals with the appropriate delegated authority limits.

The useful lives of assets in the asset management system are reviewed to ensure that they align with actual asset lives in the field.

### **Management comment**

*Finance staff had applied the contracts awarded under delegation/engineer to the contractor process to library book purchases. The process and appropriate delegations for library book purchases have been updated accordingly.*

*Asset records will be kept up to date and a review undertaken regarding depreciation expense and useful lives. Any inconsistencies with the District Council's accounting policy will be rectified.*

## 6 Public sector audit



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

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

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

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

### 6.1 Sensitive expenditure policy

We reviewed the District Council's sensitive expenditure policy, including the gifts and hospitality policy, against the Office of the Auditor General's *Controlling sensitive expenditure: Guide for public organisations* that was issued in October 2020. Our review found that the policies align with many aspects of the guidelines. However, we identified the following areas where the District Council could strengthen its policies:

- Reimbursement of expenses need to be made in separate claims for each person whenever possible, or where a claim relates to more than one person (for example joint travel), it should be made by the most senior person and list the other individuals to whom the expenditure relates to.
- Claims for reimbursement need to be in English or Te Reo Maori (or independently translated before payment).
- Travel policies and procedures that consider technology-enabled solutions as opposed to travel in person.

- Policies and procedures to cover rideshare options charged through an app linked to a credit card. If the app is set up to use a personal credit card, the policy should cover processes to distinguish legitimate work expenses from personal expenses.
- For the use of the District Council's assets and suppliers, there is guidance to clarify the selection of suppliers is in the District Council's best interests and is not affected by the availability or possibility of purchasing privileges for staff. There should also be explicit policies that staff cannot use purchasing privileges on behalf of any third party, such as family members or friends, and that staff should pay in full at the time of purchase and must not use the District Council as a source of credit. This is to ensure that the District Council's resources, including staff time, should not be used to procure goods or services for employees' personal benefit.
- A policy that specifically states that receiving cash gifts is unacceptable in any circumstances.

### **Recommendation**

The District Council undertakes a review of its sensitive expenditure policy with a view to further aligning the policies with the Office of the Auditor's General [Controlling sensitive expenditure: Guide for public organisations — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](https://www.oag.parliament.nz).

### **Management comment**

*Management is currently undertaking a review of its sensitive expenditure policy. We will ensure alignment with the Auditor General's guidance.*



## 7 Group audit



The group comprises:

- Waikato District Council;
- Waikato District Community Wellbeing Trust; and
- Strada Corporation Limited.

We have not identified any of the following during our audit for the year ended 30 June 2021:

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

## 8 Key changes to the Government Rules of Sourcing



The Government Procurement Rules (Rules) have had two new rules added. As well as these changes, the Government has introduced a “Progressive Procurement Policy” in which agencies must increase the diversity of their suppliers. Mandated agencies (those that are required to comply with the rules) are required to adopt a target that “five percent of the total number of procurement contracts are awarded to Māori businesses”. Further details of these changes are noted below:

### Procurement response measure

From 1 June 2021, the Procurement response measure rule came into effect. This new rule (12A) allows the Ministry of Business, Innovation and Employment (MBIE) as Procurement Functional Leader (the PFL) to respond to a policy priority, emergency, or crisis by declaring appropriate procurement response measures (a procurement measure), to help achieve specific outcomes and drive positive change across the government procurement system.

By declaring a procurement measure, the PFL can mandate and deliver targeted interventions at a national, sectoral, or regional level. Procurement measures may be applicable to some or all mandated agencies and their procurement activities. They are put in place for a set period to support defined objectives.

Further details can be found at [Procurement response measure guidance](#).

### Quality employment outcomes

A new rule 18A will come into effect on 1 October 2021. This rule requires mandated agencies to consider quality employment opportunities for New Zealanders. This is in addition to previous changes in 2019 on [Broader Outcomes](#) in the Rules. MBIE have advised guidance and training will be available before the new Rule comes into effect.

### Progressive procurement

On 3 December 2020 the Government [announced](#) a further change relating to procurement for mandated agencies. This directed Te Puni Kōkiri (TPK) and MBIE to develop a progressive procurement approach to increase the diversity of government suppliers, starting with Māori businesses.

The main features of the “Progressive Procurement Policy” are:

- The definition of a Māori business as a Māori authority (as classified by the Inland Revenue Department) or a business with minimum 50% Māori ownership.
- A target that 5% of the total number of buyer (mandated government agencies) procurement contracts are awarded to Māori businesses.

- Intermediary organisations to act as a broker, matching and connecting buyers and suppliers to realise procurement opportunities. Further, brokers can assist with verifying supplier businesses as meeting the definition of Māori business.
- Supporting sustainable, long term behavioural change of government agencies and businesses' procurement practices.

Details on this initiative can be found at the TPK website for [Progressive Procurement](#) including [information for buyers](#).

We encourage procurement staff to understand the changes and prepare for their implementation by considering the changes that are required to Waikato District Council's procurement policies, procedures, and practices.

#### **Five questions your governing body could ask**

- 1 Is our procurement policy up to date and consistent with these new rules and policy objectives?
- 2 Are we clear how we implement broader outcomes in our procurement practices – with updated tools, templates, and guidance?
- 3 Can we identify the Māori businesses amongst our current suppliers?
- 4 What have we done to reach out to our suppliers to identify whether they are Māori businesses?
- 5 What have we done to understand and remove barriers for Māori businesses to compete for our work?

#### **Future audits**

By 2022, we expect agencies will have implemented the required changes. In future audits we will be reviewing whether mandated agencies have:

- a framework in place regarding broader outcomes and progressive procurement – policies, procedures, tools, and templates;
- are applying the policies in practice consistently and well; and
- ensuring that senior managers and governors have the information they need to monitor and review the organisation's adherence to the broader outcomes and progressive procurement requirements.

## Appendix 1: Status of previous recommendations

### Open recommendations

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Processing of work in progress</b>		
The District Council reminds staff of the importance of processing work in progress and depreciation in a timely manner to ensure reporting of property, plant and equipment (including depreciation) is up to date and accurate in the financial statements.	2019/20	Refer section 3.3 for further information.
<b>Procurement processes and procedures</b>		
Procurement policies and procedures are reviewed and updated in a timely manner.  We also recommended sufficient training be provided to relevant staff who are involved in procurement activities.	2019/20	The District Council is in the process of updating their procurement policies and procedures. There have been delays due to the impact of adopting the 2021-31 Long Term Plan.
<b>Regular reviews of network users are not being performed</b>		
Regular reviews and reporting be carried out on the network, and within applications, to ensure that only current, approved users have access. These reviews could include automated weekly reports of users who have not logged in for a period of time.	2018/19	Reports of staff accounts that have not been used for 60 days are being run and compared to the Council staff list, however this does not include all network login accounts.  We obtained a full extract of network login accounts and noted that there were accounts that have not been used for more than a year, including generic shared accounts, superuser (Domain admin) accounts and contractor accounts. This continues to raise the risk of inappropriate use of these network login accounts.

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Review network administrators accounts and network directory organisational units</b>		
<p>A review of the Domain administrator network accounts be done and any redundant accounts removed.</p> <p>A review of the Organisational Units on the network and accounts within those structures should also be completed and accounts moved into their correct areas.</p> <p>Any redundant accounts should also be removed.</p>	2017/18	<p>There are a high number of network login accounts - including generic shared administration accounts, and accounts that have not been used this year. There is no tracking of the usage of the shared generic administrator accounts and no formalised change management processes in place for approving changes made using these privileged accounts.</p> <p>This continues to raise the risk of inappropriate or accidental changing of system configurations which could affect all of Council's IT infrastructure.</p>
<b>Contract management</b>		
<p>The District Council:</p> <ul style="list-style-type: none"> <li>• develops and implements a fully functional contract management system;</li> <li>• updates the policy and guidance documents covering contract management activities;</li> <li>• has a dedicated individual or team in place with responsibility for oversight of contract management activities; and</li> <li>• puts in place a centralised contract management system, which captures all contract information.</li> </ul>	2015/16	<p>A policy has been drafted and presented to senior management for presentation and approval to Council. It is expected that this will be implemented on 1 July 2021.</p> <p>We will follow up on progress during next year's audit.</p>
<b>IT change management</b>		
<p>Change management procedures are implemented and all changes are logged and approved before they are made to live systems.</p>	2014/15	<p>The major upgrade to the Technology One system was managed under the Council's project management framework which covered all aspects of change management.</p> <p>There has not been any uptake on use of the IT/IM change management processes for other changes.</p>

Recommendation	First raised	Status
<b>Necessary</b>		
<b>All devices have virus definition updates and patches applied</b>		
Ensure all devices have virus definition updates and patches applied.	2013/14	<p>New anti-virus and patching software is in place and updates appear to be going out to laptops and personal computer stations. However we noted no checking or reporting has been developed to ensure all District Council technology is being updated.</p> <p>There is also no regular monthly patch cycle of servers that has been established. Patching of District Council servers is only being completed when critical alerts are received.</p>
<b>Business continuity and IT Disaster Recovery planning</b>		
Develop and test organisational business continuity plans. This planning should drive the development of an IT Disaster Recovery Plan. Plans should also be tested on a regular basis to ensure they are still meeting the organisations objectives for acceptable risk and levels of services to its customers.	2011/12	Apart from a test switch over to one of the disaster recovery servers in the backup datacentre earlier this year, we are not aware of any updates or testing of the organisational Business Continuity Plan and IT Disaster Recovery plan.

### Implemented or closed recommendations

Recommendation	First raised	Status
<b>Urgent</b>		
<b>Water supply and wastewater median response times</b>		
<p>The District Council enhances controls and review processes to ensure that attendance and resolution times are recorded accurately in their customer service request system.</p> <p>Consideration will also need to be given to how the system can provide the appropriate level of assurance over the accuracy of the data recorded.</p>	2019/20	The District Council has implemented processes to ensure appropriate supporting documents is available to confirm response times.

Recommendation	First raised	Status
<b>Urgent</b>		
<b>Publication of the summary annual report</b>		
<p>Update the version of the summary annual report on the website to be consistent with the audited version we signed on the 21 January 2021.</p> <p>Implement processes and procedures to ensure the summary annual report is not made available to the public until the audit opinion has been issued.</p>	2019/20	The summary annual report was adopted 19 October 2021.
<b>Necessary</b>		
<b>Bridges and culverts valuation</b>		
<p>The District Council performs a review of the valuation information before processing the data to confirm the completeness and accuracy of the data used for the valuation.</p>	2019/20	A review was performed by the District Council before processing the valuation data.
<b>Property purchases</b>		
<p>Ensure that GST is claimed on property purchased from non-registered persons. Where appropriate, the District Council should seek a refund of GST.</p>	2019/20	GST was claimed correctly for all property purchases.
<b>Community Board members remuneration</b>		
<p>Implement processes and procedures to ensure payments made to community members is consistent with the Local Government Members Determination.</p>	2019/20	All payments made to community board members was consistent with the Local Government Members Determination.
<b>Compliance with Schedule 8 of the Local Government Act 2002</b>		
<p>Processes are implemented to ensure all legislative timeframes are met when preparing statement of intents.</p>	2019/20	Legislative timeframes were met for preparing the 2021/22 statement of intents.
<b>Committee member conflict of interest</b>		
<p>Formal contracts are in place for all suppliers or vendors.</p>	2019/20	Our testing of contracts and invoices confirmed that formal contracts are in place.

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Vetting times for building consents</b>		
Ensure the correct start date/time is used for building consent applications, when taking into account the vetting periods.	2018/19	Our testing of building consents confirmed the correct start date/time were recorded.
<b>Financial instrument disclosures</b>		
Future annual reports include disclosures about derivative financial instruments' potential movements, if there are significant changes to the OCR after balance date.	2018/19	Disclosures of the financial instruments are consistent with the requirements of PBE IPSAS 41 <i>Financial Instruments</i> .
<b>Monitoring of fuel card expenditure</b>		
Management improves processes for monitoring fuel card usage. The District Council's policies should record the process for monitoring fuel card expenditure and with whom this responsibility lies. New and existing staff would need to be made aware of any change in processes or requirements.	2018/19	The District Council has implemented the Eroads system to monitor fuel card usage. Operational procedures have also been updated.
<b>Review of leases</b>		
Review and update its listing of leases. This should include incorporating changes to existing leases, and adding in new leases signed during the year.	2017/18	A complete listing of all leases was provided.
<b>Expenditure – segregation of duties</b>		
Individuals who raise and authorise purchase orders should not also be able to approve the invoice for payment. Ideally, there should also be segregation in the receipting of goods and services however, as a minimum, there should be "one up" approval of all expenditure transactions by invoices being approved by a more senior officer than the officer who authorised the order.	2013/14	Based on discussions with the District Council, there are no plans to change delegated authority limits to ensure purchase orders are not raised and authorised by the same individual. Therefore, we have decided to close this issue.



Recommendation	First raised	Status
<b>Necessary</b>		
<b>Service performance reporting – Customer Relationship Management (CRM) system</b>		
Ensure additional supporting documentation is used by staff such as job summary sheets that record the dates and times the job started and finished. This will allow an independent review to be performed to confirm information has been entered correctly into the CRM system.	2013/14	The District Council has implemented processes to ensure appropriate supporting documents is available to confirm response times.
<b>Beneficial</b>		
<b>Develop availability and capacity reporting on IT infrastructure and systems</b>		
Dashboard reporting, as well as including matters currently being reported, also include reporting on the availability and capacity of IT infrastructure and systems.	2017/18	<p>There has been significant improvement in the quality of reporting provided by the Chief Information Officer to the senior leadership team in relation to both strategic and operational IT/IM matters.</p> <p>Monthly dashboard reporting has been developed and is being continually improved for effective decision making by management.</p>

## Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit we have carried out engagements in the areas of the Long Term Plan audit, the debenture trust deed assurance engagement and reviews of selected procurements, probity review and ad-hoc support, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the District Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is \$177,016, as detailed in our Audit Proposal Letter.</p> <p>No other fees have been charged in this period.</p> <p>Other fees charged in the period are \$188,523 for the audit of the Long Term Plan, review of the debenture trust deed reporting certificate, review of selected procurements, probity review and ad hoc support.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p>

## AUDIT NEW ZEALAND

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### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	3 December 2021
<b>Prepared by</b>	Alison Diaz Chief Financial Officer
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 3309159
<b>Report Title</b>	Sensitive Expenditure Policy Review

## **I. EXECUTIVE SUMMARY**

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Council's Sensitive Expenditure Policy was due for review by 30 November 2021. Staff review commenced in October with further updates made in November to incorporate feedback from Audit New Zealand.

While the Policy & Regulatory Committee recommends policy amendments to Council for approval, as it is a key control in the management of fraud risk, the Audit & Risk Committee is also involved in the review of the Sensitive Expenditure Policy. The Policy & Regulatory Committee held their final meeting of the 2021 calendar year in November, ahead of the Audit & Risk Committee quarterly meeting. To ensure the timings align in future years the suggested approval date of policy reviews will move to February.

Approval for minor changes to the policy are being requested to address grammatical errors, updates to fringe benefit tax budget implications and council's credit card limit and clarity around private use of council suppliers and 'my boost' employee benefits scheme.

## **2. RECOMMENDATION**

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**THAT the Audit & Risk Committee's endorsement of the revised Sensitive Expenditure Policy is noted for the February 2022 Policy & Regulatory meeting.**

## **3. BACKGROUND**

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Public entities are required to establish and maintain a sensitive expenditure policy. Senior management are expected to review the policy regularly and communicate the policy to all staff and elected representatives at least annually.

Council’s Sensitive Expenditure Policy was developed in line with the Auditor General’s Good Practice Guide ‘Controlling sensitive expenditure: Guide for public organisations’. These guidelines outline the principles applicable to sensitive expenditure and the scope of policies and procedures required of a public entity. Clause 3.4 of Part 3 outlines the generic content of policies and procedures, as follows:

“Sensitive expenditure policies need to:

- Make clear what types of expenditure are and are not allowed;
- Outline clear approval processes that are specific about who approves what (including that expenditure should generally be approved before it is incurred) and any exceptions to that;
- Set spending limits or boundaries and specifying dollar limits and defined boundaries, where practicable. Otherwise, the policies need to be clear about when people are expected to exercise careful judgement as to what is actual and reasonable;
- Allow manager discretion to grant an exception (management override) to a policy or procedure only in exceptional circumstances;
- Specify the monitoring and reporting regime (including when exceptions to policies have been granted) and, where applicable, controls or checks that may be applied; and
- Specify the requirements for review of the policies and procedures.”

The proposed amendments to the Sensitive Expenditure Policy continue to comply with these requirements and complement the other Council policies such as Fraud Prevention, Codes of Conduct (staff and elected members), Gifts & Hospitality, Reimbursement of Expenses, and Rewards and Recognition Policies.

## 4. DISCUSSION AND ANALYSIS OF OPTIONS

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### 4.1 DISCUSSION

The amendments being proposed are:

Item	Current Policy position	Proposed changes
Change in Policy review date	The timing of the policy reviews does not align with the committee meeting cycle.	Moving the review date to February, will allow the Audit & Risk Committee to review the policy in December of the prior year with the Policy & Regulatory Committee finalising the process in February.
Grammatical errors		Minor updates for hyperlink references, spelling and formatting.

Fringe Benefit Tax (FBT)	Section 5.6 (d) stipulates FBT budgetary considerations to be approx. 50% increase in cost	The budgetary impact has been updated to the FBT single rate which is approximately 64%.
Credit card limit	Section 6.1.1 states that the credit card spending limit is \$5,000	During 2020, Council resolved to increase the credit card limit to \$20,000
Fuel card usage	Section 6.1.2 states that fuel cards should not be used for car washes or fuelling private vehicles	Following a fraud investigation in 2019/20 this section has been updated to include 'or for any private expenditure'
Receiving of gifts	The Sensitive Expenditure Policy and the related Gifts and Hospitality Policy do not explicitly address cash gifts	Based on Audit New Zealand feedback, staff are recommending that section 6.5.2 be updated to reflect that receiving cash gifts is unacceptable
Private use of Council suppliers	Section 7.3 referred to the employee benefits scheme N3	Section 7.3 has been updated to reflect the employee benefit scheme my boost  On the advice of Audit New Zealand, we have also explicitly stated that council is not to be used as a line of credit

It should be noted that the individual policies and processes referred to throughout the Sensitive Expenditure Policy stipulate the monitoring and other requirements. Non-compliance matters are reported under the Anti-fraud and corruption framework.

## 4.2 OPTIONS

The Audit & Risk Committee could choose to endorse the suggested changes to the policy as is, or request further adjustments be made ahead of February 2022's Policy & Regulatory meeting.

## 5. CONSIDERATION

### 5.1 FINANCIAL

The Sensitive Expenditure Policy is a key preventative control in delivering financial prudence when dealing with public funds. The proposed changes are minor in nature. There will be no cost increase to Council in terms of managing these changes.

## **5.2 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT**

The policy amendments will continue to complement other Council policies such as Fraud Prevention, Codes of Conduct (staff and elected members), Gifts & Hospitality, Reimbursement of Expenses, and Rewards and Recognition Policies.

## **6. CONCLUSION**

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The proposed policy updates address minor clarification and administrative items.

## **7. ATTACHMENTS**

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Marked-up version of the Sensitive Expenditure Policy



## Sensitive Expenditure Policy

Policy Owner:	Chief Executive
Date approved:	<a href="#">February 2022</a> , <del>November 2018</del>
Next review date:	<a href="#">February 2025</a> , <del>November 2021</del>
Document number:	<del>1987304</del>
Engagement required:	N/A

### 1 Purpose

To provide a framework for staff entering into or approving sensitive expenditure and other financial transactions on behalf of Council.

This policy should be read in conjunction with specific policies listed in Related Documents/Legislature.

### 2 Definitions

**Approving Manager** a staff member's line manager or a manager higher in the financial delegation approval hierarchy.

**Entertainment Expenses** expenditure on food, beverages, tickets for events, and related supplies for events, involving one or more Council staff members and/or one or more guests, and the purpose of the expenditure is to represent the Council or provide reciprocity of hospitality or build business relationships in pursuit of Council goals.

**Official Function** social functions, entertainment events, ceremonies, meetings, special events and conferences that can be demonstrated to provide clear benefit to the Council. Such functions must be sanctioned by the Chief Executive, or the relevant General Manager.

**Credit Card** includes vehicle fleet cards, purchase cards and equivalent cards used to obtain goods and services before payment is made.

**Sensitive Expenditure** any Council expenditure that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by Council that could be considered unusual for Council's purpose and/or functions.

Travel, accommodation, gifts and hospitality are examples of sensitive expenditure.

**Supplier** a current or potential provider of goods or services to the Council.



### 3 Application

This policy applies to all elected members (including community board and committee members) and staff of the Waikato District Council.

The term 'staff' will be deemed to cover all of the above categories where it is mentioned within this document.

### 4 Significance

This policy is not considered significant in terms of the Significance and Engagement Policy.

### 5 Policy Statements – Principles and Controls

#### 5.1 Principles and Ethics

Council spends public money and, as a consequence, all expenditure should be subject to a standard of probity and financial prudence expected of a local authority and be able to withstand public scrutiny.

Council is obliged to safeguard and use its resources in a responsible manner. Furthermore, Council staff and elected members must guard against actual or perceived conflicts of interest in regard to the use of those resources. Due to the risk of perceived or actual personal benefit to the staff or elected member arising from certain expenditure categories, such as travel, accommodation, gifts and hospitality, the Controller and Auditor-General defines them as 'sensitive' expenditure. The Council expects all staff involved in arranging, making or approving sensitive expenditure to:

- a) do so only for Council purposes;
- b) exercise prudence and professionalism;
- c) not derive personal financial gain;
- d) act impartially;
- e) ensure the expenditure is moderate and conservative in the context of the given situation;
- f) have read and adhered to this and other relevant Council policies.

The Council's two Codes of Conduct identify the required behavioural standards for staff and elected members in all areas of their work.

#### 5.2 Determining when sensitive expenditure is appropriate

In deciding what appropriate sensitive expenditure is, elected members and Council staff need to take account of both individual transactions and the total amount of sensitive expenditure.

Even when sensitive expenditure decisions can be justified at the item level, the combined amount spent on a category of expenditure may be such that, when viewed in total, Council could be criticised for extravagance and waste.

### 5.3 Responsibilities of the Mayor, Councillors and General Managers

Overall responsibility for this policy rests with the Mayor, Councillors and the Executive Leadership Team (ELT). This group must make it clear to staff what is and is not 'acceptable sensitive expenditure' and model those behaviours to the highest standard.

### 5.4 Controls and judgement

In the absence of a specific rule for a given situation, the Mayor, Councillors and ELT are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.

The Mayor, Councillors and ELT are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of this policy should not be included as part of an employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

### 5.5 General controls

All claims must be submitted promptly, on the relevant expense reimbursement form, after the expenditure is incurred. Except in exceptional circumstances this means within one month.

Sensitive expenditure will only be reimbursed if it is deemed to be reasonable, actual and has been incurred directly in relation to the Waikato District Council business.

Valid, original GST compliant tax invoices/receipts and other supporting documentation must be maintained/submitted for all sensitive expenditure. Credit card statements and EFTPOS receipts do not constitute adequate documentation for reimbursement.

All claims must clearly state the business purpose of the expenditure where it is not clear from the supplier documentation supporting the claim.

### 5.6 Approval of sensitive expenditure

Approval of sensitive expenditure must:

- a) be given by a person senior to the person who will benefit or might be perceived to benefit from the expenditure, wherever practical;
- b) be given before the expenditure is incurred, wherever practical;
- c) be made strictly within delegated authority and only where budgetary provision exists;
- d) ensure that all budgetary considerations include the ~~fringe benefit tax~~ fringe benefit tax impact (approx. ~~64~~50% increase in cost)
- e) only be given where the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met.

Expenditure incurred by the Mayor or other elected members (not explicitly approved by Council), will be reviewed by the Chief Executive for compliance with this policy.

In the case of General Managers, approval must be given by the Chief Executive. In the case of the Chief Executive, approval is required from the Mayor.

## 6 Policy Statements – Specific Areas of Expenditure

### 6.1 Council credit cards

#### 6.1.1 Bank Credit Cards

The Chief Financial Officer (CFO) operates a credit card account, in the name of the Chief Executive, solely for the procurement of goods or services through the internet.

The credit card spending limit is \$205,000 and the maximum limit per transaction is \$2,500. Changes to these limits shall be approved by the Strategy and Finance Committee.

The credit card is to be stored securely and the card details, such as card number and expiry date restricted to the staff involved in its administration.

Internet purchases are to be made by a delegated member of the finance team who will ensure that:

- a) Purchases are made only from established reputable companies known to Council.
- b) Internet sites are secure and the vendor is reputable.
- c) The procurement complies with Councils procurement policy and manual controls.
- d) A copy of the online order form and invoice is printed to support the payment.

The delegated Finance staff member shall provide a report to ~~the CFO~~the CFO on transactions made on the credit card during the previous month. Such reports shall include the nature and quantum of expenditure and copies of relevant documentation.

Should the credit card be lost or misplaced, the card is to be cancelled immediately and a replacement sought.

Where approval is given by ~~the Chief~~the Chief Operating Officer (COO) to cancel the credit card, the delegated Finance staff member shall promptly destroy the card and advise the issuing bank of its cancellation.

The credit card is not to be used for cash advances and is not available for private use.

If any misuse of the credit card is identified, the Fraud Policy will apply and Council will pursue recovery of the debt wherever possible and practicable in accordance with the process 'Report and Investigate Fraudulent Activity'.

The Strategy & Finance Committee will authorise the issuance of any further credit cards on recommendation from the Chief Executive who must be satisfied that the issuance of any

extra card(s) is essential for administrative efficiencies. In recommending the issue of a card the Chief Executive will also include the approved credit limit.

#### 6.1.2 Fleet Fuel Cards

Fuel cards are provided in each Council-owned vehicle for the sole purpose of re-~~fueling~~[fuelling](#) the fleet vehicle. When purchasing fuel, at designated service stations, the driver must provide the station attendant with the current odometer reading.

Fleet fuel cards shall not be used for car washes or for ~~fueling~~[fuelling](#) private vehicles ~~or for any other private expenditure~~.

### 6.2 Travel and accommodation

#### 6.2.1 General

Elected members and staff may need to incur travel and accommodation costs while conducting legitimate Council business elsewhere in New Zealand or overseas. Expenditure should be economical and efficient, having regard to purpose, distance, time, urgency and personal health, security and safety considerations.

Without prior approval no additional costs will be paid by Council after the conclusion of the conference.

Domestic travel should be undertaken in the most cost effective, practical and efficient manner. For example, travel to Auckland or Taupo or Tauranga is most efficient by car. Travel to Wellington or the South Island will usually be by air.

In assessing the best method of travel, consideration should be given to distance, timetable constraints, urgency, personal health, security and safety.

Any fines (parking or traffic offences) incurred in using motor vehicles are the responsibility of the driver, not Council. This clause does not include any offences in relation to Warrant of Fitness or registration of Council fleet vehicles.

The use of communication technology (~~eg~~[e.g.](#), mobile phones, telephones, ~~email~~[email](#), and internet access) should be moderate. Reasonable private use to clear email and communicate with family members, while travelling on council business, is permitted. Staff and Elected Members must use WiFi networks or pre-paid data packages and not use cellular network ~~roaming when~~[roaming](#) ~~travelling~~[when travelling](#) internationally.

Staff will generally be permitted to take annual leave in conjunction with Council business as long as the annual leave is incidental to the travel. In other words, there must be a clear business purpose for the travel and this is the primary reason for the travel. Council will not fund any costs associated with private travel or annual leave (other than utilization of accumulated annual leave for staff).

Elected Members, General Managers and staff, with the express approval of the Mayor, Chief Executive or General Manager respectively may undertake private travel (extended travel) before, during or at the end of Council travel, provided there is no additional cost to Council and the private travel is only incidental to the business purpose of the travel.

Council will not reimburse elected members or staff for tipping while they are on business in New Zealand. Council will reimburse elected members and staff for low to moderate tipping during international travel only in places where tipping is local practice.

With the exception of the annual LGNZ Conference where delegate member's spouses may attend at Council's cost (refer [Conferences and Seminars Policy – Attendance and Payment of Expenses](#)), as a general principle, the travel cost of accompanying spouses, partners or other family members are a personal expense and will not be reimbursed by Council.

#### 6.2.2 Private Vehicle

Generally Council will not pay for travel by private motor vehicle where travel by other means is more practical and cost effective. Staff are expected to always use a Council vehicle for Council business if one is available.

Where the use of a private vehicle is approved for Council-related business, the staff member must ensure they have appropriate insurance cover for the vehicle while it is being used on Council business. Any fines (parking or traffic offences) incurred while using a private vehicle on Council business are the responsibility of the driver. Staff reimbursement for the use of a private vehicle will be made in accordance with the [Reimbursement of Expenses Policy](#)

Reimbursement for the use of private vehicles for elected members will be made in accordance with the [Reimbursement of Mileage and Expenses - Elected Members Policy](#).

#### 6.2.3 Air travel

##### 6.2.3.1 General

To the extent practicable, air travel is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible.

All travel bookings are to be made in accordance with the process [Request Corporate Travel and/or Accommodation](#) and associated guidelines.

All air travel shall be booked through an Executive Assistant or appropriate Personal Assistant to ensure that competitive prices are obtained.

Discounted economy or economy class (or a discount airline if applicable) is to be the first choice for journeys. The Chief Executive or Mayor may consider an upgrade to another travel class, for staff or elected member respectively, in special circumstances, if there is:

- a) no additional cost to Council; or

- b) the cost is covered by the person travelling; or
- c) where the work schedule on arrival, or personal health, safety or security reasons make another class preferable.

#### Stopovers

The cost of stopovers will only be reimbursed where they are pre-approved and have a clear business purpose.

#### Airline Membership Clubs

The Mayor and Chief Executive will be entitled to Koru Club or equivalent airline membership to reflect the need for travel on Council business. Council will pay for the membership.

The Chief Executive may approve membership of such airline travel clubs for other staff provided there is a clear business purpose for the membership. Such approval will be reviewed annually.

The payment of airline fees for membership clubs is not considered to be remuneration.

#### Airline Loyalty Rewards

Loyalty rewards from air points (or other loyalty schemes) accruing to elected members or staff carrying out their official duties may remain with the relevant elected or staff member provided the use of airlines supplying air points does not result in Council incurring additional costs.

### 6.2.3.2 International Travel

Any proposed international travel on Council business, or for training or personal development of the Chief Executive at the cost of Council, must receive prior approval from the Council including details of estimated cost and the expected benefit to the organisation and its ratepayers.

This policy does not apply to international travel undertaken for the purposes of training and personal development of staff (other than the Chief Executive), as long as the travel has been approved by the Chief Executive and the overall cost has been approved through the Annual Plan or Long-Term Plan process.

Any person travelling internationally on Council business must provide a report to the Mayor or Chief Executive upon their return detailing the benefits of the trip.

### 6.2.4 Meals and accommodation

#### 6.2.4.1 Elected Personnel

Refer to Council's Policy on ['Conferences and Seminars – Attendance and Payment of Expenses \(including Local Government NZ Conferences\).'](#)

#### 6.2.4.2 Staff

To the extent practicable, accommodation is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible. This must take into account the location of the accommodation relative to the event, the standard of the accommodation (which should be modest) and security issues. The use of '5 star' or 'luxury' accommodation requires the express approval of the Chief Executive, prior to the booking being confirmed.

All accommodation bookings are to be made in accordance with the process [Request Corporate Travel and/or Accommodation](#)

Wherever possible use is to be made of Council's preferred suppliers and negotiated corporate rates. Where any staff member chooses to stay in private accommodation, no reimbursement will be made.

Reasonable meal costs will be met except where a meal has been provided as part of the meeting, conference, training etc.

Council will meet the cost of the following expenses whilst staff are on Council business:

- a) Meals (including non-alcoholic drinks) to a maximum cost of \$65 per meal per staff member;
- b) Maintaining business related and family communication, in accordance with 6.2.1;
- c) Reasonable expenses for unexpected events, e.g. overnight expenses due to a cancelled plane flight.

Council will not reimburse the following non-business expenses:

- a) Any alcoholic drinks
- b) Use of hotel minibar or pay per view.

Accommodation check-out times are to be observed and Council will not meet any additional costs as a result of the staff member failing to check out on time except in the case of extenuating circumstances.

#### 6.2.5 Rental Cars and Taxis

Rental cars are only to be used if it is impracticable or uneconomic to use a Council vehicle. Council requires that the most economical type and size of rental car be used, consistent with the requirements of the trip. Any fine (parking or traffic offences) incurred while using a rental vehicle are the responsibility of the driver.

Personal use of a rental car is only permitted in exceptional circumstances and requires the express approval of the relevant General Manager or Chief Executive. All additional costs as a result of private use are the responsibility of the elected member or staff member.

Council expects the use of taxis to be moderate, conservative and cost effective relative to other transport options. Wherever practicable, shuttle, train or bus services are to be used in lieu of taxis.

Taxi cards are only to be used in an individual's name and require the express approval of the Chief Executive. All use of taxi cards/chits is to be transparent with the purpose of each trip recorded on the account.

### 6.3 Entertainment and hospitality

Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to meals and alcohol. It also includes non-catering related items, such as Council funded entry to sporting or cultural events.

There are four business purposes for Council providing entertainment and hospitality:

- a) Building relationships.
- b) Representing the organisation.
- c) Reciprocating hospitality where there is a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality.
- d) Recognising significant business achievement.

Supporting the Council's internal organisational development may in some circumstances also be a legitimate business purpose for moderate expenditure.

The principles of a justified business purpose, moderate and conservative expenditure, should be applied.

All entertainment and hospitality expenditure must be pre-approved where practical and always supported by clear documentation. This documentation must identify the date, venue, costs, recipients and benefits derived and/or reasons for the event. The most senior person present (with delegated authority) should approve and confirm the expenditure as being appropriate.

Council will not reimburse the cost of alcoholic drinks.

Refer also to Council's [Anniversaries, Farewells and Long Service Leave](#) ~~Anniversaries, Long Service Awards and Farewell~~ Policy and [Rewards and Recognition](#) Policy.

Field Code Changed

### 6.4 Staff support and welfare expenditure

#### 6.4.1 Clothing

Other than official uniforms and health and zero harm-related clothing, elected members or staff will not be clothed at the Council's expense, when they are engaged in a normal business activity.

#### 6.4.2 Financing Social Club activities

Council may make a prudent and reasonable monetary contribution to the staff social club. The contribution may be in the form of an all-purpose grant towards the club's annual budget, or it may be a grant or subsidy for a specific event or item.

#### 6.4.3 Farewells, long service and retirements



Expenditure on farewells, long service and retirements includes spending on functions, gifts and other items and should not be extravagant or inappropriate to the occasion. Refer to Council's [Anniversaries, Long-Service Awards and Farewell Policy](#).

#### 6.4.4 Professional Memberships

Membership to a professional body is sensitive expenditure due to its personal nature.

Payment of professional fees by Council on behalf of a staff member must be:

- a) approved by the General Manager or Chief Executive;
- b) clearly relevant to the performance of the staff member's duties and responsibilities;
- c) for the staff member alone and is not to cover members of their family or other non-staff members;
- d) for no longer than one-year in duration unless significant discounts are available and it is reasonable to expect a two year membership to be an advantage to the Council;
- e) for the benefit of the Council and are not intended to be a personal benefit to staff members, and accordingly are not liable ~~for for fringe benefit tax~~[fringe benefit tax](#);
- f) cancelled or transferred to an appropriate staff member if the staff member's employment with the Council is terminated, via resignation or otherwise;
- g) refunded directly to the Council if the membership is cancelled.

#### 6.4.5 Sponsorship of staff or others

Staff taking part in an activity that is not part of their job – such as a sporting event – may be sponsored by Council through the provision of, or payment for, goods or services (for example, a t-shirt or an entry fee).

Sponsorship should have a justified business purpose, which could include both publicity for the Council and its objectives and organisational development. The cost to Council must be moderate and conservative. If the sponsorship does not have a justified business purpose, the cost is a donation.

In normal circumstances sponsorship will be provided through a social club rather than directly to the staff member.

Sponsorship of people who are not staff must be undertaken in a manner that is transparent. It is also preferable that, if non-staff are sponsored, the sponsorship is of an organisation they belong to, rather than directly of the individual.

Where a staff member is chosen to represent New Zealand at an international event, special leave may be available at the discretion of the Chief Executive. Refer to the [Sports, Art and Culture Leave Policy](#) for further information.

## 6.5 Other types of expenditure

### 6.5.1 Donations & Koha

A donation/koha is a payment (in money or by way of goods or services) made voluntarily and without the expectation of receiving goods or services in return.

Council requires donations to be:

- a) Lawful in all respects.
- b) Disclosed in aggregate in the Council's annual report.
- c) Made to a recognised organisation by normal commercial means (not to an individual).
- d) Not in cash.
- e) Non-political.

The amount of koha given on behalf of Council should reflect the occasion and the prestige of Council in its relations with Tangata Whenua and approved by the Chief Executive or relevant General Manager on advice from the Pouhono Iwi ki te Haapori (Iwi and Community Partnerships Manager).

The following payments are not donations/koha and as such will likely have PAYE/~~Withholding~~Withholding tax and/or GST implications:

- a) A payment in response to providing a service (e.g. lecturing or presenting).
- b) A payment to a marae for the use of their premises. This may involve accommodation, food and drink, or other related services.
- c) A payment made for Maaori or iwi participation at a hui or a blessing undertaken by Kaumaatua.

### 6.5.2 Gifts

With the exception of Long Service awards, the giving of gifts up to \$300 requires the approval of the relevant General Manager. Giving of any gift over \$300 requires the approval of the Chief Executive in respect of staff, and the Mayor in respect of elected members.

The giving of gifts must be appropriate, transparent and reasonable.

Refer to Council's ~~Anniversaries, Farewell and Long Service Awards~~  
Guidelines Anniversaries, Long-Service Awards and Farewells Policy.

Field Code Changed

The receiving of a gift is not strictly sensitive expenditure but it is nevertheless a sensitive issue. Refer to Council's Gifts and Hospitality Policy for information-Receiving cash gifts is unacceptable in any circumstances.

## 7 **Policy Statements – Other Sensitive Financial Transactions**

### 7.1 Loyalty reward scheme benefits/prizes

Except in the cases of airline loyalty rewards (covered under section 2.4 of this policy), fuel loyalty schemes (such as AA Rewards), and Fly Buys etc., Council treats loyalty rewards accruing to staff carrying out their official duties as the property of Council.

Where a reward/prize to the value of less than \$100 is obtained by chance and without inducement, it may be retained by the individual. Rewards or prizes greater than this value should be declared in Council's Interests Register in accordance with the [Gifts & Hospitality Policy](#).

Generally, prizes received from a free competition entry obtained while undertaking Council business are considered to be a loyalty or reward scheme. However prizes received from competitions at trainings or conference events, or through membership of professional bodies, are considered to be the property of the individual, unless their value exceeds \$100 in which case they are to be considered as a gift and disclosed in the Interests Register in accordance with the Gifts & Hospitality Policy.

In situations where receiving a prize or loyalty reward could be perceived as inappropriate, even if Council rather than the individual would benefit from it, Council expects the prize or reward to be declined.

## 7.2 Private use of Council assets

### 7.2.1 General

Any physical item owned, leased or borrowed by Council is considered an asset for the purpose of this policy. This includes photocopiers, telephones, laptops, tablets, cell phones, cameras, means of accessing the internet, vehicles, equipment and stationery.

The cost to Council of personal use of any asset will be recovered wherever possible, unless it is impractical or uneconomic to separately identify those costs.

Personal use of photocopiers is permitted in limited circumstances. Such use should be restricted to lunchtime or after work when the copiers are not so busy, and payment for copies taken must be paid for in accordance with the current photocopy charges listed in the fees and charges.

Personal use of telephones and mobiles is permitted in limited reasonable use circumstances. Elected members and staff who take council-issued devices overseas on personal trips must cover their own roaming and/or call charges.

Personal use of other assets will only be permitted in limited circumstances and prior approval must be obtained from the relevant manager.

The use of Council assets in any private business that any elected member or staff member may operate is strictly prohibited.

### 7.2.2 Council Vehicles

Council vehicles (except those provided explicitly under an Employment Agreement) are not available for private use. Full details on the provision of and use of Council vehicles are contained in the [On Road Driving and Safe Use of Council Vehicles Policy](#)

### 7.3 Private use of Council suppliers

Council does not generally support the private use of Council suppliers by staff. Staff are however able to access supplier discount vouchers through the [my BoostN3](#) website, ~~(previously Government Stores Board)~~. Refer Waisite/Staff Information/Staff Purchases for [my BoostN3](#) access details. Staff should pay in full at the time of purchase and must not use the Council as a source of credit.

### 7.4 Council use of private assets

Council may decide that reimbursing staff for use of private assets is appropriate for reasons such as cost, convenience or availability. Council may also decide to do this in circumstances where it would not fully use an asset of the same type if it acquired it directly. Examples include private motor vehicles, private cell phones and private computers.

Pre-approval by the Chief Executive or General Manager is required. In assessing the request the Chief Executive or General Manager will pay particular attention to the principles of a justified business purpose and preserving impartiality and integrity.

Staff members must not approve or administer payments to themselves for the Council's use of their private assets.

Note: The main issue associated with Council's use of private assets is the risk of the Council paying or reimbursing amounts that inappropriately benefit the elected or staff member.

### 7.5 Disposal of surplus assets

Without the express prior approval of Council, no surplus assets with a market value of more than \$500 per item will be sold directly to staff or elected members. In any event, the sale of surplus assets must:

- a) Maximise the return to Council;
- b) Be sold at no less than the market value determined by an appropriate valuation; and
- c) Be documented by the issuance of a tax invoice and receipt.

Council will not permit direct sale to friends or acquaintances, of staff or elected members, for a surplus asset with a market value of more than \$500.

## 8 **Policy review**

This policy shall be reviewed at every three years or as required by the Chief Executive.

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### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	24 November 2021
<b>Prepared by</b>	Madelina Baena-Escamilla, Continuous Improvement Analyst Bessie Clarke, Corporate Planner Lynn Shirley, Zero Harm Manager
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318 / 3309665
<b>Report Title</b>	Quality and Governance Assurance Report – December 2021

## **1. EXECUTIVE SUMMARY**

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This report outlines those activities within the programmes designed to provide quality improvement and assurance within the organisation. It covers:

- Business Process Improvement Programme;
- Internal Audit activity; and
- Independent Audit New Zealand reviews.

## **2. RECOMMENDATIONS**

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**THAT the Quality and Governance Assurance report be received.**

## **3. DISCUSSION**

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### **3.1. Business Process Improvement Programme**

#### **3.1.1 Internal Audit Schedule (2021)**

In the last three months, there has been no progress in completing the two internal audits that started in August due to the auditees core business function workload and Covid-19 restrictions.

The internal audit of the Zero Harm management system against ISO4500 has been completed. The auditors are finalising the report, and it will be shared with the Zero Harm Manager by

the 5<sup>th</sup> of December. This internal audit was undertaken by two staff members trained in June this year in the auditing of Health and Safety Management Systems to ISO45001.

A dashboard summary of internal audit outcomes for 2021 is presented in Table I, including the number of internal audits planned and undertaken, the findings, and the number of outstanding non-conformances.

**Table I - Outcome of the 2021 Internal Audit schedule**

Team	Internal Audits - Planned	Internal Audits - Undertaken	Major Non-Conformances	Minor Non-Conformances	Recommendations	Outstanding Non-conformances
<b>Total</b>			<b>2</b>	<b>3</b>	<b>34</b>	<b>2</b>
Service Delivery - Community Assets	1 Audit 3 Processes	0 Audit 0 Processes	The audit will not be carried out this year			
Customer Support - Consents	1 Audit 2 Processes	1 Audit 2 Processes	0	2	4	2
Community Safety - Environmental Health	5 Audits 16 Processes	1 Audit 3 Processes	0	0	9	0
Customer Support – Customer Feedback	1 Audit 6 Processes	0 Audit 0 Processes	The audit will not be carried out this year			
Risk Management Processes	1 Audit 5 Processes	1 Audit 5 Processes	2	1	5	0
Zero Harm	1 Audit All ZH Management System	1 Audit All ZH Management System	The auditors are finalising the report, and it will be shared with the Zero Harm Manager by the 5th of December			
Projects & Initiatives	1 Audits 7 Processes	1 Audits 7 Processes	0	0	16	0
<b>Red</b>	Major Non-conformances haven't been addressed					
<b>Orange</b>	Minor Non - Conformances haven't been addressed					
<b>Green</b>	All Non - Conformances have been addressed / There were no Non - Conformances					

### 3.1.2 Special Internal Audits

#### 3.1.2.1 Burial Processes (Requested by the Community Venues & Events Team Leader)

The internal audit of the burial process requested by the Community Venues & Events Team Leader has been carried out. The outcome is 4 minor non-conformances and 4 recommendations. The auditor is finalising the report to be sent to the Community Venues & Events Team Leader and Community Connections Manager.

#### 3.1.2.1 Sensitive Expenditure and Fraud Prevention Policies and Processes (Requested by the Chief Financial Officer)

The internal audit of the Sensitive Expenditure and Fraud Prevention Policies and Process was requested as part of an investigation into the suspected fraudulent use of the Council Credit Card. The outcome of the internal audit is 7 minor non-conformances and 5 recommendations. The internal audit report has been sent to the process owners and experts, and a response to the report is required by the 17<sup>th</sup> of December. The Chief Financial Officer has written a separate report with the details of this investigation to be presented to the Audit & Risk Committee.

**Table 2 - Outcome of the Special Internal Audits in 2021**

Team	Internal Audits - Planned	Internal Audits - Undertaken	Major Non-Conformances	Minor Non-Conformances	Recommendations	Outstanding Non-conformances
<b>Total</b>			<b>0</b>	<b>9</b>	<b>11</b>	<b>9</b>
Service Delivery - Community Venues and Events Team	1 Audit 4 Processes	1 Audit 4 Processes	0	4	4	4
Operations - Consents	1 Audit 2 Processes 2 Policies	1 Audit 2 Processes 2 Policies	0	5	7	5
<b>Red</b>	Major Non-conformances haven't been addressed					
<b>Orange</b>	Minor Non - Conformances haven't been addressed					
<b>Green</b>	All Non - Conformances have been addressed / There were no Non - Conformances					

### 3.1.3 Policy Review

The work programme for reviewing internal and external Council policies is progressing as follows:

Policies published and/or reviewed and updated in the last three months:

- Gambling Venues Policy
- Lead Developer Fund (Water/ Wastewater) Policy

Other policies currently being created or reviewed are:

- Activity Management Policy
- Climate Response and Resilience Policy
- Dog Control Policy
- Easter Trading Policy
- Livestock Movement Policy
- Notable Tree Policy
- Sensitive Expenditure Policy
- Social Media Policy
- Staff Media Policy
- Stock Underpass Policy
- Treasury Risk Management Policy (including Liability and Investment Policies)

Policies scheduled to be reviewed in the following months:

- Road Closure for Motor Sport Events Policy
- Funding for Road Closures for Community Events Policy
- Leasing of Reserve Land Policy
- Visitor Management Policy

### 3.1.4 Improvement Forum

- The Continuous Improvement Agents continue to promote Continuous Improvement (CI) and help process owners and experts manage and review their business processes. Following our motto for 2021 to "review it before it becomes overdue", in October 2021, we achieved our goal of zero overdue processes; we have maintained this status for the last seven weeks. Because of these results, Waikato District Council (WDC) was invited to talk at the APAC Nintex Promapp® Virtual Regional User Group; we shared how our Promapp journey has been in the past years, how our Improvement Forum works and the fantastic things that our Continuous Improvement Agents (CIA) do every day to foster a culture of Continuous Improvement at WDC. The attendees were impressed with our success because not many organisations have successfully reduced the number of overdue processes and maintained this status for several weeks, as we have done. The objective for 2022 is to keep our process 'current' to focus on improvement and reduce the number of draft processes to a minimum.
- The Continuous Improvement Agents have started an online training course in Lean Six Sigma Yellow Belt. This course will provide our CI Agents with an understanding of the core fundamentals of Lean Six Sigma and the Define, Measure, Analyse, Improve, Control (DMAIC) roadmap. The course is self-paced for six months and three months to complete the exam and project assignment. After completing the course, the CI Agents will be able to take part in Lean six sigma initiatives and apply the tools and techniques towards problem-solving and process improvement in their teams, with customers, and the wider WDC organisation.
- Process mapping training continues to be delivered online using the Nintex University online training and follow-up meetings using MS teams or via face-to-face. In the past three months, 23 new starters have been trained in process mapping and process improvement as part of their induction, and 9 process authors have been trained in process creation training.
- The Innovations and Ideas Forum (IIF) is well established and meets monthly to review and select ideas worth pursuing. The framework's objective is to implement a specific and rigorous criteria for selecting the ideas/improvements to be actioned. Amongst these, the IIF is studying a couple of initiatives for the Animal Control Team (Field-based payment system for Dog Rego and Metal Single Issue Dog Tags).



### 3.2 Independent Audit Activities

The table below outlines the areas and status of issues – either completed or in progress since the last report in September 2021.

Table 3 reflects those items staff consider are completed or a work in progress.

**Table 3 - Areas of audit issues- December 2021**

	Pending	Work in progress	Complete	Total
Audit New Zealand	0	0	43	43
Cyber security	0	8	35	43
Internal audit	0	0	5	5
Procurement and contract management	0	1	14	15
Risk management	0	0	37	37
Project management	0	0	33	33
Information and Record Management	4	7	1	12
<b>Total</b>	<b>4</b>	<b>16</b>	<b>168</b>	<b>188</b>

There are a total of 188 issues that have been raised by various audits across the organisation, 168 of which are complete.

### 3.3. KPMG Health and Safety Governance Audit

The Zero Harm team continues to progress the completion of the actions from the KPMG Health & Safety Governance Audit. Council received 29 improvement actions and to date 90% (26 actions) have been actioned. The following table provides an update on the remaining three actions.

Proposed Corrective Action	Timeframe	Current Status	Action Owner
Work with those ELT members who are yet to attend to the internal People Leader Health and Safety training modules. Schedule training for them and their People Leaders.	June 2022	Safety Culture and Leadership Standard has now been approved by ELT and published as part of the Zero Harm Safety Management System. Safety Leadership Survey to be developed and sent to People Leaders to ensure training is meeting the required needs. This activity is captured as part of the Zero Harm Strategic Improvement Plan for FY21/22.	Lynn Shirley

Proposed Corrective Action	Timeframe	Current Status	Action Owner
Develop health and safety legislative obligations register.	December 2021 - Completed	ComplyWith Software has been implemented within WDC. As part of the implementation process legislative obligations were identified and assigned to relevant roles within the organisation. These obligations included health and safety legislative requirements.	Christine Pidduck
Conduct gap analysis using newly developed obligations register.	February 2022	The first legislative compliance survey using ComplyWith was issued and required to be completed by 24th November. The results of the survey (gap analysis) need to be analysed by the Legal Team and presented to the ELT. Action extended to end of February 2022 for this to be completed.	Christine Pidduck
Develop assurance plan for health and safety management system and where possible integrate into existing audit programme.	June 2022	Continuous Improvement Analyst and Business Analyst undertook an internal ISO45001 audit of Zero Harm Safety Management System in October/November. They are currently finalising the audit report.	Lynn Shirley

#### 4. ATTACHMENTS

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NIL

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### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	6 December 2021
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318/ 3310444
<b>Report Title</b>	Future Annual Work Programme 2022

## **I. EXECUTIVE SUMMARY**

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The purpose of this report is to present a proposed Future Work Plan for the Audit and Risk Committee's adoption.

The Council adopted a revised Terms of Reference for the Audit and Risk Committee (Terms of reference) on the 20<sup>th</sup> September on the recommendation of this Committee. The revision consolidated certain objectives, reduced duplication and removed items where other Council committees are responsible for that outcome.

This paper considers the newly adopted Terms of Reference and suggests a specific work programme to the Committee for delivery of each of the Terms of Reference outcomes. This enables the Committee to identify how the specific work programme is intended to link back to the Terms of Reference. The spreadsheet attached shows, by item, the specific Terms of Reference outcome to be achieved, the way that outcome is intended to be delivered together the specific piece of work to deliver it. This spreadsheet items are then transferred to the work programme where timing is included.

## **2. RECOMMENDATION**

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**THAT the Audit & Risk Committee adopts the Future Annual Work Programme for 2022.**

## **3. ATTACHMENTS**

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- Work Programme Spreadsheet
- Future Work Plan 2022

PURPOSE	REPOSIBILITY	DELIVERY ACTION	IMPLEMENTATION STATUS	COMMENT
<b>Consider and review the adequacy of Council's risk management and internal control frameworks.</b>	1. Annually review council's risk management framework to ensure it is effective	Annual Risk Management Framework Review Report (December)	Implemented	The Committee receives an annual report that includes the review process and recommendations for consideration.
	2. Ensure the strategic risk register is current and relevant	Quarterly Strategic Risk Report	Implemented	Changes and updates provided to the Committee via this report quarterly.
		Annual Strategic Risk Register Review Workshop	Implemented	Periodically facilitated by KPMG (WDC's WLASS internal audit contract).
		Annual Risk Appetite Review Workshop	Implemented	Periodically facilitated by KPMG (WDC's WLASS internal audit contract).
	3. Ensure Council has an effective internal control framework to identify and manage business risk (at the risk portfolio level)	Annual Risk Management Framework Review Report (December)	Implemented	The Committee receives an annual report that includes updates on control framework i.e. 3 lines of control.
		Quality and Governance Assurance Report	Implemented	Internal controls testing are subject to external and internal audit programmes. This report provides an on the status of actions/recommendations including: - Business Process Improvement Programme; - Internal Audit activity; and - Independent Audit New Zealand reviews.
	6. Ensure Council has an effective framework in place to prevent, detect and investigate fraud-related issues	Fraud and corruption risk management update report	Implemented	Council has an Anti-fraud and corruption framework which it reports against annually. The framework combines reporting across all related policies and processes into one compliance report. Recommendations are made for related internal audit work for the upcoming year.  The Fraud Prevention Policy is reviewed every three years by the A&R Committee before being recommended to the Policy & Regulatory Committee for approval.
	7. Ensure Council has an effective Health and Safety/Zero Harm framework in place to prevent, detect and investigate safety-related issues	Quarterly Zero Harm Report Health & Safety Framework Review	Implemented	Review of the Zero Harm Safety Framework is supported by way of an annual Strategic Plan and ongoing quarterly progress reports.
8. Review the internal audit framework to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place	Annual Internal Audit Framework review	Work in Progress	Council has traditionally had an informal approach to determining internal audit focus and priorities. This has included recognised 'hot spots'. The intention is to formalise a framework driven by risk.	
<b>Monitor and seek assurance on the functioning of Council's risk management and internal control frameworks (including systems and processes).</b>	4. Review Council's insurance programme for adequacy of risk mitigation	Insurable risk strategy report/ Ad-hoc	Implemented	A periodic review, triggered by changing insurance environment and/or council direction, is undertaken with Aon through the WLASS arrangement. Council last completed this in 2020 and have reported the results.
	5. Review the effectiveness of Council's business continuity and disaster recovery planning and testing arrangements	Quarterly Post Implementation / Incident Review	Implemented	This report explores the implementation of business continuity practices through a post incident review. It includes outcomes, lessons learnt and discusses the implementation of recommendations and findings from post incident debriefs. It is split with a post project review as incidents occur ad-hoc rather than in cycle.

PURPOSE	REPOSIBILITY	DELIVERY ACTION	IMPLEMENTATION STATUS	COMMENT
	11. Review audit reports (internal and external) and monitor management's implementation of audit recommendations	Ad-hoc Reports	Implemented	Reports prepared by WDC internal audit team and KPMG throughout the year. All independent external audit reports are presented to the committee by the relevant business owner. Delivery against the recommendations are monitored by the committee.
	12. Keep Council informed on significant risk or audit issues raised and proposed actions	Ad-hoc Reports/ CFO report as an FYI Risk assessment of Council Controlled Organisations Statements of Intent	Implemented	The Committee will forward relevant reports to Strategy and Policy Committee as appropriate.
<b>Manage the independent auditor (internal and external) expectations and relationships.</b>	9. Approve the annual internal and external audit programme and related plans	Annual Report risk assessment report Internal Audit Work Programme	Implemented	Audit NZ present at all A&R meetings. An agenda item at each meeting provides the committee with an opportunity to meet with Audit NZ without management present. Committee receives the Audit Arrangements letter, audit plan and audit focus for adoption. Committee has opportunity to request areas of particular focus of audit. Internal Audit Programme will be prepared underpinned by the risk based framework referred to above
	10. Consider Council's annual report from a risk perspective, and subject to audit clearance, make recommendations to Council regarding adoption	Annual Report process review report	Implemented	A comparison between the audit plan and assessment of the risk at that time is presented once the final on-site audit is complete. Any process issues and any particular financial/ non-financial compliance items are raised with the committee. The recommendation to Council moving forward will be more of a report card on how the risks have been managed, and that from a risk lens the Annual Report is free from material misstatement.
	13. Meet regularly with independent auditors to gain assurance on the risk frameworks and the management of them	Ad-hoc Risk Management Framework Review and Internal Audit Framework Review	Implemented	KPMG attend meetings as required to present internal audit activity reports. Audit NZ attend each meeting.
<b>Administration</b>	Make recommendations to the Council and/or the Chief Executive	Quarterly	Implemented	Through the receiving of reports recommendations are made.
	Conduct and monitor special investigations in accordance with Council policy and approved budget, including engaging expert assistance, on matters within its terms of reference.	Twice annually	Implemented	e.g. KPMG Audits
	The committee will meet at least four times each year. An extraordinary meeting may be called to review the annual report. The chairperson is required to call a meeting if requested to do so by the Council, or the Chief Executive.	Quarterly ARC Meetings	Implemented	

PURPOSE	REPSONSIBILITY	DELIVERY ACTION	IMPLEMENTATION STATUS	COMMENT
	A meeting plan, including dates and agenda items, will be agreed by the committee each year. The meeting plan will cover all the committee's responsibilities as detailed in these Terms of Reference.	Annual ARC Work Plan	Implemented	
	Members are appointed for an initial term of no more than the three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.	Post election committee delegation/appointment process	Implemented	
	The Council appoints external members of the committee; the terms of the appointment are to be recorded in a contract.	Independent ARC Chair	Implemented	
	The committee will meet separately with both the internal and external auditors at least once a year.	At least annually	Implemented	The committee only time with the external auditors (and internal as and when in attendance - i.e. they have prepared a report) is available at each meeting if deemed necessary.
	The committee will regularly, and at least once a year, report to the Council on its operation and activities during the year.	Annual Committee Key Achievements Report (September)	Implemented	
	The chairperson of the committee will initiate a review of the performance of the committee at least once every two years and present it to the Council. This will support the committee's philosophy of continuous improvement.	A&R committee performance report	Implemented	
	The committee will review its Terms of Reference at least once a year. This review will include consultation with the Council. Any substantive changes to the Terms of Reference will be recommended for approval by the committee to the Council.	ToR review report (and workshops where required)	Implemented	

## Audit &amp; Risk Committee: Future Work Plan

	March 2022	June 2022	September 2022	December 2022	Standing items for all meetings
<b>Risk</b>	<b>Health &amp; Safety Framework Review</b>  <b>Risk Assessment of Council Controlled Organisations Statements of Intent</b>			<b>Risk Management Framework review</b>  <b>Strategic Risk Register Review (workshop)</b>  <b>Annual Risk Appetite Review (workshop)</b>	<ul style="list-style-type: none"> <li>▪ <b>Chief Financial Officer Report</b> Update on risks and issues that could impact council and its stakeholders from a financial perspective, including insurance and procurement matters.</li> <li>▪ <b>Strategic Risk Register and Emerging Risks</b> Update on key strategic risks and associated management actions, including trajectory of risk assessment.  Opportunity to discuss emerging risks with potential for strategic impact.</li> <li>▪ <b>Risk Conversations</b> Opportunity for Committee to dialogue with key staff to obtain assurance that appropriate controls and culture are in place.</li> <li>▪ <b>Strategic Risk Deep Dive</b> Detailed inspection of a key risk for the purpose of assurance.</li> <li>▪ <b>Zero Harm Update</b> Health &amp; Safety performance update against agreed targets, systemic issues identified which can be fed into the risk control framework. To include monthly statistics.</li> <li>▪ <b>Quality Governance and Assurance</b> Progress against audit issues and rolling review of bylaw &amp; policies: <ul style="list-style-type: none"> <li>- Anti-fraud and corruption framework (and related policies)</li> <li>- Health &amp; Safety Policy</li> <li>- Risk Management Policy</li> <li>- Treasury Risk Management Policy</li> </ul> </li> <li>▪ <b>Post Implementation Reviews and/or Incident Debrief Reports</b> Post project appraisals on key investments.</li> </ul>
<b>Internal Audit</b>		<b>Internal Audit Framework review</b>  <b>Internal Audit TBC</b>	<b>Internal Audit Work Programme</b>	<b>Internal Audit TBC</b>	
<b>Insurance</b>	<b>Insurance Policy / Premium Confirmation</b>				
<b>Annual Report</b>	<b>Annual Report Risk Assessment</b>		<b>Annual Report Process Review</b>	<b>Final Audit Management Report</b>	
<b>Other</b>	<b>Zero Harm Site Visit</b>	<b>Committee Terms of Reference review</b>	<b>Audit &amp; Risk Committee Key Achievements</b> Review of Audit & Risk Committee performance against Terms of Reference  <b>Zero Harm Site Visit</b>	<b>Fraud and corruption risk management update</b>	

**Strategic Risk Deep Dives****Completed:**

- People and Culture ✓
- Zero Harm ✓
- Waters Social Franchise Model ✓
- Regional / National Strategic Planning ✓
- Stakeholder Engagement ✓
- Funding Partnerships ✓
- Business Resilience ✓
- Asset Management ✓
- People & Capability ✓
- Climate Resilience: Emissions Reduction Targets Strategic Risk ✓
- Affordability ✓
- Growth ✓

**To be confirmed:**

- Community Expectations
- Cyber Security
- Economic and Social Development
- Legislative Reform

### **Open Meeting**

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	8 December 2021
<b>Prepared by</b>	Gaylene Kanawa Democracy Team Leader
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Register of Interests – Elected and Appointed Members

## **I. EXECUTIVE SUMMARY**

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The purpose of this report is to provide a summary of interests declared by elected and appointed members of Council's committees and community boards, and the elected members of community committees.

The summary reflects the completed declaration of interest forms from elected and appointed members and any subsequent updates provided to the Democracy Team.

The Onewhero-Tuakau Community Board have queried why they need to have the declaration form on their agendas, considering they are not included on any Committee or Council agendas.

We would like direction from the Committee as to whether they are happy for the register out of agendas or whether they would like to see the register on other agendas for transparency.

## **2. RECOMMENDATION**

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**THAT the Audit & Risk Committee notes the registers of interests and confirms:**

- a) **That the elected members interest registers be removed from community board agendas, but the declaration item remains to enable members to still declare an interest on agendas.**

**OR**

- b) **That for transparency the elected members interest registers be attached to all Council, Committee and Community Board/Committee agendas.**



### **3. ATTACHMENTS**

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- A Financial Interests – Statement Reference
- B Register of Elected Members Interests
- C Register of Elected Members Interests – External Appointees
- D Register of Elected Members Interests – Community Boards
- E Register of Elected Members Interests – Community Committees
- F Register of Elected Members Interests – Creative Communities (CCS)

Financial Interests	
Statement Reference	
1	I am, or my spouse or partner is, a party to a contract with Waikato District Council
2	I, or my spouse or partner, individually or together own(s) 10% or more of the shares in a <b>contracting company</b> or <b>controlling company</b> .
3	I am, or my spouse or partner is, a shareholder in a <b>contracting company</b> or <b>controlling company</b> , <b>AND</b> either I am, or my spouse/partner is, also a shareholder of the <b>controlling company</b> .
4	I am, or my spouse or partner is, a managing director or a general manager of a <b>contracting company</b> <b>AND</b> either I am, or spouse/partner is, also a shareholder of the <b>controlling company</b> .
5	I, or my spouse or partner, individually or together, has/have an <b>indirect concern or interest in a contract</b> with Waikato District Council not already disclosed above.
6	If you answered 'Yes' to any of questions 1 to 5, does the total value of all contracts listed above, exceed \$25,000 (including GST) for the current financial year.

Register of Elected Members Interests											
COUNCIL	Financial Interests		Non - Financial Interests								
	Please refer to Statement Reference here.		Companies		Employment/Paid Positions	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
	1 to 6	With the exception of	Director/Manager	Financial Interests	Trustee/Beneficiary	Other Bodies					
Aksel Bech	No	N/A	• Frost Solutions Ltd (Frost protections and HR consultancy)	<ul style="list-style-type: none"> <li>• Synthase Biotech (Enzyme Company)</li> <li>• NDA Engineering (Stainless Steel Manufacturing)</li> <li>• Wing Acoustics (Audio Driver Manufacturing) <ul style="list-style-type: none"> <li>• Heilala Vanilla (Vanilla Producer)</li> </ul> </li> <li>• Rua Biosciences (Medical Cannabis Company - formally Waiapu Investments)</li> <li>• Spoke Network Ltd (Telecom Software)</li> <li>• Mighty River Power (Electricity Generator)</li> <li>• Genesis Energy (Electricity Generator)</li> <li>• James Street Ltd. (Property Investment)</li> <li>• Snell Street Ltd (Property Investment) <ul style="list-style-type: none"> <li>• Mastaplex (Animal Welfare Co.)</li> <li>• Beany (Accounting Software Co)</li> </ul> </li> <li>• Inhibit Coatings Ltd. (Anti-microbial Surface Coating) <ul style="list-style-type: none"> <li>• Toto Investments LP (Property)</li> </ul> </li> <li>• UBCO (Electric Motorcycles - minor holder of convertible note)</li> </ul>	<ul style="list-style-type: none"> <li>• Synthase Biotech (Director)</li> <li>• St. Peters Trust (Board Trustee)</li> </ul>	<ul style="list-style-type: none"> <li>• St. Peters School &amp; Foundation (Trustee/Chair)</li> <li>• Jepsen Family Trust (Trustee)</li> <li>• A.B. Jepsen Trust (Trustee)</li> <li>• Feline Adventure Trust (Trustee)</li> </ul>	<ul style="list-style-type: none"> <li>• Coastguard (Northern) - (Ordinary Member)</li> <li>• Kerikeri Cruising Club (Ordinary Member)</li> </ul>	1x Tamahere (Beneficiary of Trust)	<ul style="list-style-type: none"> <li>• Complimentary access to Promoter's Lounge at Sevens tournament with +1 7 (Donor- 37 South Ltd)</li> <li>• Waikato Business Awards (13 Nov 2020) \$219.50</li> <li>• Hospice Bucket-List Dinner (4 May 2021). Value \$160.</li> </ul>	N/A	• Loan to Individual in Ward.
Carolyn Eyre	No	N/A	• Pepepe Investments (Farming)	• Pepepe Investments (Farming)	• SM Eyre Trust (Office Manager)	• SM Eyre Trust (Beneficiary)	• Waikato Diocesan School for Girls Proprietors Board (Representative)	• Huntly (Beneficiary of Trust)	2 x corporate box tickets (Hamilton City Council) Counties V Waikato Rugby @ the FMCG Hamilton Stadium Clarke Lounge. Estimate \$150. 10 Oct 2020	N/A	N/A
Chris Woolerton	No	N/A	• Middle Ridge Farms Ltd. (Dairy farm)	<ul style="list-style-type: none"> <li>• Fonterra</li> <li>• Balance</li> <li>• LIC</li> </ul>	• Middle Ridge Farms Ltd.	• Woolerton Trust	• Oaks Church (Parish Council/ Building Committee)	• Taupiri (Owner)	N/A	N/A	N/A
Eugene Patterson	No	N/A	• Complete Painting & Decorating (Painting)	N/A	N/A	N/A	Ngaruawahia Bowling Club (Treasurer)	•Ngaruawahia (Owner)	N/A	N/A	N/A
Frank McInally	No	N/A	McInally Truckpainters (Panel-paint)	N/A	N/A	N/A	Huntly RSA (President)	2x Huntly (Owner)	N/A	N/A	N/A
Jacqui Church	No	N/A	• Great Goods Limited (Coffee & Food Service Wholesale Distributor)	N/A	N/A	• Southwest Trust (Trustee)	<ul style="list-style-type: none"> <li>• Pukekohe Lions (Member)</li> <li>• Franklin &amp; Districts Justices of the Peace Association (Member)</li> <li>• BPW Franklin – Business &amp; Professional Women Franklin (Member) <ul style="list-style-type: none"> <li>• Port Waikato Pink Breakfast (Committee Chair)</li> <li>• Tuakau Cleanup &amp; Planting (Member)</li> </ul> </li> <li>• Franklin &amp; North Waikato [FAWN] Trails Forum (Member)</li> <li>• Onewhere Golf Club (Colin Church – Husband – Member &amp; on Match Committee)</li> <li>• Port Waikato Blue Breakfast (Colin Church – Husband – committee member)</li> </ul>	•2xTuakau (Owner)	2 x corporate box tickets (Hamilton City Council) Counties V Waikato Rugby @ the FMCG Hamilton Stadium Clarke Lounge. Estimate \$150. 10 Oct 2020	N/A	N/A
Jan Sedgwick	No	N/A	N/A	<ul style="list-style-type: none"> <li>• Auckland Airport</li> <li>• Contact Energy <ul style="list-style-type: none"> <li>• AMP</li> <li>• Methven</li> <li>• Cochlear</li> <li>• Telstra</li> <li>• Wherescape</li> <li>• CBA</li> </ul> </li> <li>• Bank of Queensland (public shareholder in all above)</li> </ul>	N/A	<ul style="list-style-type: none"> <li>• Holbrook Family Trust (beneficiary)</li> <li>• Carrara Wharf Trust (Beneficiary)</li> <li>• Harvey S'pore Trust (Beneficiary)</li> <li>• WWF NZ - Trustee (Board Member)</li> <li>• Te Araroa Trail Trustee (Board Member)</li> </ul>	N/A	• Te Kauwhata (Shareholder in company)	N/A	N/A	N/A
Janet Gibb	No	N/A	<ul style="list-style-type: none"> <li>• JMG Ltd (Rental Properties)</li> <li>• Ede Investments Ltd (Farming)</li> </ul>	N/A	• Ede Investments Ltd (Farming)	<ul style="list-style-type: none"> <li>• Janet Gibb Family Trust (Trustee/Settlor/Beneficiary)</li> <li>• Rarangi Trust (Trustee/Beneficiary)</li> <li>• Mangatokatoka Trust (Trustee/Beneficiary)</li> <li>• Tironui Trust (Trustee/Beneficiary)</li> </ul>	• Business + Professional Women NZ (Advocacy + Education – Member/Past Executive)	<ul style="list-style-type: none"> <li>• 2x Taupiri (Owner)</li> <li>• 4x Taupiri (Trustee or Director)</li> <li>• 2x Taupiri (Trustee/Beneficiary/Director)</li> </ul>	2 Tickets to rugby match from Hamilton City Council value of \$150 5 July & 10 Oct 2020	N/A	<ul style="list-style-type: none"> <li>• ASB (mortgages Rental Properties)</li> <li>• ASB (Farm Mortgages + Overdrafts)</li> </ul>

Register of Elected Members Interests											
COUNCIL	Financial Interests			Non - Financial Interests							
	1 to 6	With the exception of	Companies		Employment/Paid Positions	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
			Director/Manager	Financial Interests		Trustee/Beneficiary	Other Bodies				
Lisa Thompson	No	N/A	N/A	N/A	<ul style="list-style-type: none"> <li>Raglan Area School (Board of Trustees &amp; Administrator)</li> <li>Trade Aide Importer (Retail)</li> </ul>	<ul style="list-style-type: none"> <li>Raglan Event &amp; Multi Sport Trust (Event Coordinator/Trustee)</li> </ul>	<ul style="list-style-type: none"> <li>Whaingaroa Raglan Affordability Project/Affordable Housing/Council</li> <li>Raglan Naturally (Community Organisation)</li> <li>Raglan Business Chamber (Local Business Development)</li> <li>Council &amp; Community Board</li> </ul>	1x Raglan (owner)	N/A	N/A	N/A
Noel Smith	No	N/A	N/A	<ul style="list-style-type: none"> <li>National Australian Bank (Bank)</li> <li>Farmlands Loop Ltd (Farm Supplies)</li> </ul>	• Self Employed (Farming)	N/A	<ul style="list-style-type: none"> <li>Waikato JP Assn Inc (JP Duties – Senior Vice President)</li> <li>Huntly JP Assn (JP Support – IPP)</li> </ul>	x2 Ngaruawahia (owner)	N/A	N/A	N/A
Rob McGuire	No	N/A	N/A	• Fonterra (Shareholder)	• Self-employed (Farming)	• McGuire Family Trust (Beneficiary)	N/A	1x Puketaha (Family Trust/Beneficiary)	N/A	N/A	N/A
Mayor Allan Sanson	No	N/A	Sanpat Ltd (Farming)	Sanpat Ltd (Farming)	N/A	AM & PA Sanson Family Trust (Trustee)	N/A	x3 Huntly (owner)	January 2020 Return Airfare to Guangzhou (China) from Yashili International Holdings, including 3 nights accommodation.	N/A	N/A
Stephanie Henderson	No	N/A	N/A	N/A	N/A	N/A	N/A	1x Te Kohanga (owner)	N/A	N/A	N/A
Shelley Lynch	No	6. No answer entered	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> <li>Huntly Rotary (Charity) – Organisation has received, or applied to receive, funding from Council/Community Board/Community Committee</li> <li>BPW Huntly (Dinner meetings)</li> <li>Huntly &amp; Ngaruawahia RSA (Dinner)</li> </ul>	x3 Huntly (owner)	N/A	N/A	N/A

## Register of Elected Members Interests

Name	Financial Interests <i>Please refer to Statement Reference</i>		Non - Financial Interests								
	1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
			Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Brendon John Green	No	No	<ul style="list-style-type: none"> <li>Peak 2 Peak limited</li> <li>Advanced biotech</li> </ul>	n/a	n/a	n/a	<ul style="list-style-type: none"> <li>Watercare (director)</li> <li>Ministry of Education (taumata aronui)</li> <li>Waikato Tainui (member)</li> <li>Maitiaki Advisory limited (director)</li> <li>Tainui Kawhia Inc (director)</li> <li>Manukau Institute of Technology (Runanga)</li> </ul>	n/a	n/a	n/a	ANZ Mortgage
Maxine Moana-Tuwhangai	No	n/a	n/a	n/a	n/a	<ul style="list-style-type: none"> <li>Te Whakakitenga o Waikato (Marae representative)</li> <li>Koheroa 39D1B and 39D2 Trust (trustee)</li> <li>Te Aho o Te Kura Pounamu (Trustee)</li> </ul>	<ul style="list-style-type: none"> <li>Baukura Hauora o Tainui (director)</li> <li>Kiwi Rail Holdings (director)</li> </ul>	n/a	n/a	n/a	n/a



Jack Ayers	Ngaruawahia	No	N/A	N/A	N/A	N/A	• Waipa School Board of Trustees (Board Member)	N/A	N/A	N/A	N/A	N/A
Rongo Kirkwood	Ngaruawahia	No	N/A	• Riverbed Motel (Accommodation)	• Riverbed Motel (Accommodation)	• Trust Waikato (Community Trust)	• Ngaruawahia High School Board of Trustee (Board Member)	N/A	N/A	N/A	N/A	N/A
Dianne Firth	Ngaruawahia	No	N/A	N/A	• Soalchery (Soap Making) • Shipits (Dress Making)	N/A	• Dianne Firth Family Trust (Trustee) • KH & CL Ulrich Trust (Beneficiary)	• Glen Massey School PTA (Treasurer) • Ngaruawahia High School Board of Trustees	1x Ngaruawahia (Beneficiary of Trust) 1x Hamilton (Beneficiary of Trust)	N/A	N/A	N/A
Venessa Rice	Ngaruawahia	No	N/A	N/A	N/A	• Ngaruawahia Community House (local community services and activities) • Ngaruawahia High School (Husband employed as groundsman)	N/A	Ngaruawahia Community Patrol	2x Ngaruawahia (Owner)	N/A	N/A	N/A
David Whyte	Huntly	No	N/A	N/A	• Zestos (Boutique citrus production, writing on environmental/tree issues, rental property management)	N/A	N/A	• New Zealand Tree Crops Association (President moving to Past President in 2021) • Waikato Tree Crops (Committee Member)	2x Ohinewai (Owner) 2x Huntly (Owner) 2x Ngaruawahia (Owner)	2x Complimentary tickets to Huntly Wearable Art Show	N/A	• Westpac (bank loan)
Red Wootton	Huntly											
Rewi Cork	Huntly											
Greg McCutchan	Huntly	No	N/A	N/A	N/A	Declined to answer	N/A	N/A	Declined to answer	N/A	N/A	N/A
Kim Bredenbeck	Huntly	No	5. GM of WEA who hold a contract for iSITE delivery services for Raglan. Contract will end possibly in June 2020 (value of contract 142k)	N/A	N/A	• Waikato Enterprise Agency Trust Inc. (Education and Tourism services)	• Friendship House Inc (Treasurer)	• Huntly War Memorial Hall Committee (Secretary) (Currently negotiating funds to continue the refurbishment of the hall as outlined by Chairperson who is the project manager aligned to plan) • Huntly Residency and Ratepayers Association (Secretary) • Lets Get Together Huntly (Committee member - delivers Wearable Arts Competition every second year- will apply to the culture fund and community board for this event in July)	1x Huntly (owner)	N/A	N/A	N/A
Eden Watawai	Huntly	No	N/A	N/A	N/A	• Waikato District Council (Employee-Customer Service)	N/A	• Huntly RSA (Committee Member) • Harty Sistaz Huntly Girls Youth Group (Co-Facilitator)  Anzac Day funding for Huntly RSA Access to Council resources as Huntly Youth Action Group Contributors (Harty Sistaz)	1x Huntly (Tenant)	N/A	N/A	N/A
Dorothy Lovell	Taupiri	No	N/A	N/A	N/A	• Hamilton Hearing Assoc. (Administrator)	N/A	N/A	N/A	N/A	N/A	N/A
Howard Lovell	Taupiri	No	No	HW & JE Lovell Ltd			• Kildore Development (Director) • Mountain View Developments (Director) • Taupiri School Board of Trustees (Trustee)		6x Taupiri	N/A	N/A	
Rudy Van Dam	Taupiri	No	N/A	• St. Isadore Co Ltd. (Farming)	N/A	N/A		N/A	1x Taupiri (Owner)	N/A	N/A	N/A
Joanne Morley	Taupiri	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sharnay Cocup	Taupiri	No	N/A	N/A	N/A	N/A	• Taupiri School Board Trustees (Trustee) • Taupiri Youth Group (Trustee) • Waikato Trout Committee (Trustee)	• Taupiri Rugby Club (Weigh in deligate)	N/A	N/A	N/A	N/A
Jacqueline Henry	Taupiri	No	N/A	N/A	N/A	• Waikato Regional Council (Senior Social Scientist)	N/A	N/A	1x Taupiri (Owner)	N/A	N/A	N/A

YELLOW INDICATES THAT THE ELECTED MEMBER DID NOT SUBMIT A COMPLETED FORM

## Register of Elected Members Interests

Name	Community Committee	Financial Interests <a href="#">Please refer to Statement Reference here.</a>		Non - Financial Interests								
		1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Jim Katu	Meremere	No	N/A	N/A	N/A	N/A	N/A	N/A	1x Meremere (Owner)	N/A	N/A	N/A
James Harman	Meremere	No	N/A	N/A	N/A	N/A	N/A	• Meremere Development Committee incorporated (Chairman) Received community funding	x1 Meremere (Owner)	N/A	N/A	N/A
Angela Dobby	Meremere	No	6 - No answer entered	N/A	N/A	N/A	N/A	N/A	1x Meremere (Beneficiary of Trust)	N/A	N/A	N/A
Lauren Horsfall	Meremere	No	N/A	N/A	N/A	N/A	N/A	• Meremere Community Development Committee (Find funding for events & programs run in Meremere) Funding: Christmas events in past.	x1 Meremere (Owner)	N/A	N/A	N/A
Cecilia Heta	Meremere	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$500 gift card each to Cecilia Heta, Trish van der Wende and Okeroa Rogers, all members of the MMCC Hall Committee, on behalf of MMCC, as resolved by email resolution (MMCC2002/04)	N/A	N/A
Ben Brown	Meremere	No	N/A	• Decal Ltd (Director)	N/A	N/A	N/A	• Meremere Development Committee (Secretary)	1x Meremere (Owner)	N/A		
Toni Grace	Te Kauwhata	No	N/A	N/A	• Mercury Energy (shares)	• Suits & Gumboots Country Daycare (Early Childhood Centre)	• Tolemisa Trust (Trustee)	• Te Kauwhata Squash Club (Club Captain)	1x Te Kauwhata (Owner/Trustee)	N/A	N/A	Home Mortgage
John Cunningham	Te Kauwhata	No	N/A	Aparangi Retirement Village	• Ignition Partner Ltd (Business Advice & capital raising) • Resin & Wax Holdings (Chemical Development) • Cawthron Institute (Aquaculture Research) • IMMR (Research) • Climsystems Ltd. (Climate forecasting & risk management)	N/A	N/A	N/A	2 x Te Kauwhata (Owner)	N/A	N/A	N/A
Carolyn Berney	Te Kauwhata	No	N/A	N/A	N/A	• Te Kauwhata Primary School (Teaching)	N/A	N/A	1 x Te Kauwhata (Owner)	N/A	N/A	N/A
Courtney Howells	Te Kauwhata	No	N/A	N/A	N/A	• Century 21 Tuakau	N/A	• Wife is District Commissioner of Te Kauwhata Area Pony Club	1x Waerenga (Owner)	N/A	N/A	Home Mortgage
Barry Weaver	Te Kauwhata	No	N/A	N/A	N/A	N/A	N/A	N/A	1 x Te Kauwhata (Owner)	N/A	N/A	N/A
Angela Van de Munckhof	Te Kauwhata	No	N/A	•Te Kauwhata Pharmacy (Pharmacy/Retail)	•Te Kauwhata Pharmacy (Pharmacy)	• Te Kauwhata Pharmacy (Retail)	N/A	N/A	1x Onewhero (Owner)	N/A	N/A	N/A
Tim Hinton	Te Kauwhata	YES Sub contractor to City Care (Value of contract \$600,00)	YES No.6	Inform Landscapes (Horticulture Contractor)	Inform Landscapes (Horticulture Contractor)	• Inform Landscapes (Horticulture Contractor)	Tim Hinton Family Trust (Director)	• Te Kauwhata Emergency Services Trust (Funding for emergency services)	1x Te Kauwhata (Owner)	N/A	N/A	N/A





## Register of Elected Members Interests

Name	Community Committee	Financial Interests <a href="#">Please refer to Statement Reference here.</a>		Non - Financial Interests								
		1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Ric Odom	Pokeno	No	N/A	Franklin Hospice Charitable Trust (Provision of palliative care)	Jeneric Investments Ltd. (Investment)	Franklin Hospice Charitable Trust (Provision of palliative care)	Jeneric Family Trust (Trustee)	Franklin JP Assn (Council member. Justices of the Peace)	1x Pokeno (Owner/Trustee)	N/A	N/A	New Zealand Home Loans (Mortgage)
Helen Clotworthy	Pokeno	No	N/A	Pokeno Bacon Co. (Manufacturers-Retailers)	Pokeno Bacon Co. (Manufacturers-Retailers)		David Evans Family Trust (Trustee & Beneficiary)	Pokeno Hall Committee (Treasurer) Pokeno Community Hall (Manager)	x4 Pokeno (Owner)	N/A	N/A	N/A
Lance Straker	Pokeno											
Allen Grainger	Pokeno	No	N/A	•Waikato Rugby Union •Frankton Rugby Sports Club Inc	N/A	N/A	N/A	• Waikato Rugby Union (Director) • Frankton Rugby Sports Club (Board Member)	N/A	N/A	N/A	N/A
Peter Koizumi	Pokeno											
Todd Miller	Pokeno											
Kris Hines	Pokeno	No	N/A	N/A	N/A	N/A	N/A	N/A	1x Pokeno (Owner)	N/A	N/A	N/A
Brenda Ann Roberts	Pokeno	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Doug Rowe	Pokeno	No	N/A	N/A	N/A	N/A	N/A	Pokeno Community Patrol Member Pokeno Hall Committee Member	1x Pokeno (Owner)	N/A	N/A	N/A
Helen Johnson	Pokeno	No	N/A	N/A	N/A	NZ Police (Intelligence Analyst & Support)	N/A	Pokeno Tennis & Rec Club (Committee Member-rebuilding a community facility)	N/A	N/A	N/A	N/A
James McRobbie	Pokeno											

YELLOW INDICATES THAT THE MEMBER DID NOT SUBMIT A COMPLETED FORM

## Register of Elected Members Interests

Name	Committee	Financial Interests <a href="#">Please refer to Statement Reference here.</a>		Non - Financial Interests								
		1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21 October 2019)	Debts
				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Judith Anne Muru	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	Te Wharekura o Rakaumanga - Education	N/A	N/A	Owner 1x property, Huntly	N/A	N/A	N/A
Mark Leslie Vincent	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Heather Joy Cunningham	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	Raglan Community Arts Council - Clay Tutor	N/A	N/A	N/A	N/A	Tutor Fee in employment for Raglan Community Arts Council	N/A
Annette Joan Taylor	Creative Communities Scheme Assessment Committee	No	N/A	N/A	N/A	N/A	N/A	Home Range/Number 8 Network (Editor) - received grants from WDC Discretionary Fund	N/A	N/A	N/A	N/A
Amomai Pihama	Creative Communities Scheme Assessment Committee											
Claire du Bosky	Creative Communities Scheme Assessment Committee	No	N/A	N/A	Shares in Genesis	Relief Teacher - Waitakaruru School, Te Kauwhata Primary School and Waerenga Primary School	N/A	Te Kauwhata Fitness Centre - Committee Member	Owner 1x property - Te Kauwhata	N/A	N/A	N/A
Miriama (Tilly) Turner	Creative Communities Scheme Assessment Committee	No	N/A	Mighty Fine Product Ltd (Food Caravan)	Trading as Taana Ltd (Mussel Fritters)	N/A	Hone & Miriama Turner Whanau Trust (Trust for Whanau Papakainga)	Turangawaewae Maori Women's Welfare League (Branch of the Waikato Regional MWWL and part of National MWWL)	1 x property Ngaruawahia (Trustee members & beneficiary)	N/A	N/A	ANZ Bank (Trust for home mortgage)

YELLOW INDICATES THAT THE MEMBER DID NOT SUBMIT A COMPLETED FORM

### Open Meeting

<b>To</b>	Audit & Risk Committee
<b>From</b>	Tony Whittaker Chief Operating Officer
<b>Date</b>	8 December 2021
<b>Prepared by</b>	Gaylene Kanawa Democracy Team Leader
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Exclusion of the Public

## I. RECOMMENDATION

- a) **THAT the public be excluded from the following parts of the proceedings of this meeting.**

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 are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item number 1 Confirmation of Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item number 2.1 Fraud Declaration		
Item number 2.2 Fraud and Corruption Risk Management Update		
Item number 2.3 Register of Members' Interests – Staff		
Item number 2.4 Committee time with Audit NZ (management excluded)		

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 No.	Section	Interest
Item 1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.
Item 2.1 Fraud Declaration	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
Item 2.2 Fraud and Corruption Risk Management Update	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons
	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—  (ii) would be likely otherwise to damage the public interest;
Item 2.3 Register of Members' Interests – Staff	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
Item number 2.4 Committee time with Audit NZ (management excluded)	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.

- b) THAT Ms Macown and Mr Susan from Audit NZ be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.