

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Committee Room 1 & 2, 15 Galileo Street, Ngaruawahia on **MONDAY, 19 JUNE 2023** commencing at **9.30am**.

The meeting will open with a Karakia.

- 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**
- 4. CONFIRMATION OF MINUTES**
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7. REPORTS FOR INFORMATION

The following reports will be taken as read:

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7.3	Register of Interests – Elected and Appointed Members	114

8. EXCLUSION OF THE PUBLIC 118

The meeting will close with a Karakia.

An Audit and Risk Zero Harm Site Visit will take place following the meeting.

GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

Reports to:	The Council
Chairperson:	External appointee – Mr Peter Stubbs
Membership:	Deputy Chairperson – Cr Janet Gibb Mayor Jacqui Church (<i>ex officio</i>) Deputy Mayor Carolyn Eyre Cr Marlene Raumati Cr Peter Thomson
Meeting frequency:	As required – no less than four times each year.
Quorum:	Four members

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.

To	Audit & Risk Committee
Report title	Confirmation of Minutes
Date:	Monday, 19 June 2023
Report Author:	Rosa Leahy, Democracy Advisor
Authorised by:	Gaylene Kanawa, Democracy Manager

1. Purpose of the report

Te Take moo te puurongo

To confirm the minutes for a meeting of Audit & Risk Committee held on Wednesday, 15 March 2023.

2. Staff recommendations

Tuutohu-aa-kaimahi

THAT the minutes for a meeting of the Audit & Risk Committee held on Wednesday, 15 March 2023 be confirmed as a true and correct record.

3. Attachments

Ngaa taapirihanga

Attachment 1 – A&R Minutes – 15 March 2023

Minutes for a meeting of the Audit & Risk Committee held in Committee Rooms 1 & 2, 15 Galileo Street, Ngaruawahia on **WEDNESDAY, 15 MARCH 2023** commencing at **9.30am**.

Present:

Mr P Stubbs (Chairperson)
Cr J Gibb (Deputy Chairperson)
Her Worship the Mayor, Mrs JA Church (Arrived 9:35am)
Deputy Mayor, Cr CA Eyre
Cr M Raumati
Cr P Thomson

Attending:

Ms K Maccown, Audit NZ

Mr TG Whittaker (Chief Operating Officer)
Ms A Diaz (Chief Financial Officer)
Mr GJ King (Chief Information Officer)
Ms S O’Gorman (General Manager, Customer Support)
Ms M May (Acting General Manager, Service Delivery)
Mr K Abbott (Executive Manager, Projects & Innovation)
Ms L Shirley (Zero Harm Manager)
Mr G Tregida (Roading Manager)
Mr D Tisdall (Risk Advisor)
Ms R Leahy (Democracy Advisor)

OPENING KARAKIA

The Chief Operating Officer opened with a karakia.

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Mr Stubbs/ Cr Gibb)

That the apology from Her Worship, the Mayor JA Church for lateness be accepted.

CARRIED

A&R2303/01

CONFIRMATION OF STATUS OF AGENDA

Resolved: (Cr Gibb/ Cr Eyre)

THAT the agenda for a meeting of the Audit and Risk Committee held on Wednesday, 15 March 2023 be confirmed:

- a. with all items therein being considered in open meeting, with the exception of those items detailed at agenda item 9 which shall be discussed with the public excluded; and
- b. all reports be received.

CARRIED

A&R2303/02

DISCLOSURES OF INTEREST

The Chairperson disclosed an interest in Co-Lab. It was noted that Mr Stubbs is the Chairperson of Co-Lab.

REFLECTION ON CO-LAB

- A discussion was held around Co-Lab Regional Audit and Risk Committee Forum and what the Councillors took out of the meeting.
- It was noted that there was consistency among Councils in regard to the business risks being managed and the attendees liked the idea of focusing on risk interconnectivity and emitters when it comes to minimising the number of mitigations.
- A concern was raised that there was limited Maaori representation at the forum.
- A discussion was held around the potential for risk appetite within the Council being higher to deliver outcomes.

CONFIRMATION OF MINUTES

Resolved: (Mr Stubbs/Cr Gibb)

THAT the minutes for a meeting of the Audit & Risk Committee held on Friday, 16 December 2022 be confirmed as a true and correct record with the following amendment:

Agenda Item 7.2 Strategic Risk Register and Emerging Risks - comment changed from “the focus should be more on the protection of people and community rather than assets (outcomes)” to “the focus should be more on the protection of people and community as well as assets (outcomes)”

CARRIED

A&R2303/03

ACTIONS REGISTER

The report was received [*A&R2303/02 refers*], and the following discussion was held:

- A general discussion was held on support for an Internal Audit position within Council. The funding for the role would be discussed with Councillors in the Annual Plan workshop at the end of March. The Committee again supported the role as a key mitigation to an elevation of risk appetite.
- The committee explored other options such as employing university students in a temporary capacity for the Internal Audit role.
- It was noted that an Internal Auditor position within Council would have wide value from a strategic perspective through to compliance. The Internal Auditor would ensure that policies and processes were adhered to and that the right controls were in place. Such a role is important from an innovation and improvement perspective.

ACTION: Chief Operating Officer to share business case for Internal Auditor with A&R Committee Members.

REPORTS – FOR DISCUSSION AND/OR DECISION

Chief Financial Officer Report

Agenda Item 7.1

The report was received [*A&R2303/02 refers*], and the following discussion was held:

Three Waters

- The Committee heard that the Chief Financial Officer met with the National Transition Unit regarding the debt settlement process. Council is in a good position given the specific debt and rating reserves we hold for waters activities.
- Councils were working with the local government funding agency to ensure Council's position was neutral with the aim of keeping credit rating largely intact.
- The National Transition Unit confirmed that from a 'no worse off' perspective' \$4.5 million had been allocated to Waikato District Council, which was in line with what was assumed when Council completed the transition with Watercare.
- For Councils that have debt less than 20 million at the transfer date they would receive a cash settlement from the Entity. Council was in a position where the debt number would likely be higher than that. That would mean the Entity would enter into an up to five-year payment arrangement to cover our debt transfer.
- It was noted that the transition of debt from councils to Entity B needed to be managed in a way that didn't shock the market.
- Some councils were concerned that as the revenue base went with the Waters asset, this may mean their ability to raise debt would decrease. The Local Government Funding Agency was working with those councils to address those concerns.

Risk Appetite and Impediments

- One issue that came out of the Co-lab Workshop with KPMG was the connection between risk appetite and policy settings, and the fact our risk appetite is set generically rather than relevant to a particular activity.

ACTION: The Risk Advisor to work with KPMG to showcase to Elected Members the trade-offs between risk appetite and policy setting.

Insurance

- *In relation to Cyclone Gabrielle was there any indication that Council was under insured? The type of damage that occurred was not covered under any insurance policy. There is a natural disaster underground assets insurance policy. There is no indication from Watercare that any claim for underground assets needed to be made. There was a claim being made for an above ground asset that was damaged (water treatment plant in Port Waikato).*
- *In terms of the insurance programme were there any key learnings that Council needed to apply when going to market for insurance at the end of the year? Highly engineered infrastructure may need to be insured as a trade off with infrastructure that was considered lower value and may never be claimed on.*
- It was noted that Council did not have a rates remission policy that specifically covers natural disasters. Council will withhold sending out rate bills to the affected red and yellow stickered houses. Rates would be remitted for the period they are affected as they are not receiving services This has been communicated to the affected homeowners.
- A retrospective recommendation on remission policy would be put forward to Council.

ACTION: Democracy Team to include the recommendation on the remission policy for the red and yellow stickered houses in Port Waikato in the A&R Key Messages.

RISK

Strategic Risk Register and Emerging Risks

Agenda Item 7.2

The report was received [A&R2303/02 refers], and the following discussion was held:

Cyber Security

- The Committee discussed the risk of non-IM managed systems and heard how the Executive Leadership Team (ELT) was managing the situation. Each business owner had been contacted and remediation works had started. ELT would work through the broader plan to manage the issue and what resource would be required for the remediation works.
- *What was the opportunity cost to our business with the constraint around resources? The challenges were resource as there was not just one type resource or skillset Council was short of. ELT was looking at how this work could be accelerated, projects would be reprioritised to get the biggest return from an operational and risk mitigation perspective. It was not just about delivering but also how much change the organisation could consume.*

- *How was the business continuity test progressing?* This work was still progressing however, there were challenges with resources being reprioritised to the Cyclone Gabrielle recovery. Projects were taking place that would increase the disaster recovery capability as per the Audit NZ recommendation, but more work needed to be done.
- Information Management understands what Council data would be lost if a disaster were to occur. It was noted that when all assets were in one location there was an environmental risk to the organisation.

ACTION: Chief Information Officer to provide a presentation on cyber security disasters and risk mitigation to Councillors.

- *Who decides which projects involve community engagement?* The project manager, business owner and stakeholder analysis undertake this assessment as part of the project management process. A matrix had been created to identify the level of community engagement that was required. The next step was to ensure Councillors are aware of which projects required community engagement.

ACTION: Risk Advisor to rework the graphs and key to be the more comprehensible for the reader.

The meeting adjourned at 10:38am resumed at 10:57am.

Strategic Risk Interdependencies - Deep Dive Agenda Item 7.3

The report was received [A&R2303/02 refers], and the following discussion held:

- The Risk Advisor noted that the report was intended as a background document ahead of the workshop with KPMG in April. It focussed on the strategic risks within the business and how they align with Council's strategy.
- There was discussion on short/medium term risk vs long-term risks. For example, ageing infrastructure would take a long time before it became an issue, however, a supply chain issue would have an effect within a matter of weeks. There was a risk that a short-term focus on a strategic risk could lead to forgetting about long-term risks/issues.
- The Committee heard how a programme register was being implemented on work programmes for mitigating strategic risks. This would enable more oversight on how plans are progressing. The Committee will receive RAG (Red, Amber, Green) updates on all such work programmes at future meetings
- It was noted that deep dive reports in future would focus more on risk emitters in relation to the four strategic risks. With the one exception being the Community Experience strategic risk as it is more isolated than other risks and influenced by other factors.
- An observation was made that people retention and ensuring all positions were filled was key to solving a lot of issues within Council.

ACTION: Risk Advisor to ensure workplan includes four deep dives into the key Strategic Risks.

- A comment was made about reframing risk more widely in the context of delivering on outcomes within the organisation and possibly renaming the Audit and Risk Committee.

ACTION: Risk Advisor to rethink the name of the Audit and Risk Committee.

Waikato District Council Zero Harm Update

Agenda Item 7.4

The report was received [A&R2303/02 refers], and the following discussion was held:

- The recommendation for engaging an external resource to audit the Zero Harm Safety Management System would go to ELT.

ACTION: The Zero Harm Manager to include trend line where possible in future graphs.

- *Was there a timeline for the risk control plan?* They were phased for this financial year. In regard to mental wellbeing the Zero Harm Team were looking to have the bowtie and analysis completed by the end of the financial year. The Zero Harm team were meeting with People and Capability fortnightly and had reached out to Co-Lab peers who were also working on this risk.
- *What progress has been made to outcomes on Zero Harm conversations?* The Zero Harm team was now meeting with the People and Capability Team monthly to discuss the data received from zero harm conversations and identify any increased areas of risk or opportunities for improvement.

Waka Kotahi Investment Audit Report Findings

Agenda Item 7.5

The report was received [A&R2303/02 refers], and the following discussion was held:

- It was noted that Council received the highest rating that could be achieved in the audit. There were some issues that were highlighted; however some were resolved before the report was produced.
- A comment was made that there should be a process where audit feedback goes to a generic email so it could be picked up if there were staff changes.
- A concern was raised that the procurement policy expired in July. It was noted that the revised policy had been drafted. The process meant it would go through to Waka Kotahi first then to Council.
- *Was Council under costing our expertise and missing out on subsidies?* In the last audit Council was instructed to do things one way and now this advice had since changed with the new auditor.

Insurance Policy / Premium Confirmation
 Agenda Item 7.6

The report was received [A&R2303/02 refers], and the following discussion was held:

- The Chief Financial Officer raised a concern that under the current inflationary conditions if a large-scale event occurred Council may not have enough insurance cover in place. This is largely timing as our renewal each year is based on current values.
- *Did excesses vary?* They are set at a group (Regional) level through the Co-lab agreement. The excess on material damage was set at \$10,000. This does impact community halls in terms of contents where those committees provide additional cover. A full policy report from Aon will be provided with the excess and exclusions detailed for each policy.
- *Were leaky buildings covered?* There is no insurance cover available for leaky buildings. However, if related to liability, for example where Council actions have led to the adverse outcomes, then there may be cover available.
- A discussion was held around multi-layer insurances. Some of the damage from the Cyclone was covered by the Government rather than insurance. Insurance cover is just one risk mitigation. Council has a number of mitigations available including an emergency loan facility, and potentially defer or divert work programmes. There had been some recent legislated changes under the civil defence management that meant work could be conducted without extensive consultation.
- *What was being done to mitigate the impact on Council's assets?* Through the Long-Term Plan, Council receives pre-approved subsidy for unexpected emergency works from Waka Kotahi. There is also a minor events allocation.
- There is currently \$1.1 million in the budget for emergency roading works but has some exposure in the waters area as there is no equivalent government assistance.
- A discussion was held around resilience planning. The Committee heard how during the recovery process a lens was placed on communities and assets to gauge how resilient they were.
- *Do we have the financial capacity to be resilient?* To bring certain infrastructure up to standard, funding from the Government is required.

Annual Report Risk Assessment

Agenda Item 7.7

The report was received [*A&R2303/02 refers*], and the following discussion was held:

- The Chief Financial Officer noted that there had been a change in auditing standards. Audit NZ stated there would be greater focus on access controls in relation to auditing IT systems.
- More documentation will be provided by Audit NZ. We are currently migrating to the cloud. The lens in terms of the audit will hence be useful.
- *Are the disclosures of green-house gas emissions required by law?* The requirement was coming into legislation and will be required by all entities, not just councils. This area will be audited to test to whether Council was ready for this audit expectation. The requirement for disclosure would come into effect in July 2024.

OTHER

Final Audit Management Report

Agenda Item 7.8

The report was received [*A&R2303/02 refers*], and the following discussion was held:

- The Chief Financial Officer noted that there were robust and up to date procurement policies in place.
- A discussion was held around the network users. IM currently have a manual process that mitigated risk re 'active user' access only. There is a risk that part-time employees and contractors continued to have access to systems.
- A concern was raised about the maturity of the contract management system and its application. Staff noted that good progress has been made. Audit NZ will assess this at the next interim audit.

REPORTS FOR INFORMATION

Quality & Governance Assurance Update

Agenda Item 8.1

The report was received under [*A&R2303/02 refers*], and no discussion was held.

Updated Future Work Plan
Agenda Item 8.2

The report was received [A&R2303/02 refers], and the following discussion was held:

ACTION: To create a programme for the Committee risk based site visits.

- *What is the Committee not doing?* The Chief Operating Officer noted there is a work programme for each item in the Terms of Reference for the Committee and hence the committee can have assurance it is delivering on the terms of reference. It was noted there is an annual review of the terms of reference which can address changes required.

Register of Interests – Elected and Appointed Members
Agenda Item 8.3

The report was received [A&R2303/02 refers], and no discussion was held.

ACTION: Democracy to highlight changes to the register in future reports.

EXCLUSION OF THE PUBLIC

Resolved: (Mr Stubbs/ Cr Thomson)

THAT the Audit and Risk Committee:

b. exclude the public 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
<p>Item number PEX 2 Confirmation of Minutes</p> <p>Item PEX 3.1 Fraud Declaration</p> <p>Item PEX 3.2 ComplyWith Survey</p> <p>Item PEX 3.3 Risk Assessment of Council Controlled Organisations – Statements of Intent</p>	<p>Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987</p>	<p>Section 48(1)(a)</p>

Item PEX 3.4 Register of Interests - Senior Staff		
Item PEX 3.5 Audit NZ Time with Committee		

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 PEX 3.1 Fraud Declaration	7(2)(a) 7(2)(c)(ii)	To protect the privacy of natural persons, including that of deceased natural persons. 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 PEX 3.2 ComplyWith Survey	6(a)	To protect the maintenance of the law.
Item PEX 3.3 Risk Assessment of Council Controlled Organisations – Statements of Intent	7(2)(f)(i)	To maintain the effective conduct of public affairs through free and frank expression of opinion
Item PEX 3.4 Register of Members’ Interests – Senior Staff	7(2)(a)	Protect the privacy of natural persons, including that of deceased natural persons.
Item PEX 3.5 Committee Time with Audit New Zealand	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.

To	Audit and Risk Committee
Report title	Actions Register – June 2023
Date:	Monday, 19 June 2023
Report Author:	Tony Whittaker, Chief Operating Officer

1. Purpose of the report **Te Take moo te puurongo**

To update the Audit and Risk Committee on the actions arising from the previous meeting.

2. Staff recommendations **Tuutohu-aa-kaimahi**

That the Audit & Risk Committee receives the Actions Register for June 2023.

3. Attachments **Ngaa taapirihanga**

Attachment 1 – Audit and Risk Committee Actions Register June 2023.

Audit & Risk Committee: Action Register – June 2023

#	Action	Owner	Date Assigned	Date Due	Status
1	Business Resilience deep dive to include learnings from Covid pandemic.	Executive Manager, Projects & Innovation	September 2022	September 2023	Noted. Strategic Risk update to be confirmed in June. Business Resilience deep dive to September meeting.
2	Provide material examples of risk management in action in future Committee reports.	Executive Manager, Projects & Innovation	December 2022	September 2023	Noted. Council's Risk Advisor is involved in the Project Management Framework so will include examples in future reports.
3	Technical Capability Deep Dive risk mitigation update including progress on milestones etc.	CIO and People and Capability Executive.	December 2022		Noted. An update will be provided a future meeting as part of revised strategic risk confirmation.
4	Councillors to provide feedback on Zero Harm inductions to Zero Harm Manager	Councillors.	December 2022	June 2023	Complete. Work Safe Home Safe 'New year' induction sent to Councillors. Zero Harm Induction delivered to Councillors in May 2023.
5	Chief Operating Officer to share business case for Internal Auditor with A&R Committee Members	COO	March 2023	June 2023	Complete. Sent attached to the Internal Audit Framework.
6	The Risk Advisor to work with KPMG to showcase to Elected Members the trade-offs between risk appetite and policy setting.	COO/Risk Adviser	March 2023	June 2023	Complete. This was delivered at the Risk Workshop facilitated by KPMG.
7	Democracy Team to include the recommendation on the remission policy for the red and yellow stickered house in Port Waikato in the A&R Key Messages.	COO/Democracy Manager	March 2023	April 2023	Complete.
8	Chief Information Officer to provide a presentation on cyber security disasters and risk mitigation to Councillors.	CIO	March 2023	June 2023	Complete. This is included on the June Committee agenda.
9	Risk Advisor to rework the graphs and key to be the more comprehensible for the reader.	COO/Risk Adviser	March 2023	June 2023	Noted. This is part of the WIP journey to support the papers.
10	Risk Advisor to ensure workplan includes four deep dives into the key Strategic Risks.	COO	March 2023	June 2024	Noted. The Work Programme for the committee will include sufficient deep dives to support analysis of each risk per annum. Will coordinate with confirmation of Strategic Risks (using risk clustering).

#	Action	Owner	Date Assigned	Date Due	Status
11	Risk Advisor to rethink the name of the Audit and Risk Committee.	COO/Risk Adviser	March 2023	June 2023	Complete. We have some suggestions to present to the Committee.
12	The Zero Harm Manager to include trend line where possible in future graphs.	Zero Harm Manager	March 2023	June 2023	Complete. Included in this agenda. Graphs have been reviewed in conjunction with Risk Advisor and updated.
13	To create a programme for the Committee risk-based site visit.	COO	March 2023	June 2023	Complete. Visits for 2023/24 include: Water or Wastewater Plant (Watercare – June), Animal Pound (September), Raglan Holiday Park (December).
14	Democracy to highlight changes to the register in future reports.	Democracy Manager	March 2023	June 2023	Complete. Future registers to include track changes to highlight amendments.
15	The Chief Financial Officer to organise a presentation for the Chairperson on ComplyWith Legal Compliance Survey.	CFO	March 2023	June 2023	Complete.

To	Audit & Risk Committee
Report title	Chief Financial Officer Report
Date:	19 June 2023
Report Author:	Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

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.

2. Executive summary

Whakaraapopotanga matua

Budget 2023

The Government's wellbeing budget "support for today, building for tomorrow" was released on the 18th of May and is framed up as a no frills, bread and butter budget. Notably treasury is no longer forecasting a recession, with a forecasted Gross Domestic Product (GDP) growth of 3.2% this year, 1% in the next year and back to 3% for 2026 and 2027. The timeframe to return to surplus has been pushed out by one year to 2025/26.

The overall aim of the budget was to keep more money in the pockets of individuals through incentivised public transportation, childcare subsidy, government paid KiwiSaver employer contributions for parental leave, removal of prescription co-payment fees etc. as well as support resilience and recovery.

The capital infrastructure allocation of \$71 billion over the next five years is lower than previously indicated which means New Zealand's estimated \$104 billion 'infrastructure gap' will likely worsen as allocations towards medium and long term infrastructure are repurposed to deal with cyclone recovery measures.

The following are some of the initiatives that are relevant to our district:

- A \$6 billion National Resilience Plan
 - A climate emergency response package of \$1.9 billion
 - Funding of a KiwiRail detailed business case for the electrification of the rail network between Auckland, Hamilton and Tauranga.
-

- \$60 million of funding for Waka Kotahi to partially cover the expected shortfall for 2023/24 in Emergency Works spend related to increasingly severe and frequent weather events. This is a separate allocation to the funding for recent weather events. A further \$20 million allocation is available to support road improvements for resilience to climate-related weather events.

The budget documents also reiterate the government's commitment to progressing the Infrastructure Action Plan. Work is underway to address emissions and minimise climate change impacts, including continuation of decarbonising of transport initiatives and the scoping of a national resilience standard or code for infrastructure construction by 2025. The action plan also aims to support Maaori through procurement hurdles and the ongoing development of papakainga.

Pressure points for council's business from a financial perspective could be:

- Long-term plan (LTP) capital projects may need to be re-prioritised where the costs exceed the available subsidy to fit within debt capacity (e.g., Waka Kotahi funding priorities may differ to what the council seeks on the ground).
- The significant re-build post cyclone may tighten the contractor market and impact the pricing and resources available to progress our capital work programmes.
- Changes to the three waters reform, lower levels of funding and delayed rollout may impact are ability to service growth.

The opportunities could be:

- The budget has alignment with council's 2024-2034 LTP strategic priorities such as building community resilience, improving connectivity, and supporting sustainable growth which could open up new funding opportunities.
- More central government support of Maaori would be beneficial to our district and communities.
- Labour market expansion through continued apprenticeship schemes

Cyclone Gabrielle voluntary buy-out scheme

The government will partner with affected councils to support voluntary buyout for owners of category 3 designated residential properties. Co-funding will also be available for category 2 designated properties.

Category 3 property classification is where future severe weather event risk cannot be sufficiently mitigated, whereas category 2 has feasible mitigations available for severe weather events at the community and/or property level. \$100 million of funding was allocated in budget 2023 to support the category 2 mitigation.

Hawkes Bay and Auckland properties have been, or are in the process of, being categorised. We have not yet heard whether the properties in the north of our district are to be included in this process. The potential for co-funding arrangements is not included in our 2023/24 Annual Plan.

Capital programme

The aforementioned financial risks regarding government priorities, ability to service growth and tightened contract market due to cyclone recovery could also lead to delays and/or changes to Council's infrastructure programme if they were to eventuate.

The Enterprise Project Management Office (EPMO) has forecasted a capital programme spend of approximately \$53 million by the end of this financial year against a budgeted programme of approximately \$118 million of Annual Plan and carry forwards from prior years (excluding three waters).

Adding \$65 million of current year programmed works, assuming these works are still required, to the 2023/24 Annual Plan capex budget of approximately \$51 million, would bring the total capex programme for the upcoming financial year to \$116 million. Subject to market availability, the capital work programme for 2023/24 has been planned for ahead of 1 July. This is a positive change to where we have been in prior years.

The possible financial implications associated with carrying forward budgets from one period to the next are:

- Time-value of money movements are not captured in the budget. To work within the same funding parameters, works may need to be re-scoped or re-forecast into a future year for accuracy of financial impacts.
- Interest expense and depreciation budgets would be in excess of what is actually expended for the year (these expenses run at a lag to the physical works being completed). While this would technically show as a saving, because it has not been applied before the beginning of the financial year the rates timing would be ahead of the actual expenditure. This risk is mitigated by making an assessment of the likely level of carry forwards as we set the budget.
- Cashflow forecasting on a rolling 18 month basis may be incorrect leading to inaccuracies in borrowing estimates. This can mean that council has interest rate SWAPs in place without the underlying debt (e.g., are paying too much interest).

The accuracy of forecasting during 2023/24 will be critical in ensuring a good baseline for the 2024-2034 LTP.

Finance Team Resourcing

Council's Finance department, led by the Finance Manager, consists of three teams;

- Finance Operations (accounts payable, payroll, bank management and sundry debtor management),
- Planning & Reporting (management and financial accounting functions), and
- Rates (property creation, rating information database management and credit control)

The Team Leader of the Planning & Reporting Team will be leaving at the end of June which may impact how we deliver (Annual Report and LTP budget preparation) while we recruit over what is our busiest time of the year.

3. Staff recommendations **Tuutohu-aa-kaimahi**

That the Audit & Risk Committee receives Chief Financial Officer Report for June 2023.

4. Attachments **Ngaa taapirihanga**

There are no attachments for this report.

To	Audit & Risk Committee
Report title	Strategic Risk Register and Emerging Risks March 2023
Date:	19 June 2023
Report Author:	David Tisdall, Risk Advisor
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

To update the Audit and Risk Committee (“the Committee”) on the current risk activity and strategic and emerging risks.

2. Executive summary

Whakaraapopototanga matua

This report details:

- Strategic Risk Activity Update
- Strategic Risk Projected Treatment Implementation.
- Emerging Risks

The annual review of the Strategic Risks and Risk Appetite Statements was facilitated by KPMG with Council. This review resulted in three additional strategic risks, being two new risks and one existing split into two. Risk Appetite Statements have also been developed. This annual review ensures Council takes an active approach to risk management to mitigate potential threats to its strategic objectives. A review of emerging risks has also been carried out and is discussed below.

Although the number of Strategic Risks has increased it is accepted this reflects the current Council risk environment and organisation performance. Hence, we would expect some of these risks to dissipate over time as risk performance moves within appetite.

In the last quarter (prior to the strategic risk review) the work programme included the usual review of strategic risks and treatments. As a result, one risk was found to have increased and was reassessed accordingly. In addition, progress was made on reducing five residual risks based on the established timeline.

3. Staff recommendations Tuutohu-aa-kaimahi

That the Audit and Risk Committee recommends to Council:

- a. that the updated Strategic Risks be adopted.
- b. that the Risk Appetite statements be adopted.

4. Discussion Matapaki

4.1 Strategic Risk Activity Update

In the last quarter we have:

- a. Carried out a strategic risk review and risk appetite statement workshop between KPMG and Council.
- b. Collated the findings, reviewed, and refined the strategic risk register accordingly, resulting in adding two additional risks.
- c. Developed a risk appetite for each of the original risks.

4.2 Risk Management in Contract Management

At the December 2022 Audit and Risk Committee, an example of risk management in action was requested. The following is provided:

Risk management played a crucial role in assessing the organisational risk arising from contract management by employing various strategies. Firstly, it identified the specific areas of risk that required thorough evaluation, such as reputational impacts being mitigated, appropriate and enforceable cyber security and privacy clauses, financial implications, and effectiveness of existing management practices. Secondly, it incorporated risk appetite statements, which provided guidance on the acceptable level of organisation risk, ensuring risk assessments aligned with strategic objectives. Lastly, risk management adopted a sampled approach, allowing for an overview of the risk profile of the portfolio of 400 plus contracts without resorting to time-consuming, inefficient, and exhaustive assessment processes.

By implementing risk management practices, we added significant value to our contract management process. The integration of risk appetite statements ensured that risk tolerance could be aligned with organisation objectives, providing a clear framework for decision-making. Moreover, the sampled approach optimised resource allocation by focusing efforts on contracts with higher risk potential, thereby streamlining the assessment process without compromising risk evaluation quality. Overall, risk management enhanced our ability to make informed decisions, allocate resources efficiently, and safeguard our interests in contract management, ultimately contributing to improved overall performance and risk mitigation.

Building on the existing risk management approach, further developments are underway to incorporate a more comprehensive assessment of additional factors in contract management. These include evaluating the extent to which contracts are achieving desired outcomes, ensuring value for money, and assessing the quality of relationships with contract partners. By expanding the risk management approach to cover these critical aspects, we aim to enhance the ability to monitor and manage contractual performance, optimise resource allocation, and foster stronger partnerships. This ongoing development will provide a more holistic view of the risks and opportunities associated with contract management, enabling the organisation to make informed decisions and continuously improve the overall effectiveness in this area.

4.3 Review of Strategic Risks and Risk Appetite Statements

Review of Strategic Risk Register

During the Strategic Risk Review and Risk Appetite Statement workshop with KPMG in May, each of the strategic risks were discussed with a view to developing risk appetite statements for them. The Executive Team subsequently reviewed the strategic risks and refined them further. The structure for all strategic risks has been updated for clarity. The risks are now described and categorised into Cause, Risk, and Consequences; an explanation for each of these is presented in Table 1.

With support from KPMG, risk appetite statements for each of the strategic risks have been developed.

The workshop delivered three additional risks: one by splitting Climate Resilience into **Infrastructure Climate Resilience** and **Community Climate Resilience** and two new risks focused on **Servicing Growth** and **Te Tiriti o Waitangi**.

Table 1 - Risk structure guide

Element	Description	Tips
The cause	Clarifies what is driving the risk and later will help to develop an action plan.	<p><i>ASK: what would cause the risk to happen?</i></p> <p>Causes are facts; something known; an existing condition e.g., a known internal or external threat or crisis</p> <p>Causes usually fall into categories:</p> <p>People: training, skills, experience, fatigue</p> <p>Systems: IT, mechanical</p> <p>Infrastructure: Buildings, utilities</p> <p>External: Weather events, external behaviours</p>
The risk or opportunity	<p>A risk or opportunity is something uncertain, something that could or might happen in the future.</p> <p>Risk refers to a failure or deviation from the objective (negative).</p>	<p><i>ASK: What could happen to prevent or help achieve our objectives?</i></p> <ul style="list-style-type: none"> Both risks and opportunities are uncertain Think 'could', 'may' or 'might'. A risk is something that might happen in the future They usually relate to people e.g., employees, contractors, customers,

	<p>Opportunity refers to something which could create an advantage to or benefit the objective (positive).</p>	<p>or things e.g., processes, contracts, referrals, systems, resources, design or development, technology failure, supply chain</p> <p>NB: if something is <i>certain</i>, it is an <i>issue</i> that needs to be resolved.</p>
<p>The impact / consequence</p>	<p>Describes what the impact would be if the risk or opportunity was to occur.</p>	<p><i>ASK: what would be the impact if this did happen?</i></p> <p>Think of where the risk / opportunity could have an effect (positive or negative) e.g. financial, service delivery, performance, reputation, strategic, people.</p> <ul style="list-style-type: none"> • A risk results in a negative impact • Opportunities result in a positive impact

Purpose of Risk Appetite Statements

The purpose of risk appetite statements is to provide a clear understanding of Council's willingness to accept and manage risks. In the case of the workshop, the aim was to review the strategic risk register and establish risk appetite statements for each identified risk. These statements serve as high-level guidelines that not only define the acceptable levels of risk for specific areas but also provide direction to staff when making risk-related decisions.

By collating the comments and discussions from the workshop, we were able to formulate risk appetite statements that reflect the preferences and priorities voiced. These statements outline the areas where Council is willing to embrace uncertainty and take on higher levels of risk, as well as the areas where they are more cautious and prefer to avoid or mitigate risks.

In essence, the risk appetite statements serve as a framework for decision-making by providing clarity on the boundaries within which we operate. They enable staff to align their risk management efforts with the overall risk appetite of Council, ensuring consistent and informed decision-making throughout the organisation.

4.4 Risk appetite statements for new risks.

The risk appetite statements for the following risks; Servicing Growth and Te Tiriti o Waitangi, will need to be discussed with the wider council prior to approval. Below are the working risk appetite statements for each of the two new risks and options to set the dials for different areas of risk within the strategic risk.

Working Risk Appetite statement for Servicing Growth

Council acknowledges that the Waikato District will continue to experience significant growth and that this presents many challenges and areas of uncertainty. Growth forecasts are used as tools to better understand the overall impacts of growth across the district but are limited in their ability to predict how growth will be distributed across the district.

Councils risk appetite in this area is considered **Moderate** to reflect the need to manage growth appropriately, to both exploit the opportunity presented and to mitigate the significant risks.

Table 2 – Service Growth – Risk Appetite Statement Discussion

Service Growth: Area of Risk	Willingness to accept risk	
	Option 1	Option 2
<p>Allocation of community facilities and infrastructure capacity Council plans the delivery of assets for the anticipated demand for residential and employment users. Sometimes there is a greater demand on community facilities and infrastructure assets, which means council needs to decide to either accept the demand and amend plans or restrict land use applications in line with plans.</p>	<p>Willingness to prioritise short term growth by accepting land uses that place a higher demand on our services than was planned, and subsequently amending our asset planning (e.g., bringing upgrades forward).</p>	<p>Willingness to restrict land use applications to align with infrastructure capacity to allow only for planned growth.</p>
<p>Lead infrastructure Due to inflation and other factors, building now is always cheaper than later. However, installing lead infrastructure to capitalise on more cost-effective construction costs (10 to 100 times cheaper) prior to developers being committed, exposes rate payers to the risk of needing to fund the unused infrastructure if growth doesn't meet projections (Funding maintenance of unused infrastructure and a longer time paying interest waiting for Development Contributions to be collected). Alternatively, the total cost of infrastructure will be greater if infrastructure planning is reactive and led by developers.</p>	<p>Willing to increase investment now, to fund assets for a more cost-effective infrastructure in the future.</p>	<p>Willingness to minimise short term investment for increased future costs of development.</p>

<p>Council involvement in land use planning Growth has impacts on how communities are shaped. Council has the tools to manage what growth looks like but has historically been reactive when managing growth in some areas (social infrastructure for example).</p>	<p>Council is willing to accept unplanned growth and the uncertainty this could have on how communities change.</p>	<p>Council is willing to exert increased local government control on planning, increased legal challenges in environments court and increase recruitment/consultant cost to delivery and implement plans.</p>
<p>Speculative land acquisition based on growth projections. Sustained growth in the district presents the opportunity for council to engage in speculative land acquisition. Speculative land acquisition for local government refers to the deliberate process of acquiring specific parcels of land for future growth areas either for use, development or sale.</p>	<p>A willingness to take on greater levels of risk in pursuit of potentially higher rewards, embracing speculative opportunities, pursuing growth and innovation, and engaging in transformative projects.</p>	<p>A willingness to prioritize stability and caution, emphasizing conservative financial analysis, proven opportunities, reliable revenue streams, and thorough risk assessments. Council is not willing to purchase land based on speculation.</p>
<p>Strategic land acquisition based on growth projections Council needs land to build infrastructure on in the future and as time passes, and land zoning changes, the cost of land can increase dramatically. Acquiring land in advance of its future need for infrastructure assets poses an opportunity for Council to buy cheaper land but will have holding costs until it is needed. If it turns out not to be required, it can be sold.</p>	<p>Council is willing to increase investment in the short term to purchase land in growth cells well ahead of development.</p>	<p>Council is willing to accept significantly high purchase prices or risk losing opportunities by waiting till development is certain (eg zoning has changed and developers start to move).</p>

Working Risk Appetite statement for Te Tiriti o Waitangi

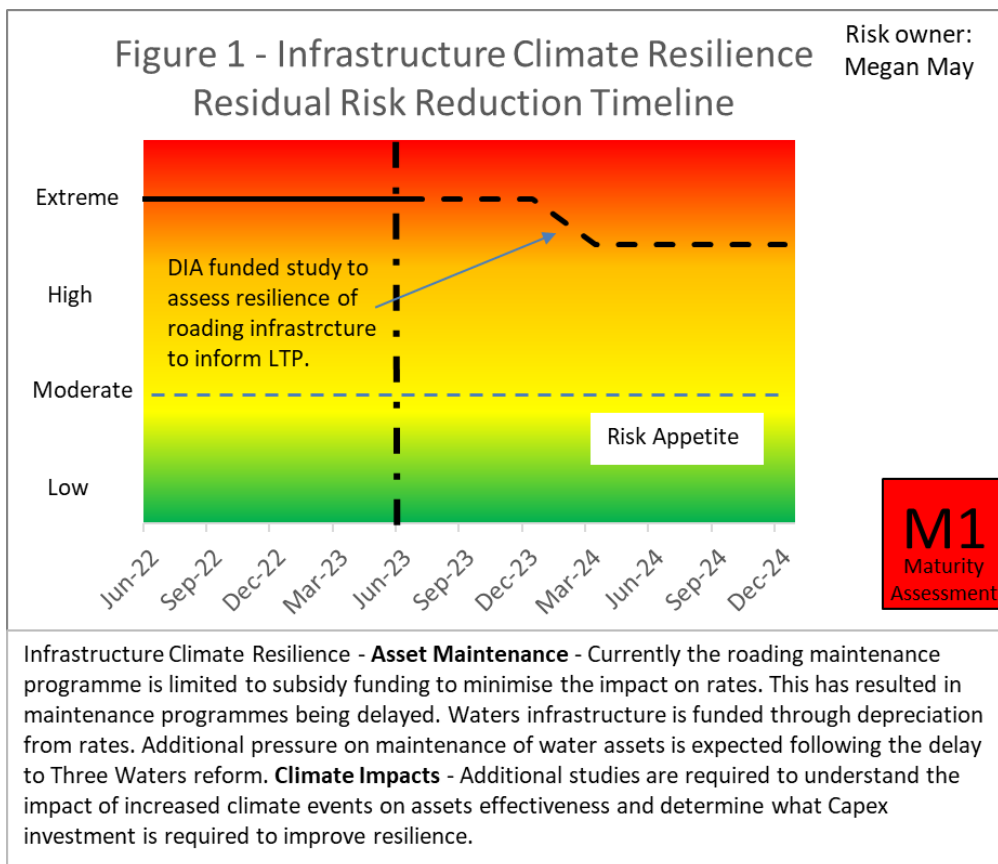
As Council's Mana Whenua and Iwi partnerships are so critical Council has a low - medium appetite for the impacts of this risk but acknowledges that this will take significant work. Building capacity and capability internally and within Mana Whenua is required for sustainable partnerships that drive a low - medium target risk level.

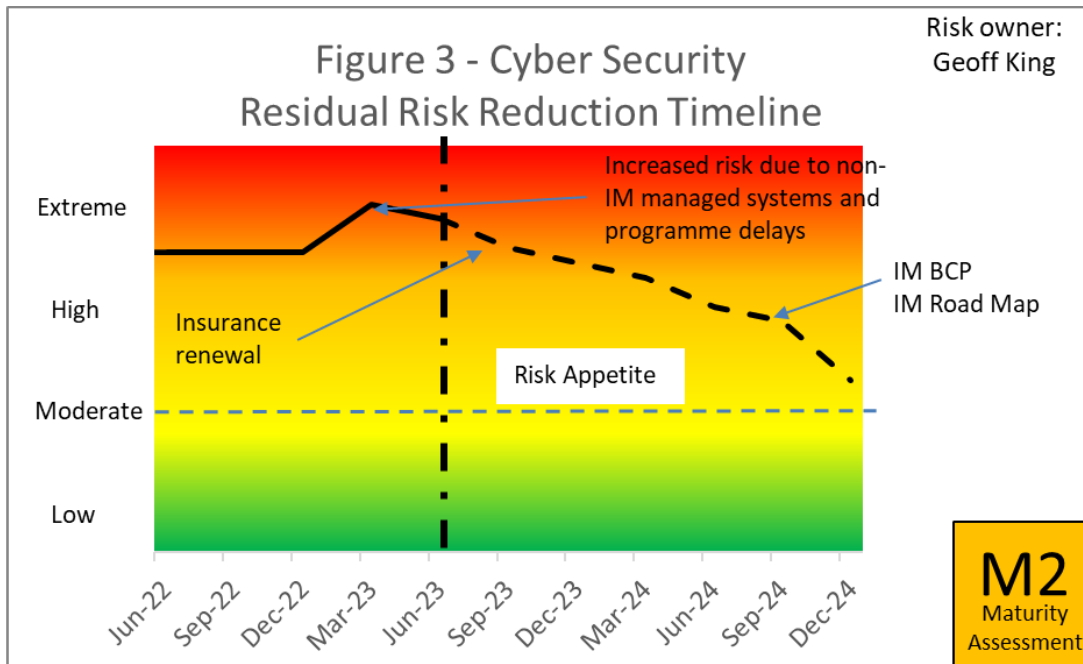
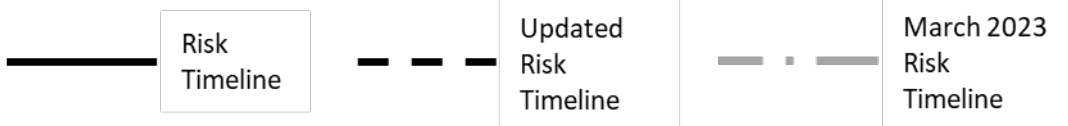
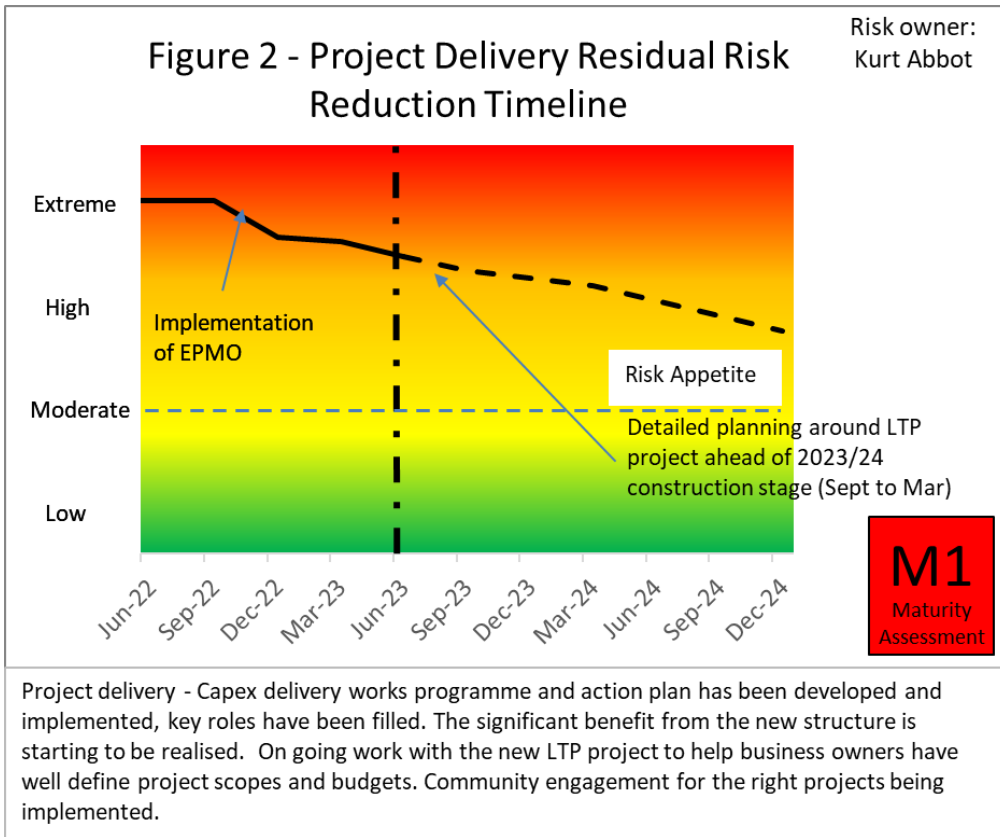
The mitigations are based on strengthening the relationships with Maaori by increasing current resourcing/environment which will equate to a Council Target Residual Risk level of high as being more realistically achievable this year.

Table 3 – Te Tiriti o Waitangi risk appetite statement for discussion

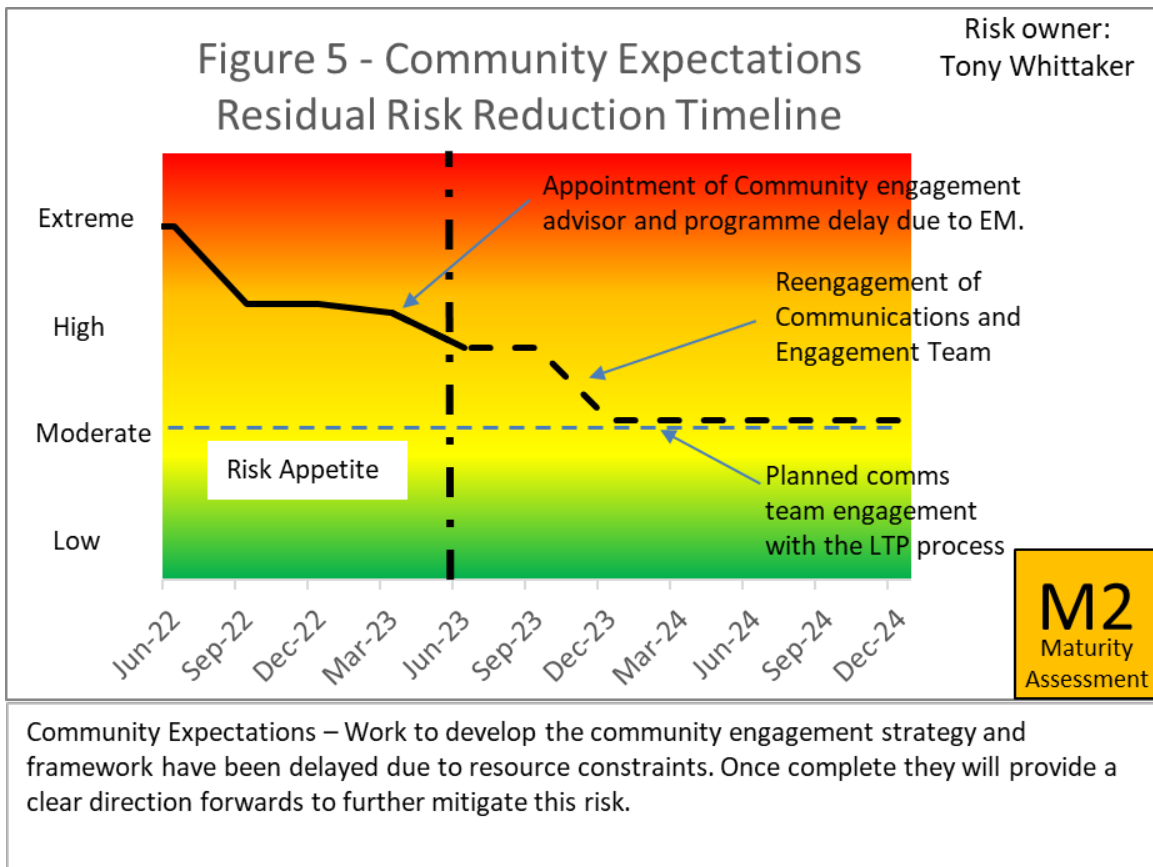
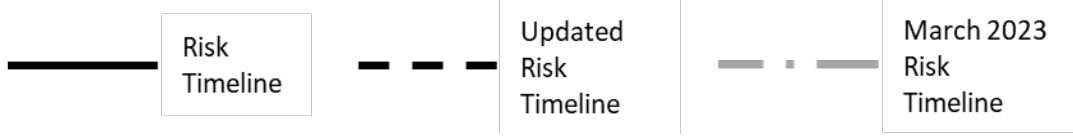
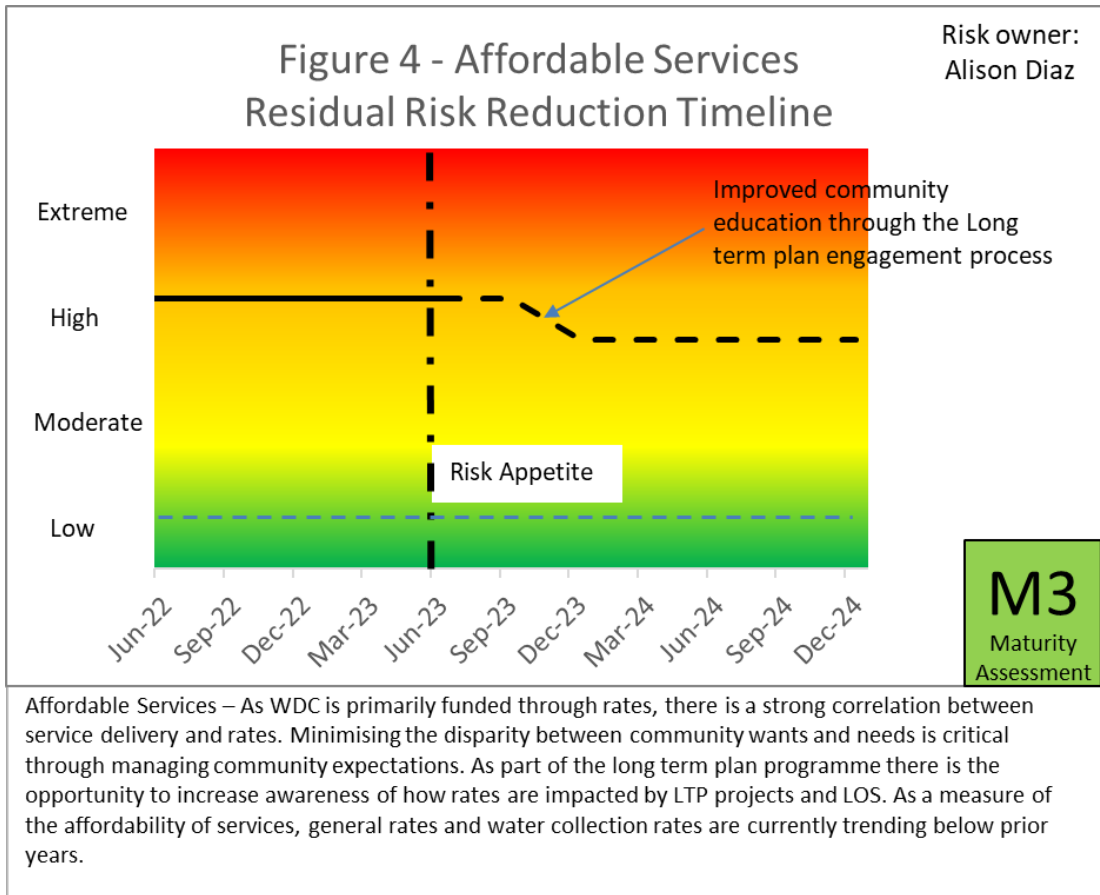
Te Tiriti o Waitangi: Area of Risk	Willingness to accept risk	
	Option 1	Option 2
Balancing resource and cost with Induction/ training programmes for staff	Te Tiriti o Waitangi induction training for all new starters.	All staff to attend Te Tiriti o Waitangi training.
Balancing programme and resource of project delivery with level of engagement with Maaori/ Mana Whenua	Engagement limited to large scale projects	Appropriate engagement with projects of all scales.
Balance of assessment, training and development required for integration of strategy into business.	Selected critical staff trained with appropriate skills to give effect to Te Tiriti o Waitangi in their roles.	All staff trained with appropriate skills to give effect to Te Tiriti o Waitangi in their roles.

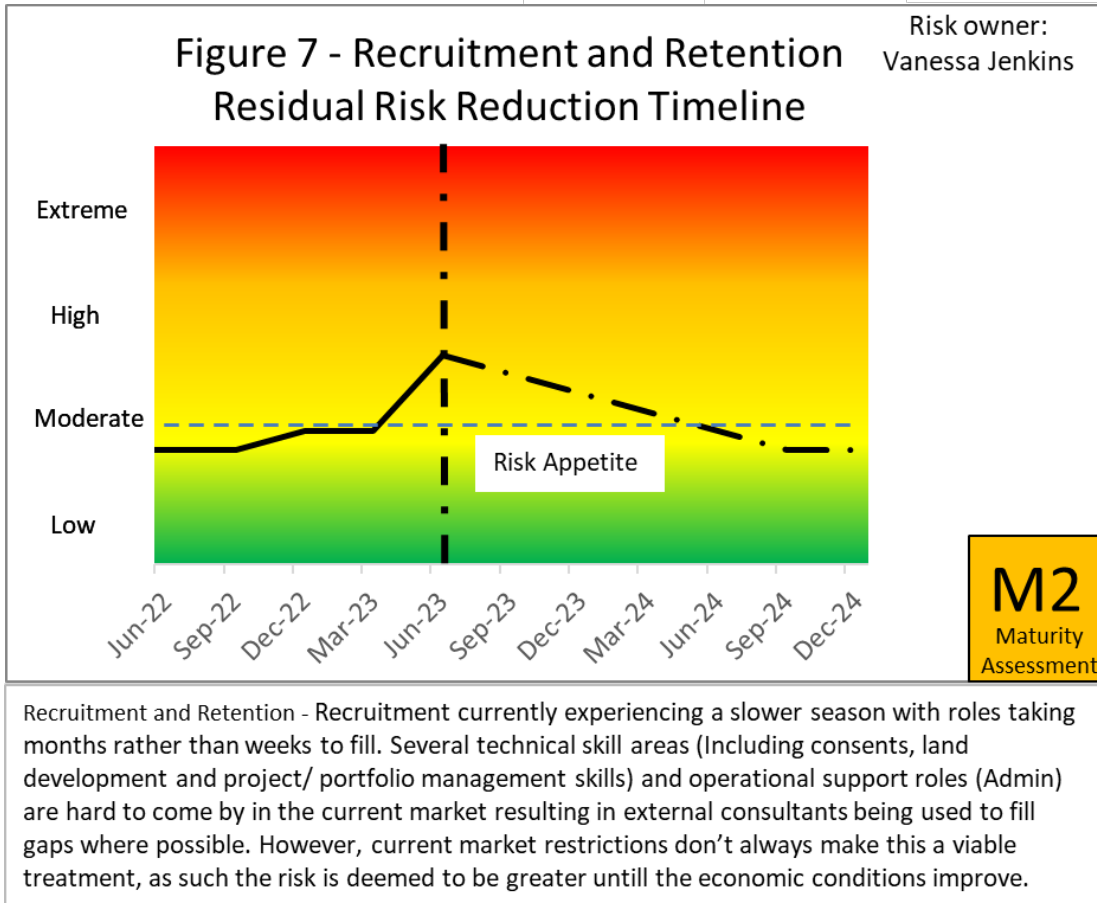
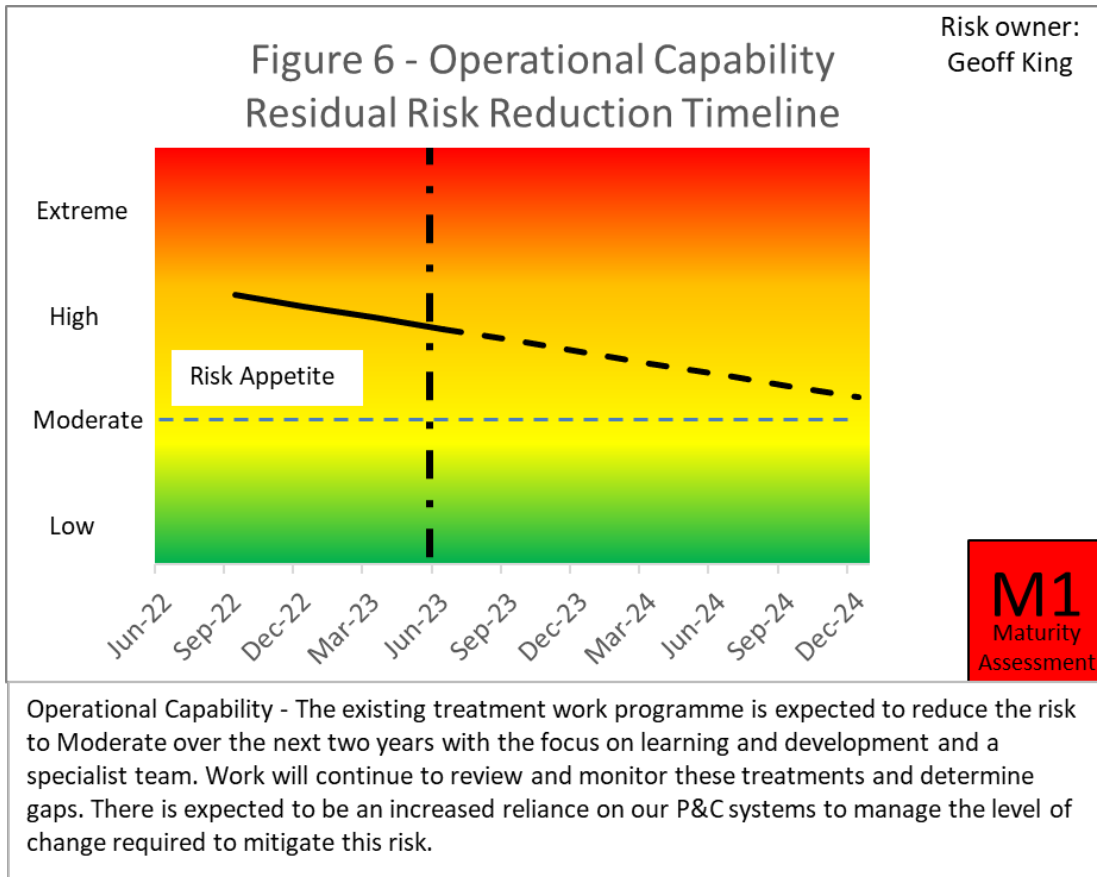
4.5 Strategic Risk treatment timelines

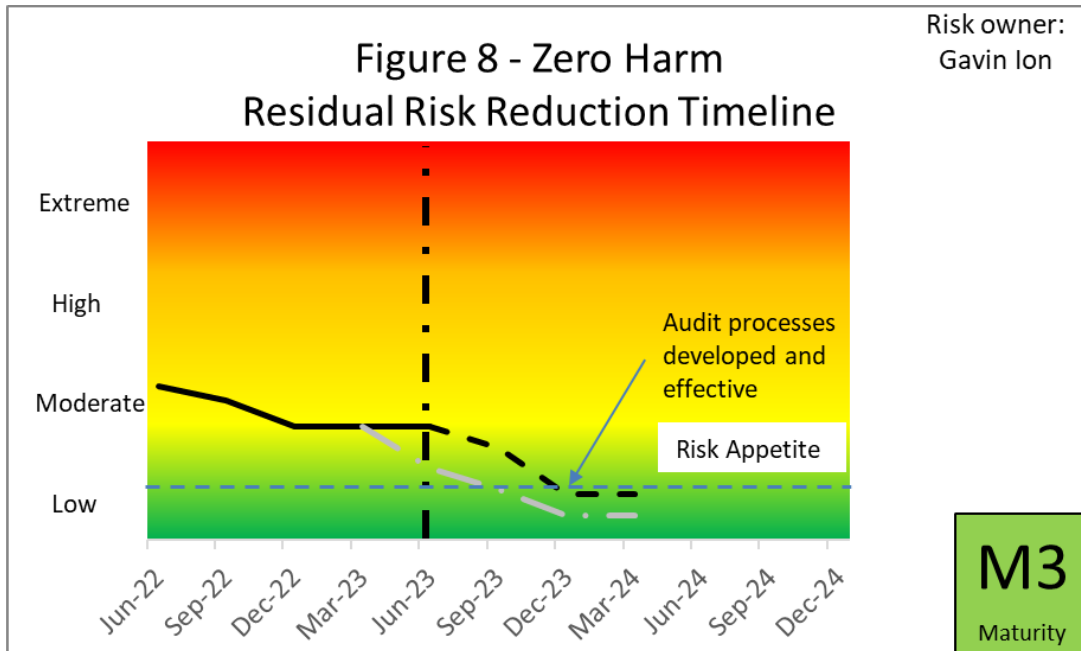




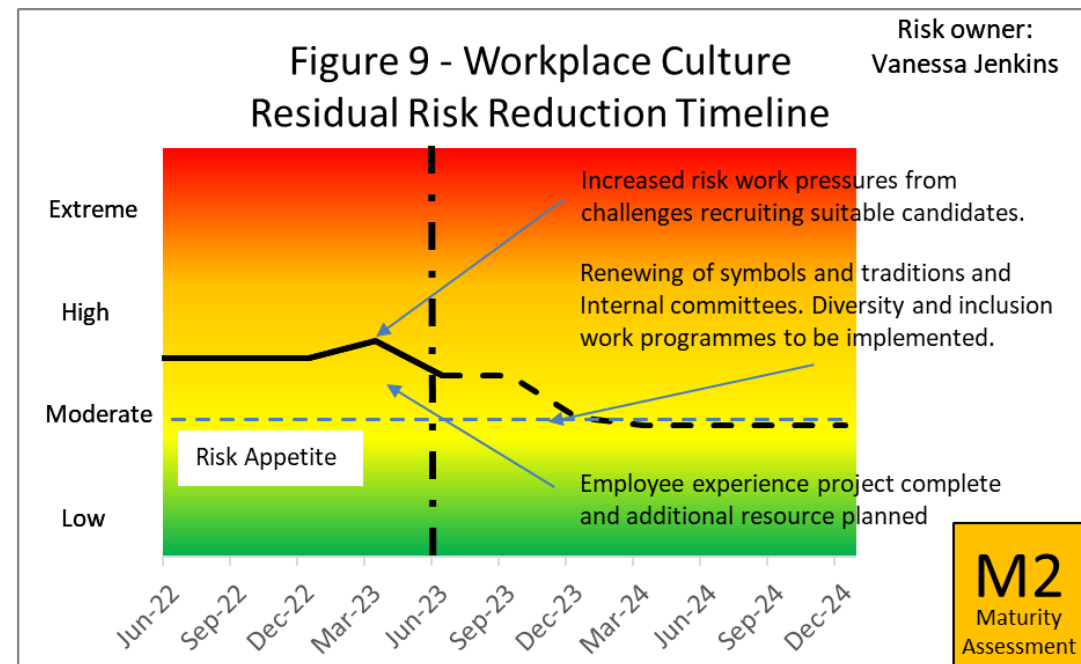
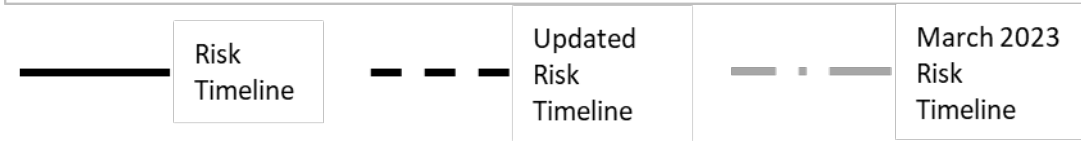
Cyber Security – Risk score, measured through the ALGIM Local Government Cyber Security framework, has improved from 39% (High Risk) to 46%. 46% is at the lower end of High Risk and is higher than would be considered prudent. Council is progressing the 3 year cyber security improvement plan endorsed by Audit & Risk. 3 of the 5 initiatives planned to be completed by 30-June are on target. 2 have been deferred (see work programme).



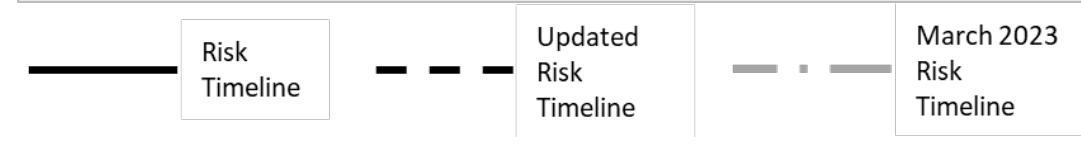




Zero Harm - The focus remains on completing the work programme set down in the Zero Harm Strategic Improvement Plan for 2022/2023. In particular key focuses in the last three months have been on the progression of critical risk bowtie control plans for Working on the Road or Roadside and Mental Wellbeing.



Workplace Culture - Expected impacts to this strategic risk are as follows: increased demand on resource to accommodate internal digital transformation, a need to take on unskilled workers and upskill, Future for local government and change to senior leadership and elected members. Due to current recruitment challenges existing staff are able to take on greater responsibilities and development opportunities, however, without being able to increase our workforce this isn't balanced by sharing existing workloads with others. This is reflected in an increase in uncertainty (Risk) around workplace culture.



Title	Residual Rating	Risk Appetite	Comment	
Te Tiriti o Waitangi	High	TBC	Council's Mana Whenua and Iwi partnerships critical. Building capacity and capability internally and within Mana Whenua is required for sustainable partnerships that drive to achieve an appropriate risk level.	
Servicing Growth	Moderate	TBC	Servicing growth will be a key consideration in forthcoming asset management and long-term planning, where risk lies in striking a balance between what infrastructure is needed (and when) to service growth and its affordability. Cost increases (particularly compliance costs for three waters) heightens this risk.	
Community Climate Resilience	High	Moderate - High	Actively working with communities to build community resilience and Maree resilience plans. A framework for these plans is being developed to ensure sustainable delivery.	
Business Resilience	Moderate	Moderate	Business Continuity Plans (BCPs) are in place. Areas of critical importance are currently being reviewed and their BCPs being tested.	M1
Government policy and legislative reform	Moderate	Moderate	Keeping a watching brief on local government, RMA and three waters reform. Staff are involved in working groups and will continue to keep a watching brief for the next steps in each of these initiatives. Submission on local government reform was made on 23 rd Feb 2023. The final report and recommendations will be submitted by the independent panel to the Minister for Local Government on 19 June 2023. Submission on RMA reform was made on 20 th Feb 2023. The Natural and Built Environment Bill and the Spatial Planning Bill are expected to be enacted in July/August 2023. The key risk here is that we may take longer to understand and update the district plan with new policy requirements. This may require additional resourcing.	M2

Table 4 - Strategic Risks assessed as within Council Risk Appetite.

4.6 Top Risk mitigation action monitoring – Reporting by exception

Below are key treatment programmes for some of the strategic risks. Only programmes that are Amber or Red are shown.

Table 5 - Top risk mitigations

Top Risk	Measure/ Action	Status	Tracking indicator	Exec Owner	Status comment
Cyber Security	Remediation of non-IM managed cloud systems (PR-22173)	Paused	A	Tony Whittaker	Partially delivered. Alternative plan under development. Plan is to progress late Jun-23.
Cyber Security	Disaster Recovery Plan (PR-21135)	Not Started	R	Geoff King	Alternative approach under development. Will commence in the 2023/24 financial year.
Cyber Security	Always on VPN / Zero Trust (PR-21102)	Blocked	A	Geoff King	Blocked by legacy TechOne Ci P&R. To recommence Q1 2023/24
Cyber Security	MFA for all Cloud App's (PR-21125)	On hold	A	Geoff King	Pending PGG prioritisation
Zero Harm	Strategic Improvement plan delivery	Delayed	A	Gavin Ion	Staff resourcing reduced due to resignation of Zero Harm advisor. Delivery items priorities and some planned for next FY.
Business resilience	Deep dive into essential service business continuity plans	In progress	A	Kurt Abbot	Work has begun with deep dive into essential service BCPs, however due to Jan & Feb weather events, Business Resilience Advisor has been redeployed to the Response and Recovery teams. This work is scheduled to recommence this month.

4.7 Emerging Risks

The emerging risks outlined below are areas where considerable change is expected and for which management wish to keep the Committee abreast of activity:

4.7.1 Local government in community resilience

There is a slow shift in local government from the traditional service delivery model to a wellbeing and community-centric model. This change in direction is driven by the wellbeing focus of the local government act. In response to this our role in building community resilience will require increased collaboration with other entities, including those that will be servicing at regional rather than district level. This increased reliance on external partnerships may expose the organization to potential risks, such as a misalignment of goals and objectives, increased contract risk with new entities and legal obligations around emergency management. The existing Regional Leadership Group, established in response to Covid, presents a good opportunity for the increased collaboration needed to address the complex challenges facing our district.

4.7.2 Trust in government

Declining voter turnout is evidence of a reduced level of engagement with the function of local government. This brings with it the obvious challenge of how council can effectively hear the voice of the community and their needs. However, there appears to be a more fundamental issue that is maybe better characterised as increased discontentment, disenfranchisement of the public and in some cases anger and hostility, rather than simply an apathy towards local government. The impacts of increased criminal behaviour and civil unrest within New Zealand are being felt within the Waikato district, and there may be a need to review how communities are being engaged with to address this.

4.7.3 Government reform – Future for local government

The Committee is familiar with the central government lead review of Local Government. The Review is considering roles, functions, and partnerships; representation and governance; and funding and financing.

Until the completion of this review, elevated levels of uncertainty exist regarding the potential impact on council functions. The final report expected in June 2023. There is a degree of uncertainty around how enforceable recommendations of the review will be on local government.

Council is keeping connected to the process having met with the panel to provide input and feedback. We are keeping staff informed as part of our strategy to mitigate the risk of staff movement in this employment climate.

The central government elections also create uncertainty. Different political parties have alternate views on the 3 Waters Reform for example which would have significant implications for our ratepayers.

4.7.4 Consent volume change

Building companies are scaling down in response to the economic downturn and supply chain issues.

Existing consents this year are down 20% from last year with only 1 month left. If consents do reduce, and growth reduces below planned levels there is a financial risk of “stranded assets”. This is where infrastructure projects that have been financed on the assumption of increased growth, and therefore more rates. Additionally, fixed rate mortgages are likely to come into play and have a knock-on effect on consenting numbers.

4.7.5 Inflationary & Affordability Pressures

Staff are monitoring ratepayer payments as a test of affordability. General rates and Water collection rates are trending below prior years resulting in the remission of penalties being used.

We will continue to monitor and work with inflationary pressures. Floating lines and reprioritisation are tools available to Council.

The combination of inflation, affordability and local government elections is likely to challenge the current annual plan. Additionally, if we enter a recession there may be a significant difference to the demand in council services requiring us to be agile in our responses. The intention is to commence a comprehensive long term plan process shortly such that focus, and service levels can be reviewed in depth.

5. Next steps

Ahu whakamua

Planned activities for the next quarter include:
Confirmation of Risk Appetite Statements with Council,
Socialising Risk Appetite Statements within the business.

6. Attachments

Ngaa taapirihanga

Appendix 1 – Proposed 2023 Strategic risk register
Appendix 2 – 2022 Strategic Risk Register
Appendix 3 – Strategic Risk Appetite Statements
Appendix 4 - High level maturity assessment tool description

Appendix 1 - Proposed 2023 Strategic risk Register.

Risk Title	Government policy and legislative reform	Community expectations	Affordable services	Project delivery	Climate Change		Business resilience	
	Risk Owner	Clive Morgan	Emma Edgar	Alison Diaz	Kurt Abbot	Community resilience	Infrastructure resilience	Kurt Abbot
						Kurt Abbot	Megan May	
Cause	<p>Due to</p> <ul style="list-style-type: none"> Lack of insight, Inadequate planning, or Unable to execute plans to adapt (Inadequate adaptability) 	<p>Due to</p> <ul style="list-style-type: none"> Communities not understanding the role of local government, Community apathy and willingness to engage, Communities not understanding the value of connecting with council. Council not understanding what is important to our communities and how they want to be engaged with or the role they want to play 	<p>Due to</p> <ul style="list-style-type: none"> Planning assumptions being misaligned with desired or perceived outcomes, Prevailing economic conditions, Communities not always considering that rates are the primary source of funding for the services they are requesting 	<p>Due to</p> <ul style="list-style-type: none"> Lack of capacity. Lack of capability (Planning and management practices) 	<p>Due to</p> <ul style="list-style-type: none"> Increasing climate impacts. Communities holding council accountable for climate relief. Diverse and conflicting needs of communities 	<p>Due to</p> <ul style="list-style-type: none"> Aging infrastructure with an increased vulnerability due to climate change Reduced renewal timeframe and increased design requirements impacting funding when assets need to be replaced. Insufficient resource to fulfil required maintenance schedules 	<p>Due to</p> <ul style="list-style-type: none"> Lack of planning. Unprioritized work programmes, and/or Untested plans 	
Risk	Council may be unable to adapt to structural and legislative changes	There may be a misalignment between the Council and community regarding what is wanted and how engagement occurs	There may be a disparity between funding and cost	Council may be Unable to deliver key services and projects	Council may be unable to Support communities to adapt to climate impact	There may be a lack of resilience in council assets	There may be a lack of resilience in council operations	
Consequence	<p>Resulting in</p> <ul style="list-style-type: none"> Council being financially disadvantaged, Additional resource pressures, Council experiencing significant disruption. 	<p>Resulting in</p> <ul style="list-style-type: none"> Held to account for things we're not accountable for, Additional costs from ineffective engagement, Reduced trust in local government. 	<p>Resulting in a</p> <ul style="list-style-type: none"> Failure meet LOSs, deliver LTP project or meet other financial obligations (i.e. contributions towards partners). 	<p>Resulting in</p> <ul style="list-style-type: none"> Time, quality, and cost requirements of project delivery not met. 	<p>Resulting in</p> <ul style="list-style-type: none"> Significant public scrutiny, Community holding council accountable, Financial impact - Increased emergency support required. 	<p>Resulting in</p> <ul style="list-style-type: none"> Failure to deliver on LOS, Zero harm caused to contractors, staff, and communities, Financial loss/ increased cost to replace assets, Reputational damage. 	<p>Resulting in</p> <ul style="list-style-type: none"> Significant disruption to business function. 	

Risk Title	Workplace culture	Operational Capability	Recruitment and Retention	Servicing Growth	Te Tiriti o Waitangi	Zero Harm	Cyber Security
Risk Owner	Vanessa Jenkins	Geoff King	Vanessa Jenkins	Clive Morgan	Gavin Ion	Gavin Ion	Geoff King
Cause	<p>Due to</p> <ul style="list-style-type: none"> Lack of change readiness (Poor leadership and/or ineffective change management), Poor internal culture within the workforce (Poor hiring or induction) 	<p>Due to</p> <ul style="list-style-type: none"> Inadequately trained or experienced people, Ineffectively designed and maintained, systems and processes, High demand on staff to adopt new systems 	<p>Due to</p> <p>External factors such as:</p> <ul style="list-style-type: none"> Industry competition and employment rates and/or Being unable to compete with salary expectations. <p>Internal factors such as:</p> <ul style="list-style-type: none"> Limited internal development opportunities Perceived or actual council culture Lack of appropriately supported training Inexperienced workforce 	<p>Due to</p> <ul style="list-style-type: none"> Incorrect use of projections by the business (assumptions and/or limitations not being allowed for) Forecasting being poor, Forecasting being limited to "best guess" estimates and unable to predict significant change in trends. An inability to financially provide for growth infrastructure in time 	<p>Due to</p> <ul style="list-style-type: none"> Lack of clarity of who the appropriate Mana Whenua is. Poor partnerships with Iwi/ Mana Whenua and engagement fatigue among Mana Whenua Insufficient support (Capability and capacity) internally and within Mana Whenua and Iwi 	<p>Due to</p> <ul style="list-style-type: none"> Poor or inactive health and safety systems Non-compliance with legislative requirements Inadequate governance/ management of shared health and safety responsibilities with other PCBUs 	<p>Due to</p> <ul style="list-style-type: none"> Cyber-attack or unauthorised assess, Damage to privileged information, Reduced data integrity, Lack of compliance with process Inappropriate management of suppliers
Risk	There may be a misalignment of staff to business values, direction, and strategy	Council may Lack of operational capability (People, processes, and systems) within the business	Council may be unable to recruit or retain suitable resource (Staff or consultants)	There may be a misalignment between observed growth and how council services it	Council may fail to give effect to Te Tiriti o Waitangi	Council may be unable to identify and manage hazards to staff and public	Council may not have adequate protection of council, staff, and community information
Consequence	<p>Resulting in</p> <ul style="list-style-type: none"> Business outcomes being significantly impacted, Degradation of internal culture Reduced productivity, Zero harm, mental wellbeing. 	<p>Resulting in</p> <ul style="list-style-type: none"> Being unable to meet key business needs, Customer engagement, Business resilience, Optimal service level, Failure to deliver on agreed service levels. 	<p>Resulting in</p> <ul style="list-style-type: none"> Business outcomes being impacted, Zero harm - mental pressure on teams. 	<p>Resulting in</p> <ul style="list-style-type: none"> Failure to meet LOS (Decay in LOS), Funding allocation becoming unmanageable, Community disruption from key projects not being prioritised, Stranded assets (Over investment in lead infrastructure). 	<p>Resulting in</p> <ul style="list-style-type: none"> Partnership and relationship damage and increased distrust in local government, Delivery of key projects impacted/ delayed, Failure to meet legislative and governance obligations, Failure to meet LOS/ ability to operate (Resource consents not approved). 	<p>Resulting in</p> <ul style="list-style-type: none"> Significant harm is caused to workers, or others, Financial impact, Reputational damage, Business disruption. 	<p>Resulting in</p> <ul style="list-style-type: none"> Significant financial, reputational, and or business impact.

Risk Title	Risk Description	Risk Owner
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.	People are harmed as a result of the Council failing to identify, implement, review and maintain appropriate health and safety policies, procedures, and processes or develop and sustain a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks.	Gavin Ion
Climate Resilience: Council experiences significant public scrutiny and or financial impact caused by Council being unable to effectively support Communities to adapt to climate impacts.	Communities hold Council accountable and or require significant emergency support from Council for inaction or untimely response to adverse and increasing climate impacts. This includes consideration of associated costs linked to poor planning and or inaction related to climate change adaptation.	Clive Morgan
Affordability: Community needs are not met due to Council being unable to deliver new and or appropriately maintain existing infrastructure due to disparity between funding and cost.	Infrastructure delivery becomes unaffordable due to increasing costs associated with the current economic situation. This includes the cost of labour and supplies, and material availability.	Alison Diaz
Community Expectations: Council experiences significant public scrutiny due to being unable to meet key community expectations due to increasing costs and resources.	Misalignment between community wants and the viability of delivering those wants () results in communities losing faith in Council's ability and support.	Tony Whittaker
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).	Council systems or the information contained within are compromised by cyber-crime or a lack of compliance with process resulting in significant financial, reputational, and or business impact.	Geoff King
People & Culture (Retention); Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.	Council are unable to recruit, promote or keep staff in core service positions due to a lack of appropriately trained people, industry competition or perceived or actual Council culture.	Vanessa Jenkins
Business Resilience: Business function is significantly disrupted due to a lack of organisational resilience.	Council operations are impacted through failure to create, prioritize action plans for implementation in the event of a business impact incident.	Kurt Abbot

<p>Regional & National Strategic Planning & Legislative Reform; Council is financially disadvantaged and or experiences significant disruption due to being unable to effectively adapt to structural and legislative changes by central government and or national / regional strategic planning exercises requirements.</p>	<p>A lack of insight, planning and or adaptability associated with national strategy and reforms results in Council incurring significant cost, additional resourcing pressure, and or wasted finance and resources.</p>	<p>Vishal Ramduny</p>
<p>Risk Title</p>	<p>Risk Description</p>	<p>Risk Owner</p>
<p>Technical Capability: Council is unable to meet key business needs, including customer engagement, business resilience, and optimal service level requirements due to a lack of technical capability (people and systems).</p>	<p>Due to cost, insight and or capability, Council is unable to meet the demands of digital progression.</p>	<p>Geoff King,</p>
<p>Workplace Culture: Business outcomes are significantly impacted due to a lack of change readiness and or poor internal culture within the workforce.</p>	<p>Council's people are unprepared, unwilling and or unable to effectively adapt to change resulting in poor performance and a degraded internal culture.</p>	<p>Vanessa Jenkins</p>
<p>Project Delivery: Council is unable to deliver key capital projects due to a lack of capacity and or project capability.</p>	<p>Councils' capital works programme fails to meet timelines, cost and or quality requirements as the result of resourcing deficit and or poor planning and management practices.</p>	<p>Roger MacCulloch</p>

Infrastructure Climate Resilience⁴²

Risk Owners: General Manager – Service Delivery

OVERVIEW OF RISK AREA

Due to Aging infrastructure with an increased vulnerability due to climate change, Reduced renewal timeframe and increased design requirements impacting funding when assets need to be replaced and Insufficient resource to fulfil required maintenance schedules, **There may be** a lack of resilience in council assets, **Resulting in**, Failure to deliver on LOS, Zero harm caused to contractors, staff, and communities, Financial loss/ increased cost to replace assets and/ or Reputational damage.

RISK APPETITE STATEMENT

At Waikato District Council, we recognise the importance of addressing climate change risks and taking action to mitigate potential impacts on our community. We have a **“Moderate”** risk appetite when it comes to climate change risks, which is driven by our desire to be proactive and improve our infrastructure, such as flood management assets, to increase our capability to respond to what are our communities require of us.

WHERE WILL WE TAKE RISK?

We understand that our district size and limited funding can constrain our ability to implement best practices, while also ensuring that costs are not passed on to ratepayers. Our commitment and drive to seek balance when investing into our climate change mitigation strategies with cost to our communities means that our appetite for investment is **“Moderate”**.

We acknowledge that there is still much uncertainty around climate change risks, and with a changing regulatory environment we will need to engage with communities as well as central government to increase our awareness of what is required, or what our communities expect of us. Therefore, while we continue to look to uplift our capability surrounding Infrastructure climate resilience, we will have a **“Moderate”** appetite to implementing climate response plans.

WHERE WILL WE NOT TAKE RISK?

The Council understands the significance of its leadership role in building a resilient community. We have a **“Low”** appetite for ensuring that all of our staff are well-trained and educated where their role requires them to deliver impact on climate-related activities as well as manage climate related risks.

We have a **“Low”** appetite for not investing in key infrastructure, such as transportation infrastructure (roads and bridges) as well as our flood management assets, to support our emergency response in times of extreme climate-related events.

Risk Appetite Settings



Upstream/Emitters

Project delivery
Technical capability
Regional & National Reform

Infrastructure Climate Resilience

Downstream/Receivers

Community expectations
Affordability
Business resilience
Project delivery
Zero Harm

Affordable Services

Risk Owner: Chief Financial Officer

OVERVIEW OF RISK AREA

Due to planning assumptions being misaligned with desired or perceived outcomes, prevailing economic conditions or communities not always considering that rates are the primary source of funding for the services they are requesting, **there may be** a disparity between funding and cost, **Resulting in a** failure meet LOSs, deliver LTP project or meet other financial obligations (i.e. contributions towards partners).

RISK APPETITE STATEMENT

We are conscious of the current economic climate and pressures this is likely to create in our community.

Our risk appetite to affordable services is **Low** reflecting our need to be cautious around balancing the needs of our communities with the potential financial costs of those initiatives.

WHERE WILL WE TAKE RISK?

Given our responsibilities to our communities and stakeholders we are open to rates increases where necessary to build sustainability into its activities in the longer term.

We need to be open to investment in our systems and technology, despite the potential impacts on affordability, given we have a legacy of old and disparate technology. These investments will ultimately lead to better services and outcomes for our community.

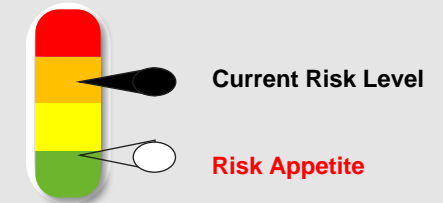
Part of our core purpose is maintaining levels of service in critical areas. Accordingly we will not trade this priority off for affordability.

WHERE WILL WE TAKE LESS RISK?

Where there is pressure, either internally or externally, on the cost of initiatives, we will consider the need for scope changes or re-prioritisation in non-critical service areas to reduce net impacts on affordability.

We will use debt funding proactively, within our limits, to manage potential impacts on affordability.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Strategic Planning and
Legislative Reform
Recruitment and Retention
Climate Resilience
Technical Capability
Project Delivery

Affordability

Downstream/Receivers

Project Delivery
Technical Capability
Recruitment and Retention
Community Expectations
Business resilience

Community Expectations

Risk Owner: Chief Operating Officer

OVERVIEW OF RISK AREA

Due to a misalignment between community wants and the viability of delivering those wants and increasing costs and resources, **Council may** be unable to meet community expectations, **Resulting in** significant public scrutiny, and loss of faith in council.

RISK APPETITE STATEMENT

As WDC is primarily funded through rates, council acknowledges the importance of balancing the community needs and wants with the proportional impact this will have on their rates. To reflect this, the cost of project delivery will be prioritised over scope and programme.

Council is willing to have a high appetite for communities not being directly involved in the delivery of significant works that are programmed in the LTP, however, council has a low appetite for communities to be uninformed of the disruption and inconveniences that result from them. Due to resource constraints, council is willing to accept a Moderate level of risk through the utilisation of local boards to be the primary means of this type of communication.

Therefore, council is willing to accept the **Moderate** risk appetite for community expectations.

WHERE WILL WE TAKE RISK?

Due to the constraints of internal resource on the comms team we are willing to utilise local boards to:

- Publicise impacts on communities from delivery of capital project, (i.e. road closures).
- Be responsible for engagement of small-scale projects with high visibility and high usage.

Where there are significant programmes of work that are needed to comply with legislative requirements council will focus on informing communities of disruption in delivery rather than engagement during concept and design.

WHERE WILL WE TAKE LESS RISK?

Unwilling to leave communities uninformed over works that directly inconvenience them.

We are unwilling to let budgets within the LTP change to meet changing community expectations. There is a willingness to talk to communities around the need to reprioritise projects to fit budgets.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Zero Harm
Affordability
Business resilience
Project Delivery
Cyber Security
Climate Resilience

Community Expectations

Downstream/Receivers

Project Delivery
Recruitment and Retention
Business Resilience

Government policy and legislative reform

Risk Owner: General Manager Community Growth

OVERVIEW OF RISK AREA

Due to a Lack of insight, Inadequate planning, or an inability to execute plans to adapt (Inadequate adaptability), **council may be** unable to effectively adapt to structural and legislative changes, **Resulting in** council being financially disadvantaged, additional resource pressures and council experiencing significant disruption.

RISK APPETITE STATEMENT

Council acknowledges the large amount of reform on the horizon and the significant impact it will have on WDC. Additionally, council is aware of the significant pressure currently on staff do the work required to comply with existing legislation.

Council has focused its risk appetite around how informed it expects to be, the response to legislation ahead of it getting assent and its willingness to commit resource to attempt to change reform.

Overall, Council has a **Moderate** appetite that acknowledges that council is at the receiving end of change with limited resource and influence in the decision-making processes needed to have a low appetite.

WHERE WILL WE TAKE LESS RISK?

Council is willing to commit resource to be informed on the impacts of future reforms on WDC and is willing for ELT to hire and equip appropriate internal resource as required to keep WDC informed of changes from reform.

Council is willing to accept significant disruption of BAU by not preparing the organisation for reform where there is a low level of certainty on the final nature of the reform (Not willing second-guessing reform).

Council is willing to commit funding and resource to influence reform when there is a clear outcome sought through small to moderate changes.

Council is willing to commit funding and resource to oppose reform when there is a clear outcome sought to mitigate a significant impact to our district.

WHERE WILL WE TAKE RISK?

Council is unwilling to engage external consultants to be informed without preapproval from elected members.

Risk Appetite Settings



Current Risk Level
Risk Appetite

Connected Risks

Upstream/Emitters

Reform

Downstream/Receivers

Community Climate Resilience,
Infrastructure Climate Resilience
Workplace Culture
Project Delivery

Business Resilience

Risk Owner: Projects and Innovation Manager

OVERVIEW OF RISK AREA

Due to Lack of planning, unprioritized work programmes, and/or untested plans, **There may be** a lack of resilience in council operations **Resulting in** significant disruption to business function

RISK APPETITE STATEMENT

Council recognises the importance of maintaining business continuity and ensuring the resilience of its Essential and High priority services. Following the significant changes to ways of working, staff turnover and past and ongoing disruptions, council is not considered sufficiently resilient in several areas.

Additionally, council considers the impact of prolonged pressure of mental wellbeing on staff a key threat to business resilience and supports aligning work programmes with staff capacity.

Taking this, and ongoing recruitment and budget constraint into account, council has a low appetite for resilience in the critical areas not yet addressed, but an overall **Moderate** risk appetite for business resilience.

WHERE WILL WE TAKE RISK?

Council is willing to accept low rigor for business continuity planning and testing to be carried out for low priority services.

Council is willing for low priority services to be impacted by short to medium term impact. Short term resource not being backfilled by external consultants.

WHERE WILL WE TAKE LESS RISK?

Council is unwilling to fail to effectively comply with our Emergency management obligations in the event of a significant disaster.

Council is willing for rigorous business continuity planning and testing to be carried out for all essential and high priority services.

Council is not willing to allow Essential and High Priority services to be significantly impacted. Disruption will be minimised by repurposing staff, external consultants and investment in tool and systems. Focus on High Priority services needs to be improved to match the existing approach to Essential services.

Council is willing to realign outcomes and outputs of work programmes to align with business continuity levels to avoid pressure and mental wellbeing impacts on staff.

Risk Appetite Settings



Current Risk Level
Risk Appetite

Connected Risks

Upstream/Emitters

Technical Capability
Regional & Strategic planning
& Legislative reform
Recruitment and Retention
Climate Resilience
Zero Harm
Cyber Security
Affordability

Business Resilience

Downstream/Receivers

Recruitment and Retention
Zero Harm
Community Expectations
Project Delivery

Project Delivery

Risk Owner: General Manager Service Delivery

OVERVIEW OF RISK AREA

Council is unable to deliver key capital projects due to a lack of capacity and or project capability.

Council's capital works programme fails to meet timelines, cost and or quality requirements as the result of resourcing deficit and or poor planning and management practices.

RISK APPETITE STATEMENT

Delivery of projects is central to achieving outcomes for our community. This is particularly in critical service areas that extend to delivery of the four well-beings i.e. social, economic, environmental and cultural wellbeing.

Generally our risk appetite is low in this area, however there are a number of pressures that are not fully controllable; such as strategic planning and legislative reforms. Accordingly, our overall risk appetite setting is **Moderate**.

WHERE WILL WE TAKE RISK?

We will respond to, and meet, any requirements of reforms by central government. This will likely result in pressure on broader planned project delivery, but we will continue to prioritise delivery of projects in critical service areas.

Where there is pressure, either internally or externally, on the total cost of initiatives, we will consider the need for scope changes or re-prioritisation in non-critical service areas to reduce net impacts on affordability. Part of our core purpose is maintaining levels of service in critical areas. Accordingly, we will not trade-off this priority for affordability.

Where re-prioritisation of projects is required we will consult with the Community and look to manage expectations.

WHERE WILL WE TAKE LESS RISK?

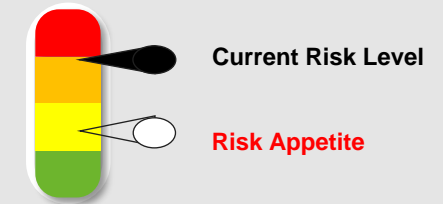
We will ensure that we have clarity on the benefits of projects and how they support delivery of our key objectives.

We also need to ensure we have the right technical capability and people to support project delivery.

We will never reduce our focus on Zero Harm to prioritise project delivery objectives.

We won't deprioritize key strategic projects that are required to enable growth and community outcomes and wellbeings.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Strategic Planning and
Legislative Reform
Recruitment and Retention
Climate Resilience
Technical Capability
Project Delivery

Project Delivery

Downstream/Receivers

Recruitment and Retention
Community Expectations
Affordability
Zero Harm

Workplace Culture & Recruitment and Retention ⁴⁸

Risk Owner: General Manager Customer Support, Projects and Innovation Manager

OVERVIEW OF RISK AREA

Due to a lack of change readiness (Poor leadership and/or ineffective change management), Poor internal culture within the workforce (Poor hiring or induction), **There may be** a misalignment of staff to business values, direction and strategy, **Resulting in**, Business outcomes being impacted, Reduced productivity or damaged to staff mental wellbeing.

Due to industry competition, being unable to compete with salary expectations, or limited internal development opportunities, perceived or actual council culture, lack of appropriately supported training or inexperienced workforce, **Council may be** unable to Recruit or retain suitable resource (Staff or consultants), **Resulting in** business outcomes being impacted, Zero harm - mental pressure on teams.

RISK APPETITE STATEMENT

The Council acknowledges that having a positive workforce culture where staff feel included, prepared, and have the opportunity to thrive and grow is critical to our success. We strive to maintain both an effective retention and attraction strategy that position us as an organisation of first choice.

Accordingly, while we are committed to uplifting our current people environment, we recognise that we will need to accept some level of risk in order to achieve our strategic goals. We therefore have a **Moderate** risk appetite to pursue a positive workplace culture, while maintaining strong financial prudence and ensuring compliance with all applicable legislation.

WHERE WILL WE TAKE RISK?

The Council will take risk in exploring new recruitment opportunities and investing in active recruitment for high-level staff. Council is willing to take on graduate level staff, while acknowledging that this may pose a risk to work force productivity in the medium term.

The Council will take risk in ensuring that its workforce is supported by external staff. This will require the Council to takes the risk that contractors align with the Councils organisational values and have the skills necessary to deliver on the Councils strategic objectives.

Council is willing to rely on people leaders to manages their teams and monitoring flexible working effectiveness. To this effect, people leaders will carry out Monthly employee check ins with staff.

WHERE WILL WE NOT TAKE RISK?

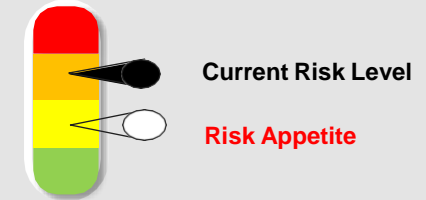
Council is willing to priorities the Our Plan People chapter strategy to ensure we foster a positive workplace environment balanced with delivery and outcomes.

The Council is willing to invest in internal development opportunities for it's people. Council acknowledges that its ability to influence its attraction strategies through resource allocation is constrained in the current market. Therefore, the council will ensure its people continue to develop and grow within the organisation.

Council is willing to priorities support to staff and people leaders around their mental wellbeing.

Council will keep current in the market with employee benefits when retaining staff.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Zero Harm
Community expectations
Affordability
Regional & Strategic
planning & Legislative
reform

Recruitment and Retention

Downstream/Receivers

Zero Harm
Project Delivery
Affordability
Business resilience
Technical Capability

Operational Capability

Risk Owner: Chief Information Officer

OVERVIEW OF RISK AREA

Due to, inadequately trained or experienced people, ineffectively designed and maintained, systems and processes or a high demand on staff to adopt new systems, **Council may** lack of operational capability within the business (People, processes, and systems), **Resulting in** Being unable to meet key business needs, (Customer engagement, Business resilience ,Optimal service level) or failure to deliver on agreed service levels

RISK APPETITE STATEMENT

The Council recognises the importance of maintaining up-to-date technical skills and system capability to support our operations and strategic goals. While we aspire to uplift our people skills and enhance the capabilities of our systems, we acknowledge that we are constrained by limited funding and a highly competitive market for talent, particularly high-level staff. We are committed to managing these risks effectively by exploring innovative and cost-effective solutions to enhance our capability as an organisation, while maintaining a balanced approach that ensures our resources are utilised efficiently and effectively. We are therefore willing to accept a **Moderate** risk appetite in the pursuit of excellence, while maintaining a strong focus on prudent financial management and resource allocation.

WHERE WILL WE TAKE RISK?

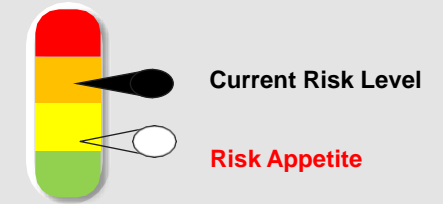
While exploring opportunities to uplift the Council's technical capabilities, the Council acknowledges that it must make decisions while considering the impact on ratepayers affordability. During current market economic conditions, the war for talent also continues to place financial stress on organisations looking to attract talented staff. Therefore the council accepts that it has a "Moderate" appetite to uplifting its current talent base and system capability due to its constrained financial base, but also the limited high-level staff available in the current market.

WHERE WILL WE NOT TAKE RISK?

The Council has a "Low" risk appetite to failing to have the necessary technical staff capability due to a failure in investing into internal people development programmes

The Council has a "Low" risk appetite to making decisions in sourcing people or implementing digital solutions that do not consider the wider financial impact on the organisations strategic goals.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Recruitment & Retention
Affordability

Technical Capability

Downstream/Receivers

Zero Harm
Community expectations
Project Delivery
Business resilience
Climate Resilience
Cyber security

Cyber Security

Risk Owner: Chief Information Officer

OVERVIEW OF RISK AREA

Due to, Cyber-attack or unauthorised access, Damage to privileged information, Reduced data integrity, and/or Lack of compliance with process, **Council may** not have adequate protection of council, staff, and community information, **Resulting in** Significant financial, reputational, and or business impact

RISK APPETITE STATEMENT

The Council recognises the importance of cyber risk management and has made significant strides in improving its cyber security capability. While the Council recognises the need for ongoing investment in cybersecurity, with current market conditions and the highly competitive environment for cyber related talent, the pace of uplift needs to be managed effectively to ensure the organisation remains compliant with all required cyber legislation. The Council therefore accepts a **Moderate** risk appetite, showing its drive to continue to develop its cyber capabilities while navigating the current market conditions

WHERE WILL WE TAKE RISK?

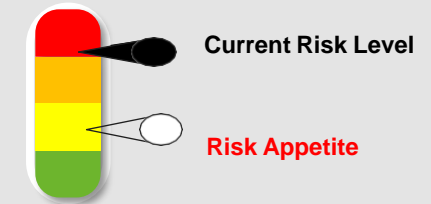
The Council acknowledges that its ability to manage cyber related risks is subject to the level of cyber expertise, and the quality of the operational systems present within the organisation. The Council is willing to accept a higher level of risk while the organisation seeks to continue to attract, uplift and implement key personnel and operational systems to uplift its cyber capability. The Council accepts the road to cyber resilience is a journey, and so will need to accept a higher level of risk while this is navigated.

WHERE WILL WE NOT TAKE RISK?

The Council has a “Low” appetite to failing to meet cyber industry standards due to a failure in keeping informed. The Council is willing to invest in ensuring all staff receive the required training in relation to Cyber.

The Council has a “Low” appetite to not having a strong controls environment to manage cyber related risks effectively. This consists of ensuring funding and time are invested into regular audit programs, reporting uplift and the 3 year improvement plan, to ensure the business’s capability is constantly developing.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Regional & Strategic planning
& Legislative reform
Technical Capability
Business Resilience

Cyber Security

Downstream/Receivers

Community expectation
Business resilience
Affordability
Recruitment & Retention

Zero Harm

Risk Owner: Chief Executive Officer

OVERVIEW OF RISK AREA

Due to, Poor or inactive health and safety systems, Non-compliance with legislative requirements, Inadequate governance/ management of shared health and safety responsibilities with other PCBUs, **Council may be** unable to identify and manage hazards to staff and public.

Resulting in, Significant harm is caused to workers, or others, Financial impact, Reputational damage and/ or, Business disruption.

RISK APPETITE STATEMENT

We want to keep people safe and for people to know that we are keeping them safe. Accordingly, we have a **Low** risk appetite for health and safety risks and this is, and will continue to be, an area of significant focus and ongoing investment.

WHERE WILL WE TAKE RISK?

We are open to innovation in the way we do things, however these activities need to have the right safeguards in place from a Zero Harm perspective

We are also open to using volunteers to support Council in meeting its objectives, provided we have frameworks in place to ensure health & safety risks are managed. It is important to note that we would generally not use volunteers in high risk areas or those requiring specific technical capability.

From a social procurement perspective, we are open to working with smaller and local organisations that may not be fully mature from a health & safety perspective, with the exception of in high risk Zero Harm areas. This will also require investment from Council to help those organisations to reach the required level of Zero Harm maturity.

WHERE WILL WE TAKE LESS RISK?

We are fully committed to completing the work programme set down in the Zero Harm Strategic Improvement Plan.

We will never trade-off Zero Harm risks for other priorities.

While cost is a close area of focus and accountability to our community, we will also not pursue cost saving activities where this may increase Zero Harm risks.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Recruitment and Retention
Cyber Security
Climate Resilience
Business Resilience

Zero Harm

Downstream/Receivers

Affordability
Business Resilience
Project Delivery
Community expectations

Community Climate Resilience

Risk Owner: Projects and Innovation Manager

OVERVIEW OF RISK AREA

Due to, Increasing climate impacts, Communities holding council accountable for climate relief, Diverse and conflicting needs of communities, **Council may be** unable to support communities to adapt to climate impacts, **Resulting in** significant public scrutiny, community holding council accountable and financial impact (increased emergency support required)

RISK APPETITE STATEMENT

Due to the challenges posed by climate change there is an increase need to support communities to develop their resilience.

Council has a high reliance on communities to play a key role in their own resilience. Councils role in community climate resilience is primarily a planning and influencing role that relies on significant community buy-in and effort.

As such, council has a **Moderate to High** risk appetite provided sufficient resource is committed to developing accurate, realistic and achievable Community Resilience Plans and Community Adaptation.

WHERE WILL WE TAKE RISK?

Council is willing to rely on businesses and communities within the district to play their part and be responsible for their own emissions reduction obligations.

Council is willing to relying on funds from central government and others to funding of adaptive management plans.

Council is willing to implement community resilience plans by relying on communities to play significant roles to support themselves rather than relying on a centralised local government response.

Council is willing to upskill and rely on communities to implement accessible aspects of adaptive management plans to make themselves more resilient.

WHERE WILL WE TAKE LESS RISK?

Council is willing to invest in community resilience plans.

Council is unwilling to disrupt long term climate adaptation plans for short term reactive decisions lead by community fears.

Council is unwilling for council to not have appropriate resource for the writing and publishing of Adaptive Management Plans for communities to use.

Council may be willing for council to divert resource to implement areas of Adaptive Management Plans where non-government (local or central) funding solutions are identified.

Risk Appetite Settings



Current Risk Level
Risk Appetite

Connected Risks

Upstream/Emitters

Recruitment and Retention
Climate Resilience
Business Resilience

Community Climate Resilience

Downstream/Receivers

Affordability
Business Resilience
Project Delivery
Community expectations

Te Tiriti o Waitangi - For Discussion

Risk Owner: Chief Executive Officer

OVERVIEW OF RISK AREA

Due to, a lack of clarity of who the appropriate Mana Whenua is, Poor partnerships with Iwi/ Mana Whenua and engagement fatigue among Mana Whenua, Insufficient support (Capability and capacity) internally and within Mana Whenua and Iwi **Council may** fail to give effect to Te Tiriti o Waitangi, **Resulting in** partnership and relationship damage and increased distrust in local government, delivery of key projects impacted/ delayed, failure to meet legislative and governance obligations and/or failure to meet LOS/ ability to operate (Resource consents not approved)

RISK APPETITE STATEMENT

As Council's Mana Whenua and Iwi partnerships are so critical WDC has a low - medium appetite for the impacts of this risk but acknowledges that this will take a significant amount of work.

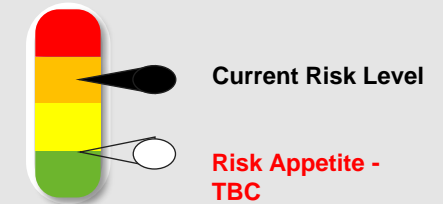
Building capacity and capability internally and within Mana Whenua is required for sustainable partnerships that drive a **low - medium** target risk level.

The mitigations are based on strengthening the relationships with Maori by increasing current resourcing/environment which will equate to a Council Target Residual Risk level of high as being more realistically achievable this year.

WHERE WILL WE TAKE RISK?

REFER TO STRATEGIC RISK REGISTER AND EMERGING RISK REPORT FOR DETAILS.

Risk Appetite Settings



Connected Risks

Upstream/Emitters

Recruitment and Retention
Operational Capability
Strategic Planning and
Legislative Reform

Te Tiriti o Waitangi

Downstream/Receivers

Affordability
Project Delivery
Community expectations
Infrastructure Climate
Resilience

Servicing Growth - For Discussion

Risk Owner: General Manager Community Growth

OVERVIEW OF RISK AREA

Due to, incorrect use of projections by the business (assumptions and/or limitations not being allowed for), forecasting being poor or forecasting being limited to “best guess” estimates and unable to predict significant change in trends, **There may be** a misalignment between growth forecasts and actual growth. (Exceeding or not meeting), **Resulting in**, failure to meet LOS (decay in LOS), funding allocation becoming unmanageable, community disruption from key projects not being prioritised or stranded assets (over investment in lead infrastructure).

RISK APPETITE STATEMENT

Council acknowledges that the Waikato District will continue to experience large levels of growth and that this presents many challenges and areas of uncertainty.

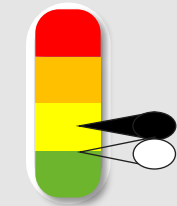
Growth forecasts are used as tools to better understand what the overall impacts of growth across the district could be, but are limited in their ability to predict how growth will be distributed across the district.

Councils risk appetite in this area is considered **TBC** to reflect the need to manage growth appropriately, to both exploit the opportunity presented but also mitigate the significant risks.

FOR DISCUSSION

REFER TO STRATEGIC RISK REGISTER AND EMERGING RISK REPORT FOR DETAILS.

Risk Appetite Settings



Current Risk Level

Risk Appetite -
TBC

Connected Risks

Upstream/Emitters

Recruitment and Retention
Operational Capability
Strategic Planning and
Legislative Reform

Te Tiriti o Waitangi

Downstream/Receivers

Affordability
Project Delivery
Community expectations
Infrastructure Climate
Resilience

High level maturity assessment tool description

1.1 High-level maturity assessment

The high-level maturity assessment tool is based on the All of Government (AoG) risk maturity assessment. This is used to measure the maturity of a business' risk management processes.

The tool consists of four questions that are asked of the risk owners in the following area:

- How well defined and documented is the strategic risk management processes,
- How well are risk owners promoting and engaging others in the business with the strategic risk management practices,
- How well decision making, and assurance is supported by evidence-based data and sophisticated risk management techniques,
- The number of business units critical to the strategic risk that actively manage and review their operational risks.

AoG maturity assess business on a scale of M1 (Low) to M5 (High). M5 is typically for highly regulated institutions such as banks and insurance providers. M3 is the recommended target for local government. The maturity of each strategic risk is shown in the figures below.

Summary of risk levels:

M1	Overall business performance is largely determined by 'chance' and may vary greatly from expected outcomes.
M2	Overall business performance is somewhat determined by 'chance' and may vary from expected outcomes.
M3	Overall business performance is predictable with limited variation from expected outcomes.

To	Audit & Risk Committee
Report title	Community Expectations – Deep Dive
Date:	9 June 2023
Report Author:	Emma Edgar, Executive Manager Communications
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Executive summary

Whakaraapopotanga matua

The Deep Dive report aims to provide an opportunity for Governance to gain a true understanding of how Management views risk and to assess Management’s control actions and mitigation procedures.

The following report outlines the Community Expectations strategic risk. Following the annual review, the risk has been reframed to consider how we can understand our communities at a deeper level and how best to engage with them in a more meaningful way – in particular, our mana whenua and other diverse communities. It is recognised that in our interactions with community, we must be seen to do more to address wellbeing - rather than just managing the transaction of community rates to infrastructure and facilities.

The report includes:

- Risk background
 - Internal/external threats & impact
 - Examination of associated treatments
 - Residual risk assessment
 - Forecast
 - Recommendations
-

The description of the Community Expectation strategic risk is:

Community Expectations:

Community expectations
<p>Due to</p> <ul style="list-style-type: none"> - Council not understanding what is important to our communities and how they want to be engaged with or the role they want to play. - Councils educating communities about the role of Local Government, or - Communities not understanding the role of local government - Community apathy and willingness to engage - Communities not understanding the value of connecting with council.
<p>There may be a misalignment between the council and community, regarding what is wanted and how engagement occurs.</p>
<p>Resulting in</p> <p>Held to account for things we're not accountable for. Additional costs from ineffective engagement. Reduced trust in local government.</p>

2. Staff recommendations Tuutohu-aa-kaimahi

That the Audit and Risk Committee receives the Deep Dive - Community Expectations report.

3. Background Koorero whaimaarama

We know that the successful achievement of Council's objectives is significantly underpinned by its perceived reputation with our customers and communities. The risk appetite of Council and the Executive is driven by the desire to lift this perception and earn a greater trust and confidence from our communities and mana whenua, ensuring they know that we have their best interests at heart. We want our customers to view us as experts whose purpose is to provide the services that they want and need, and we accept that a moderate level of risk is required to deliver on those outcomes.

The previous risk focused more specifically on the financial and cost element related to community expectations. This is a legacy of the historic nature of local government being primarily a service provider of infrastructure and amenities. The updated framing seeks to broaden the view of community engagement, to identify and manage the risks of misalignment getting in the way of council being an effective player in improving the four wellbeings (in line with Local Government Reform), and delivering on our vision of Liveable, Thriving and Connected Communities.

There is recognition in this reframing of the need to ensure better alignment between our communities' expectations and what is possible for us to deliver, and we must engage with communities and stakeholders in a way that is relevant and meaningful.

We understand that our ability to control the aspects that contribute to this risk are in some cases limited, but we are committed to focusing on what we know is in our gift to positively influence. Our refreshed communications strategy is underpinned by a key set of principles that include better communicating our value proposition to ensure that our residents and ratepayers understand our purpose and feel connected to our vision and what it means for them. Meanwhile, our community engagement strategy focuses on providing a more effective framework that will enable Council to more efficiently and effectively deliver meaningful engagement opportunities.

Historically, our Community Boards and Community Committees have played a key role in grass roots governance discussions and decisions. However, there has been a missed opportunity to better leverage their relationships within their communities, and that of mana whenua forums, to support enhanced communications and engagement outcomes.

Going forward it is proposed that we establish a more formal process to include our community and mana whenua representatives who represent the voice of Council in the community and the voice of their communities in the Chamber. The new engagement strategy and framework will look to consider the role of Community Board and Committee members and how we can leverage these connections to help us gain a deeper understanding of who the communities they serve are and how to be more responsive to their needs. Community Boards and Committees have already shown a commitment to this mahi through the development of their own unique activity plans.

4. Discussion Matapaki

4.1 Internal/ External Threats & Impact

The following information describes the identified risk components and their impact within scope of the risk.

Risk Portfolio	Risk Description	Risk Triggers	Risk Impact
Business Continuity	Communities and mana whenua may not understand the role of council in emergency response.	Weather event requiring multi agency response.	Community frustration with Council and a sense that we are not providing the levels of support needed and expected. Council not able to effectively support. Communities not doing their part to prepare based on the assumption that government will fix it.

People	There may be a lack of capability and internal capacity to effectively engage with communities and mana whenua.	<p>Natural attrition: Key personal within the business leaving.</p> <p>Engagement fatigue within communities and mana whenua.</p> <p>Ineffective planning of community engagement activities.</p> <p>Lack of appropriately utilising external council representatives (CB/CC)</p>	<p>Perception from communities and mana whenua that we are not engaging at the right time or on the right things.</p> <p>Missed opportunities to tell the Council story in a more cohesive and relevant way.</p>
Financial	Due to not appropriately understanding the needs and wants of the community budgets may not be correctly allocated.	<p>We deliver a project into the community that is not fit for purpose.</p> <p>LOS (Levels of Service) are too high or too low.</p>	<p>Perception that Council is not listening or has money to waste on things that are not needed rather the things that really matter to that community and mana whenua.</p> <p>Additional projects required to meet the needs of the community and mana whenua.</p>
Reputation/ Image	Poorly planned and executed community engagement initiatives due to lack of consistent processes.	<p>Multiple engagements needed with a single community within a short period of time.</p> <p>Condensed or rushed project programmes reducing the time available to engage with communities and mana whenua.</p>	<p>The community perceive that Council is ticking boxes rather than interested in genuine engagement to influence outcomes.</p> <p>Engagement fatigue leading to future engagements being ignored or less effective.</p> <p>Missed opportunities to tell the Council story in a more cohesive and relevant way.</p>
Compliance Regulatory	Legislative consultation – Legislative requirements for engagement may not be met.	Limited resource to scope early engagement opportunities or deliver events/ engagement activity to support community and mana whenua buy in.	The community and mana whenua perceive that Council is ticking boxes rather than interested in genuine engagement to influence outcomes.

		Communities not being given all the information they need to make an informed decision.	Council needs to redo engagement process to meet legislative requirements resulting in programme delays and additional expense.
Political/ Strategic	Political promises may fall outside the allowances of the LTP. Overpromise and under delivery (managing expectations and perceptions) Perceived inequity of approach.		Delaying/ disruption to LTP to accommodate changing priorities
Technical	Projects may be delayed due to ineffective community engagement, or projects scopes may not meet the needs of the community and mana whenua.	Lack of understanding of project status or processes to support. Limited resource to deliver events/ engagement activity to support community and mana whenua buy in	Wasted internal effort and missed opportunities to create engagement. Perception from community and mana whenua that Council is dragging the chain on projects.

4.2 Inherent Risk Score

With consideration to identified internal and external impacts and associated risks Management has assessed the inherent risk as follows:

Likelihood; Likely (4) - Strong probability of occurrence in the foreseeable future / History of frequent occurrence

Consequence; Major (5) - Irreversible loss of community confidence or initiation of government tribunal of inquiry.

The inherent risk factor is therefore considered to be **Extreme**.

Note: all identified risks have been documented and will be managed in accordance with Councils risk management policy and associated processes.

4.3 Examine Associated Treatments

To ensure a holistic approach, treatments have been established with consideration to the identified associated, direct, and indirect risks.

Existing/Treatment New	Impact	Comment
<p>Existing</p> <p>Council has in place an Engagement Strategy which provides guidance on its community engagement activities and practices.</p> <p>Engagement practices, including public meetings, are conducted to provide public engagement opportunities. These include but are not limited to:</p> <ul style="list-style-type: none"> - Long Term Plan, Bylaws and Annual Plans - Special Consultative Procedure - Reserve Management Plan (RMP - as per the Act) - Policy or strategy (statutory) Special Consultative Procedure - Policy or strategy (non-statutory) Section 82 and significance and engagement policy specification. 	<p>All Council teams with touchpoints in the community are operating in a strategic way and leveraging opportunities to tell a cohesive story about Council's agenda.</p> <p>The community feels engaged in the right way, at the right time and on the topics that matter to them.</p>	<p>Work in progress to create a broader community engagement strategy that provides a framework for enhanced engagement.</p> <p>Work to develop a tool that has oversight of all engagement activities and opportunities.</p>
<p>Existing</p> <p>Significance & Engagement Policy</p> <p>The policy outlines how WDC will assess "significance", as required by the LGA amendment bill. A particular issue is the determination of whether an issue is of "high" significance or not with respect to impact on communities, rather than just on economic impact which is generally the current basis for council decisions.</p> <p>Environmental, social, and cultural well-beings must also form part of a significance determination which should not be overshadowed by financial considerations.</p>	<p>Using this current framework for assessment is sometimes problematic as where it is deemed not to trigger the policy there can still be a need for some form of engagement to help better manage outcomes and mitigate reputational impact.</p>	<p>The policy is due for review before end of 2023 (as part of the LTP), and it is recommended that it should consider broader thinking to align with the wellbeings.</p>
<p>Existing</p> <p>Community Development roles and Operational Field Staff.</p> <p>Several roles including Iwi & Community Partnerships Manager (vacant), Community Development Advisor (exists) and Community Engagement Advisor (exists), aim to ensure that appropriate engagement is conducted with specific community and mana whenua groups.</p> <p>These roles are targeted, extending, and adding to the engagement activities of front facing field staff e.g., Animal Control, Building, Libraries etc.</p>	<p>All Council teams with touchpoints in the community and with mana whenua are operating in a strategic way and leveraging opportunities to tell a cohesive story about Council's agenda.</p> <p>The community and mana whenua feels engaged in the right way, at the right time and on the topics that matter to them.</p>	<p>Work in progress to create a broader community engagement strategy that provides a framework for enhanced engagement.</p>

Existing	Council has a Communications and Engagement Team who are well connected into the business and who are guided by a 2020 Communications and Engagement Strategy.	Strategic communications planning and cohesive storytelling that supports better outcomes and ensures that progress against LTP commitments is visible in the community and mana whenua at all opportunities.	Work in progress to refresh the communications strategy and create a broader community engagement strategy that provides a framework for enhanced engagement.
Existing	CE and Executive Team provide updates to Councillors, Community Boards and Committees on community plans through forward facing meetings.	Council controls the narrative to ensure that all community representatives are championing progress and supporting us to understand our communities' needs and expectations so that we can better manage them.	Needs to be more consistency in the way we do this.
New	Council includes Community Board and Committee and Mana Whenua Forum members in its communication and engagement process and as a formal part of the framework when considering community engagement activity.	Council better connects in at grass roots level and achieves greater cut through/ engagement through those who understand the community and mana whenua best and have their trust and confidence.	This approach is being considered as part of the strategy work outlined above.

4.4 Residual Risk Assessment

This residual risk assessment considers all identified risk areas, risk treatments and treatment impacts affecting the strategic risk;

Likelihood; Possible (3) - Feasible; a possibility of occurrence / History of casual occurrence

Consequence; Major (5) - Irreversible loss of community confidence or initiation of government tribunal of inquiry.

The residual risk factor in this area is **High**.

4.5 Forecast

There are some factors that could impact the risk and success of the mitigations over the coming year, these include continued challenges to appropriately resource this work. We now have a Senior Community Engagement Advisor, although the ability to focus on their work programme has been hampered by the need to support in other areas of the business including the emergency response and recovery office, and the iwi engagement portfolio (due to significant staff vacancies). We will soon have a Community Engagement Advisor dedicated to capital works projects and this additional capacity is likely to see an improvement in progress in this space over the next 3-6 months, as the team embeds ways of working and implements a new strategic approach and framework across the organisation.

5. Consideration

Ahu whakamua

The following recommendations relate to the current risk and are for consideration:

The creation of a new treatment that will see Community Board and Committee and Mana Whenua Forum members included in Council's communication and engagement process and as a formal part of the framework when considering community engagement activity – both legislative and non-legislative.

6. Conclusion

Whakamutunga

It is this report writer's opinion that there continues to be huge opportunity for Council to more deeply understand our communities and mana whenua so that we can try to better manage their expectations and engage their hearts and minds. As part of this we intend to survey our stakeholders and consider insights from this and our current resident satisfaction survey to inform the development of our engagement strategy.

There is a significant amount of work for us still to do including of course implementing the strategy and framework once socialised and adopted, but there must be acknowledgment of factors that will always be out of our control - including our ability to effectively mitigate against apathy and unwillingness to engage. There is, however, a clear remit to do more to help our communities and mana whenua understand the value proposition of Council and create a more positive narrative. Effective implementation of the outlined treatments will contribute to this outcome and create an improved platform for Council's community engagement objectives.

7. Attachments

Ngaa taapirihanga

There are no attachments for this report.

To	Audit and Risk Committee
Report title	WDC Zero Harm Report
Date:	2 June 2023
Report Author:	Lynn Shirley, Zero Harm Manager
Authorised by:	Gavin Ion, Chief Executive

1. Purpose of the report

Te Take moo te puurongo

To inform the Audit and Risk Committee on the progress of initiatives underway to improve health, safety, and wellbeing, as well as current key performance indicators covering the period February 2023 to April 2023.

2. Executive summary

Whakaraapopotanga matua

- A significant amount of health and safety risk-based training is being undertaken across the organisation over the next three months.
- We have undertaken a review and made changes to the procedure and forms we currently have in place for approving community event applications.
- We continue to focus on preparing for the external review of Council's Zero Harm Safety Management (ZHSMS) against the ISO 45001 framework. The review is scheduled for June 2023.

3. Staff recommendations

Tuutohu-aa-kaimahi

That the Audit and Risk Committee receives the WDC Zero Harm Report.

4. Background

Koorero whaimaarama

Council is committed to pursuing a culture of Zero Harm by eliminating or managing health, safety, and wellbeing risks. This report provides commentary and a range of indicators on the performance of health, safety and wellbeing systems and programmes at Council. The intention of this report is to enable the Committee to provide assurance to Council on the adequacy and functioning of Council's health, safety and wellbeing risk management system and associated programmes.

5. Discussion

Matapaki

Zero Harm Strategic Improvement Plan FY22/23 Progress

Our People

Governance

We have developed and delivered a Zero Harm Induction Workshop for Councillors to support and enable them to fulfil their Officer due diligence responsibilities under the Health and Safety at Work Act 2015. To provide guidance on due diligence activities a Health and Safety Governance Activity Plan has been prepared for Councillors to use.



Worker Engagement and Participation

The membership changes in the Safety Action Team (SAT) have created the need to review the SAT charter and office holders. This occurred at the May meeting, and it was decided to trial a rotating two-monthly meeting chair. A training needs analysis has been undertaken and two days of training has been arranged for all SAT reps.

The SAT has also recently reviewed two organisational policies/procedures related to the management of working alone, workplace violence and on road driving

Safety Leadership – Zero Harm Engagement Conversations

Weekly reporting and monthly analysis of our Zero Harm Engagement Conversations continues to be undertaken. We are now meeting monthly with the People and Capability Team to review this data. We have seen a positive increase in the number of conversations being recorded over the past three months.

Health and Wellbeing

In line with our health and wellbeing focus we have facilitated the delivery of approximately 150 influenza vaccinations to staff and elected members across the district. We continue to support the messaging to staff of staying home if you are unwell.

Effective Systems

Emergency Preparedness and Response

The installation of new emergency stations at all outer offices/library sites has been completed and the delivery of refresher warden training has commenced despite a reduction in resource in the Zero Harm team due to a resignation. A review of the emergency response procedure for an incident involving an armed offender has been undertaken in conjunction with the training provider who is delivering our Situational Safety/Tactical Communications and Front Counter safety training. Over the next three months we will be delivering facility specific front counter refresher training courses to all Customer Delivery teams.

We continue to partner with our contracted building compliance provider to undertake testing of our updated building evacuation procedures. Any improvement recommendations are now being loaded into BWare Safety Manager for tracking to completion.

Community Run Event Management

Following the recently published sentencing of the Thames Coromandel District Council, we have undertaken a review of our Zero Harm Safety Management System (ZHSMS) standard and procedures for approving community run event applications. Thames Coromandel District Council were sentenced for their part in failing to keep people safe in a giant inflatable slide collapse in 2020, despite the slide being operated by another party.

In collaboration with the Venue & Events Team, we have made changes to the procedure and forms we have in place for managing community event applications. A new risk assessment process has been added to ensure that medium and high-risk events receive the correct level of focus and due diligence.

Auditing and Assurance

Work continues to progress, with support from the Innovation and Improvement Team, to prepare for the external review of our Zero Harm Safety Management System (ZHSMS) against the International Standard (ISO) 45001 framework. The review is scheduled for the 12th to 16th June and is being undertaken by Impac Services Ltd.

Communication and Documentation

Steady progress has been made over the last month on updating the Zero Harm section of Waisite. Feedback from our internal customers has been very positive, with many saying the zero-harm information now available is helpful and easy to follow.

Performance Reporting

Council's zero harm performance across several health and safety metrics for the period July 2022 to April 2023 is shown below. The results for the period July 2021 to June 2022 are included for comparison. For further information please refer to Attachment 1.

Measures	July 21 to June 22	July 22 to April 23 (<i>annualised</i>)	Trend Against previous year	Commentary
Events reported in BWare Safety Manager (<i>Lead</i>)	178	184 (220)		
Total Recordable Injuries (TRIs) e.g., Lost Time Injury, Restricted Work Injury or Medical Treatment Injury (<i>Lag</i>)	2	3 (2)		April 2023 - Restricted Work Injury (RWI) Customer Delivery December 2022 - Medical Treatment Injury (MTI) Customer Delivery July 2022 - Lost Time Injury (LTI) Building Administration
WorkSafe NZ Notifiable Events (<i>Lag</i>)	1	0 (0)		
First Aid Injury events (<i>Lag</i>)	18	11 (13)		
Serious Near Miss events (<i>Lead</i>)	1	2 (3)*		*It is generally considered that having more near misses being reported is a more accurate reflection of positive safety culture
Near Miss events (<i>Lead</i>)	86	69 (83)*		*It is generally considered that having more near misses being reported is a more accurate reflection of positive safety culture
New Hazards (<i>Lead</i>)	162	73 (88)		Comparative figure for FY21/22 includes Covid-19 risk management controls and is significantly higher than normal
Safety Engagement Conversations (<i>Lead</i>) KPI is >160 conversations per month or 1920 annually	1944	1627 (1952)		Zero Harm Engagement Conversation numbers have progressively increased over the last three months.

In April a Serious Near Miss (Severity 3) incident occurred at a Library site. An intoxicated regular customer entered the library with what appeared to be a medium sized firearm. Emergency response actions were undertaken, and Police responded to the incident. The incident was escalated to the Incident Management Team (IMT) and post incident support was provided. An incident review has been undertaken in conjunction with IMT and actions from the review have been loaded into BWare Safety Manager for tracking to completion.

Also in April, a Customer Delivery Officer strained their thumb while moving a large shelving unit full of books. The staff member sought external medical treatment and was put on restricted duties for a week. The incident that caused the Restricted Work Injury (RWI) was investigated using a 4 Step Structured Problem tool.

Based on feedback from Council and the Audit & Risk Committee a review of the performance metrics that make up the Zero Harm Dashboard has been undertaken. The attached revised Zero Harm Dashboard (Attachment 1) illustrates safety performance for March and April 2023.

Contractor Management

In May an external consultant was engaged to undertake an annual critical risk control audit on each of Council's three solid waste contractors. The audit process included review of critical risk documentation and on-site review of critical risk controls.

We continue to provide regular support to the both the Procurement and Contracts & Partnering teams and the Enterprise Project Management Office (EPMO) with the current capital delivery projects. The revised Procurement Health and Safety Risk Assessment Tool is enabling the identification and prioritisation of major and high risk contracted work for the Zero Harm team.

Critical Safety Risk Management

Working on the Road or Roadside

Substantial progress has been made over the last three months on the documented standard, which forms part of our ZHSMS and the control plan for the risk of working on the road or roadside.

Once the risk control plan is finalised, work will commence on undertaking a gap analysis of controls for each workgroup or team who are required to undertake work in the road reserve.

Mental Wellbeing at Work

Work continues in conjunction with the People and Capability Team on risk control plan for Mental Wellbeing at Work. The team is meeting monthly and has commenced undertaking the gap analysis against the control plan. Working is also being progressed by the Organisational Capability Business Partner to identify a suite of learning and development courses to support our people to manage this risk.

6. Attachments
Ngaa taapirihanga

Attachment 1. Zero Harm Dashboard April 2023

To	Audit & Risk Committee
Report title	Cyber Security Update
Date:	9 June-2023
Report Author:	Geoff King, Chief Information Officer
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Executive summary

Whakaraapopototanga matua

This report aims to provide the Audit & Risk Committee (“the Committee”) with an update on Councils Cyber Security risk position and an overview of the Disaster Recovery Strategy.

The report includes:

- An update on the improvement to Councils cyber security risk score,
- An update on Councils Information Management audit actions,
- An overview of Councils disaster recovery strategy.

This report relates to the Cyber Security strategic risk;

Council is exposed to significant business disruption caused by unauthorised access or damage to privileged information and or reduced data integrity resulting from cyber-attack or employee behaviour (externally or internally initiated).

Council systems or the information contained within are compromised by cyber-crime or a lack of compliance with process resulting in significant financial, reputational, and or business impact.

2. Staff recommendations

Tuutohu-aa-kaimahi

That the Audit and Risk Committee:

- a. supports the plan to reduce the residual risk pertaining to Cyber Security.**

3. Background Koorero whaimaarama

The Committee receives regular updates and or deep dives regarding all Strategic Risks.

Cyber security is a risk and activity which continues to receive global attention as unscrupulous behaviour and activity continues to evolve. Some high-profile cases where business operations have been compromised are a good reminder of the diligence required in this space. For this reason, the Committee seeks continued reassurance that the implementation plan Council has to mitigate this risk is progressing as expected.

This report is part of that transparency.

4. Definitions Whakamaramatanga

Technical Debt: refers to the implied cost (operational and financial) of not keeping technology components such as computers, servers, network components, applications, or other IT enabled systems in a state where the current business and technology landscape requires them to be.

End-of-Life: is the point at which the vendor notifies that it has ceased marketing, selling, or updating a particular item. There may be enhancements, functionality improvements and bug fixes which the vendor may make available in the replacement product which will not be made available for the end-of-life product.

End-of-Support: is the point at which the vendor notifies that it has ceased supporting the product. There may be security vulnerabilities or defects in the product which the vendor will not resolve after this date. If there is a total failure of the product the vendor may assist in the restoration as billable activity, however no return to service commitments will apply with restoration largely being the customers responsibility.

ALGIM: Association of Local Government Information Management. This is a national entity providing leadership to the local government sector through best practice toolkits, advocacy, research, auditing, and shared services.

Local Government Cyber Security Assessment tool: Cyber security assessment tool developed by ALGIM based on the internationally recognised CIS Critical Security Controls framework (which defines the prioritised set of actions to protect your organization and data from cyber-attack) tailored to local government.

5. Discussion Matapaki

5.1 Cyber Security Risk Assessment

Council utilises the ALGIM Local Government Cyber Security Assessment tool to measure its cyber maturity relative to recognised best practices.

As a result of the initiatives delivered as part of our risk mitigation plan, Council's compliance score has improved from a risk score of 39% (with a few fundamental weaknesses¹), to an overall compliance score of 46%. Although this is an improvement, we note a score of 46% remains within the "High Risk" quadrant and is below both what is considered prudent, and the Waikato and the National local government averages.

Remediation of this position continues to be addressed through our 3-year Cyber Security Improvement programme. Below is a summary of the current programme of work.

Code	Project	Status	Target
PR-21102	Always on VPN / Zero Trust (Dependency on TechOne SaaS)	P	Jun-24
PR-21125	MFA for Non-IM managed Cloud App's	P	Dec-23
PR-21135	IM Business Continuity Plan and Disaster Recovery Plan.	P	Jun-24
PR-21160	Exchange Online & Email ATP	A	Jun-23
PR-22172	Information Security Management System (ISMS) / SPOTICA - Phase 1: Implement - Phase 2: Vendor Management. Council Policies - Phase 3: Assessment	A	Jun-23 Sept-23 2024
PR-22173	Remediation of at-risk non-IM managed Cloud Systems	P	Dec-23
PR-22174	ALGIM Cyber Security Audit Remediations;		
	- SOC & SEIM (Sentinal)	P	Dec-23
	- 24/7 Continuous Monitoring (Spark / SSS)	P	2024
	- Staff & Contractor Privacy Training (Training Co-Ord)	P	2023
	- Identity/Role Based Security (Blocked by HRIS)	P	2024
PR-22177	Advanced Threat Protection (Sophos / Mailmarshal -> Defend)	P	2024
BAU	Citrix upgrade & MFA	A	Jun-23
BAU	Branch Site Firewall install / upgrade	A	Jun-23
BAU	Firewall Pen Test	P	Sept-23
PR-22176	Lifecycle - Database Servers (Dependency on TechOne SaaS)	P	Dec-23
A = Active/In Progress P = Planned			

¹ Unsupported shareware firewall, at risk internet facing systems, devices not receiving security or anti-malware updates, fleet of end user devices reliant on end-of-life Windows operating system & office productivity tools, a large number of end-of-life systems, 41 end-of-life servers, no cyber awareness training, etc

These initiatives have been prioritised by the Executive Team and planning is currently in progress with the EPMO on a resourcing plan to enable delivery by the desired target dates.

In addition to the above projects, we have initiatives focused on delivering outcomes in other areas of the business which will also address specific cyber security risks. These initiatives include:

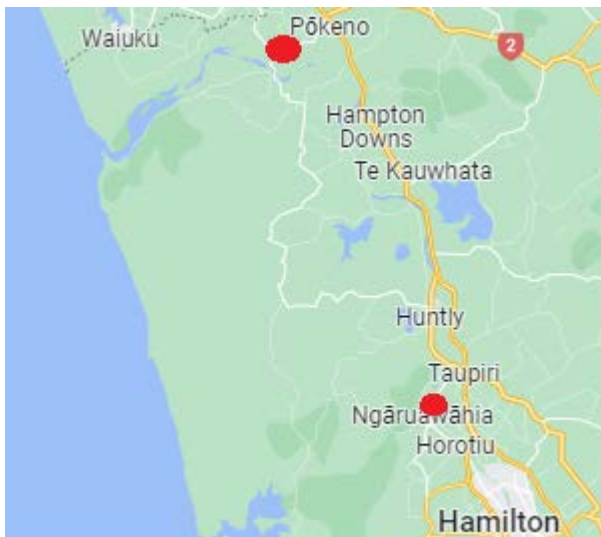
- HRIS (Human Resources Information System) project which, in addition to its primary objectives, enables the implementation of identity management and role-based security across all staff and contractors who have access to councils' systems and data.
- Procurement and Contract Management which, in addition to its primary objectives, enables greater oversight of suppliers of Councils essential systems and management of our cloud system risks.

In tandem we are progressing the remediation of Business Owner managed cloud systems which do not conform to prudent Cyber Security or Privacy controls. This work is ongoing, and in some cases may take 18 months to complete due to the need to replace some systems.

5.2 Disaster Recovery Strategy

Current Location Based Disaster Recovery Strategy

Council previously had a location specific Disaster Recovery Plan, which was implemented in 2016, and delivered through facilities located at Ngaruawahia and Tuakau.



Key attributes of the Disaster Recovery Plan were that in the event of Councils Ngaruawahia site becoming unavailable:

- An environment accommodating 25 council staff would be activated at the Tuakau site,
- Identified essential systems would be available within 1 day,
- Connectivity to district offices would be established within 2 days,
- Internet connectivity would be established within 2 weeks.

Key constraints identified with the plan (based on our current operating environment) are:

- The close geographic proximity of the sites does not enable mitigation of Natural or Geographic Hazards,
- It is constrained by the level of transportation, telecommunications, and essential services provided by national providers to what are essentially small rural towns,
- It is heavily capital intensive requiring ongoing facilities, essential services, & IT investment from Council,
- It requires a level of investment in cyber security which is unaffordable for any medium sized organisation,
- It no longer delivers the expected level of service required under Councils Business Continuity Plan.

Removal of the location specific risk

Council is progressively moving essential technology systems away from the capital-intensive location-based hosting to appropriately secure & resilient Cloud / SaaS (Software as a Service) providers.

For critical essential services the focus is Microsoft Azure or Amazon Web Services (AWS) based platforms as these; provide geographically diverse disaster recovery capability, exceed our security requirements, and are overseen through the All of Government contracts which are actively managed by the Department of Internal Affairs providing assurance that Government expectations are adhered to.



The migration of critical essential services to Cloud / SaaS platforms has been underway for 18 months. Datapay, OneDrive, Teams, CAMMS, ComplyWith, Public website, Waisite, and our Consultation platform are now on cloud platforms. Exchange (email system) and TechOne ERP² are scheduled to be completed by the end of June this year. It is planned that the Disaster Recovery Plan redesign will be completed and implemented by the end of June also.

5.3 Audit Actions Report

As noted within previous reports Council has an audit programme in place to ensure appropriate external assessment is undertaken of systems and processes to provide assurance that appropriate controls are in place and that risks are appropriately managed.

The audit programme includes:

- An annual IS Controls audit [Audit NZ]
- An annual ALGIM Local Government Cyber Security self-assessment
- A 3 yearly ALGIM Local Government Cyber Security audit [ALGIM]
- A 3 Yearly ALGIM Information & Records Management Audit [ALGIM]
- Firewall Audit & Penetration Test [Datacom]

The remediation of Audit actions is tracked and below is a summary of the status of each.

Audit	Open	Planned	In Progress	Partial	Complete	Total
ALGIM Cyber Security	2	3	2	1	1	9
ALGIM Info & Records Mngt	5	1	1		4	11
Audit NZ	1	2				3
Firewall Audit	13				8	21
Penetration Test			11		2	13
Total	21	6	14	1	15	57

Noting the need to ensure resource (people & funding) is invested to ensure greatest return to council audit actions are assessed and resolution prioritised based on the impact and likelihood of the risk being realised. As a result; 14 audit actions are currently in the process of being resolved, work is planned to commence to resolve 6, and 21 have been deferred.

² ERP = Enterprise Resource Planning (our suite of TechOne applications covering Finance, Service Delivery, Customer Support, Mapping, & Records)

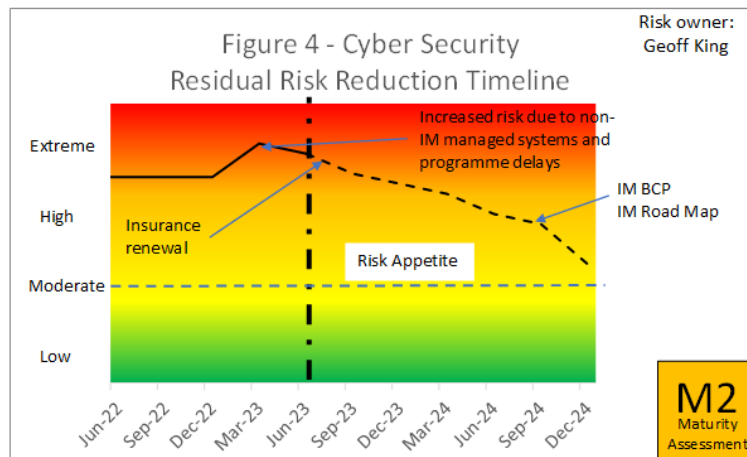
In some instances the resolution may be part of a much larger initiative (eg the implementation of HR Information system required to close two user management audit actions) or there is an initiative which needs to be completed prior to being able to commence resolving an audit action (eg the TechOne SaaS migration needs to be completed before commencing two records management actions). In some instances the Business Owner is reviewing the best approach to closing the audit action.

6. Conclusion Whakamutunga

Whilst Council has historically had a lower than desired cyber security maturity score, and this risk has been recognised, the Council is actively investing in its processes, people, and technology to address this risk. Significant parts of the plan will be delivered by June this year where further transition to the cloud will be delivered.

Councils' cyber security risk score has materially improved, however remains below what would be considered prudent. This continues to be a priority.

The Cyber Security Improvement plan, inclusive of the Disaster Recovery Plan enhancement, remains on schedule to reduce the residual risk to a level that is within tolerances in accordance with the agreed timeline, as depicted below:

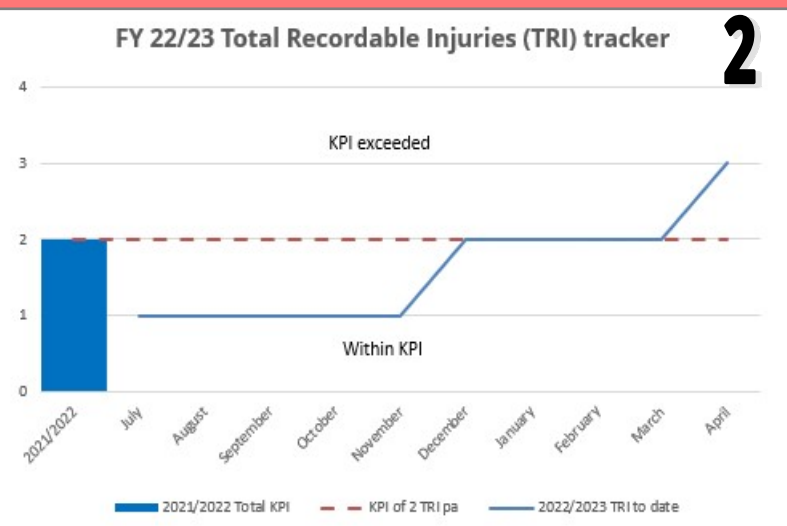
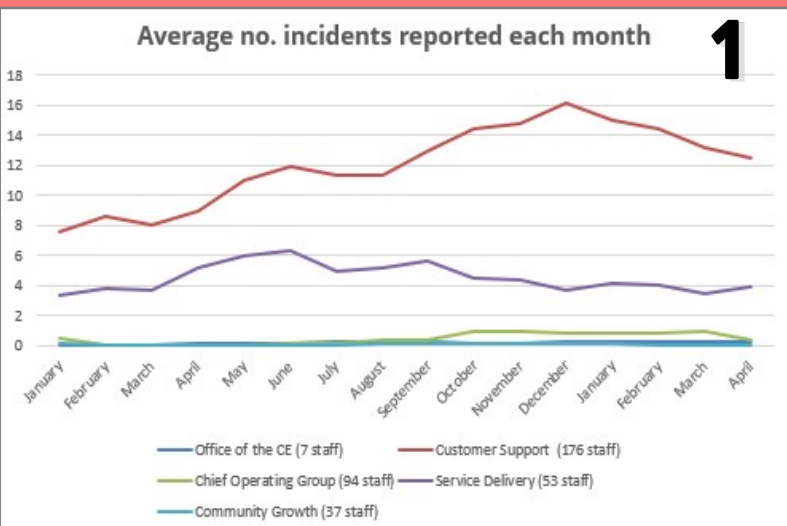


7. Attachments Ngaa taapirihanga

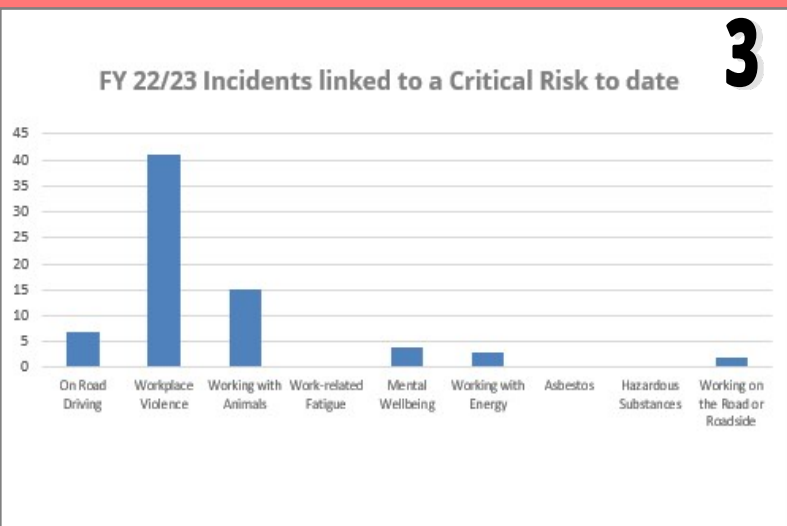
There are no attachments for this report.



Incident Management



Incident Management



Top Nature of Injury - Year to Date

- Laceration/Cut/Abrasion
- Puncture Wound
- Bruising or Crushing

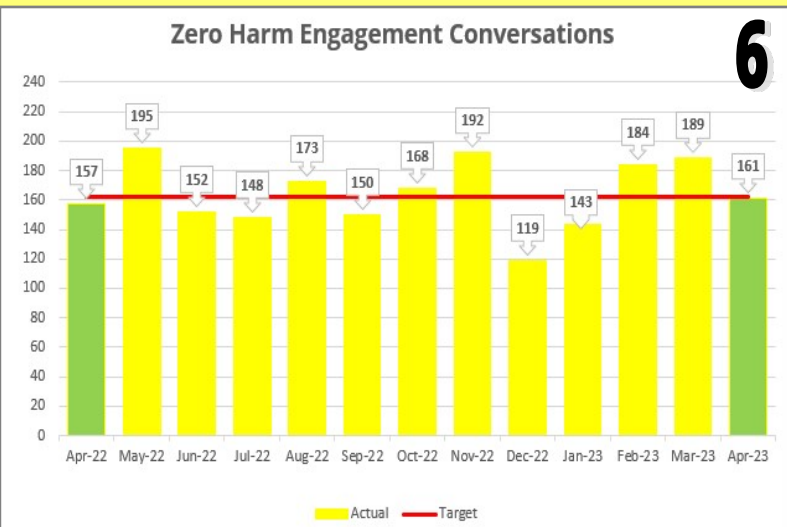
Top Mechanisms of harm - Year to date

- Hit by moving object
- Hitting objects with part of body
- Fall, Trip, Slip
- Biological Factors

Hazard & Risk Management



Safety Leadership & Culture



Commentary

- Graph 1 shows the volume of incidents being reported in Bware by each business unit each month. Levels of reporting have increased in Customer Support over the last 12 months.
- Graph 2 shows that we have exceeded the TRI KPI target set for this year.
- Graph 3 shows that at least 50% of the incidents linked to a Critical Risk are associated with Workplace Violence or Aggression

To	Audit & Risk Committee
Report title	Independent Internal Audit Programme and Framework
Date:	6 June 2023
Report Author:	Kurt Abbot – Executive manager - Projects and Innovation
Authorised by:	Tony Whittaker - Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

To inform the Audit and Risk Committee of our Independent Internal Audit Programme and Framework Review.

2. Executive summary

Whakaraapopototanga matua

This paper focuses on the development of a forward work programme for independently provided internal audit. The programme is based on activity considered to have impact on Council's key strategic risks, those risks determined as capable of undermining Councils' strategy.

Management have identified areas considered worthy of internal audit focus based on the above risk approach.

There is opportunity for the Committee to provide direction on areas that audit should be focussed.

The Internal Audit Framework has also been reviewed with management considering it still fit for purpose.

3. Staff recommendations

Tuutohu-aa-kaimahi

That the Audit and Risk Committee receives the Independent Internal Audit Programme and Framework report.

4. Background

Koorero whaimaarama

This paper proposes several independently provided internal audit focus areas informed by Council's risk framework. Although it is accepted focus areas might change following the annual strategic risk review and or changes to Council's risk appetite, the process used is agile enough to add, delete or reprioritise in the future based on those issues relevant to Council.

5. Discussion

Matapaki

The independent Internal Audit Framework provides assurance that Council is taking a systematic and planned approach to evaluate and improve the effectiveness of our internal audit; a framework designed to provide assurance that the key strategic risks are managed with appropriate controls in place and recommendations for improvement.

The Internal Audit Framework details the purpose, benefit to the business and deliverables of Internal Audit and explains the approach used to achieve independent assurance outcomes.

In conjunction with the review of the Internal Audit programme the framework was also reviewed. It was determined that the framework remains fit for purpose.

The internal audit programme has been reviewed to acknowledge where the activity is considered to have the greatest impact on councils key strategic risks. Where activities or associated frameworks and processes suggested for audit are immature or being developed, management propose these are audited at a time when such have been embedded and have some history.

It is acknowledged that the value of internal audit is twofold; to provide assurance that controls are in place to mitigate risk in processes or frameworks in operation, or to be used to identify controls when developing new processes or frameworks. In both cases any control weakness will be identified, and improvement recommendations made.

It is intended that this internal audit programme is delivered by independent providers. However, Council has internal auditors within staff who can support such audits, in addition to the internally provided audit programme. In addition to this a new Audit Advisor role is currently being recruited. This role will take ownership of audit functions within Council while also providing additional auditing resource and expertise.

The independent internal audit programme is included within the attached framework.

Audits undertaken in year one of the programme:

- Cyber security
 - Project Management
-

6. Next steps **Ahu whakamua**

Implementation of audit programme for year two (2023/24).

7. Attachments **Ngaa taapirihanga**

Attachment 1 – Internal Audit Programme

Attachment 2 – Independent Internal Audit Framework

ATTACHMENT 1 – Internal Audit Programme

Engagement	Strategic risk link (see risk register for detail)	Strategic Link	Year	Sponsor	Audit Focus
Development Agreements	<ul style="list-style-type: none"> Affordable Services Servicing Growth 	Our information & data is available to our people & customers – right information right time Our financial investments are based on sound info and clear cost and benefits -financial stewardship	2023-2024	GM Growth	To assess the effectiveness of the creation and implementation of developer agreements that meets the needs of both developer and community
Contract Management	<ul style="list-style-type: none"> Affordable Services Community expectations Project delivery 	Growing key partnerships – <i>Partnering</i> Our financial investments are based on sound info and clear cost and benefits - <i>financial stewardship</i>	2023-2024	GM Service Delivery	Identify and assess how contract management practices at Council allow alignment with its partners to successfully deliver community outcomes and ensure the full benefit from contractual arrangements is obtained.
Procurement	<ul style="list-style-type: none"> Affordable Services Community expectations Project delivery Te Titiriti o Waitangi 	We continue to evolve our capabilities and frameworks – <i>A culture of innovation</i> Our financial investments are based on sound info and clear cost and benefits - <i>financial stewardship</i>	2023-2024	Chief Financial Officer	Assess how procurement practices deliver best value for money to the ratepayer and enable innovative delivery of services
Asset Management	<ul style="list-style-type: none"> Community expectations Affordable Services Business Resilience Climate Change 	Our financial investments are based on sound info and clear cost and benefits - <i>financial stewardship</i> Our information & data is available to our people & customers – <i>right information right time</i> Our teams have the customers insight and data – <i>Understand our customers & community</i>	2023-2024	GM Service Delivery	Identify and assess how asset management practices at Council allow for effective and efficient management of Council assets in align with community expectations
Records and Information management	<ul style="list-style-type: none"> Cyber Security Business Resilience Operational Capability 	Our information & data is available to our people & customers – <i>right information right time</i>	2024-2025	Chief Information Officer	Assessment framework to assess areas of non-compliance relative to recognised best practice and the Councils obligations under the; Public Records Act 2005, Archives NZ Information and Records Management Standard 2016, & Physical storage and preservation of protected information and records Instruction to Local Authorities
Organisational Risk Management Culture	<ul style="list-style-type: none"> Government Policy & Legislative reform Business Resilience Community Expectations 	We remain relevant and responsive to change – Culture of innovation	2024-2025	Projects & Innovation Manager	To assess how business units are managing their operational level risks and the risk culture. Is the risk culture preventing the right strategies, decisions, and actions from occurring
Forecasting & Modelling	<ul style="list-style-type: none"> Government Policy & Legislative reform Servicing Growth Business resilience Affordable services Climate Change 	Our information & data is available to our people & customers – right information right time	2024-2025	GM Growth	Maturity assessment of the quality and ability of growth forecasting and modelling used to enable sustainable growth and wellbeing for the community
External Penetration Test / Vulnerability Scan	<ul style="list-style-type: none"> Cyber Security Business Resilience 	We continue to evolve our capabilities and frameworks – <i>A culture of innovation</i> Our information & data is available to our people & customers – <i>right information right time</i>	2024-2025	Chief Information Officer	Penetration Test to identify any weaknesses in the architecture of IT network and determine the degree to which a malicious attacker could gain unauthorised access to your assets (systems and/or information).
Zero Harm	<ul style="list-style-type: none"> Zero Harm Workplace Culture 	We look after ourselves and each other – <i>Employee experience</i>	2023-2024	Chief Executive	To assess maturity and effectiveness of safety management systems
Diversity & inclusion	<ul style="list-style-type: none"> Workplace Culture Te Titiriti o Waitangi Recruitment & Retention 	Build a diver and inclusive organisation – Employer of choice	2024-2025	People & Capability Manager	An assessment of the diversity and inclusion maturity of the organisation
Resource management act	<ul style="list-style-type: none"> Government Policy & Legislative reform Te Titiriti o Waitangi 	We continue to evolve our capabilities and frameworks – <i>A culture of innovation</i>	2025-2026	GM Customer Support	An assessment of the effectiveness and effectiveness of processes implemented as a result of RMA reform
Economic & Social Development	<ul style="list-style-type: none"> Government Policy & Legislative reform Te Titiriti o Waitangi 	We empower communities and stakeholders – <i>Customer & Community</i>	2025-2026	GM Growth	To assess community funding effectiveness and the development and effectiveness of social partnerships
Strategic Planning frameworks and documents	<ul style="list-style-type: none"> Government Policy & Legislative reform Te Titiriti o Waitangi 	We continue to evolve our capabilities and frameworks – <i>A culture of innovation</i>	2025-2026	GM Growth	An assessment of the effectiveness and innovation in preparing planning documents the integration and linkages between them. An assessment of strategic planning frameworks and linkages between them including futureproof, district plan etc.
Regulatory Functions	<ul style="list-style-type: none"> Government Policy & Legislative reform Te Titiriti o Waitangi 	We continue to evolve our capabilities and frameworks – <i>A culture of innovation</i>	2025-2026	GM Customer Support	An assessment of the efficiency and effectiveness of processes and structures implemented as a result of organisational redesign

Internal Audit Framework

JUNE 2023

Internal Audit Framework

Purpose

Waikato District Council's Internal Audit Framework is designed to support the creation of a three-year Internal Audit Programme. The Framework, developed in consultation with the Executive Leadership Team, considers essential business requirements, including strategic planning, risk management, and community outcomes, and assists in understanding the balance between risk and reward (protection and enhancement).

The Internal Audit Framework provides a consistent approach for developing a relevant Internal Audit Programme. Implementing the Internal Audit Programme offers opportunities for improvement in the delivery of Waikato District Council's vision of liveable, thriving, and connected communities, and provides confidence that strategic risks are being appropriately managed.

The Internal Audit Framework includes four components:

1. A Protection and Enhancement Structure which demonstrates business areas that will gain most benefit from an Internal Audit.
2. A Key Stakeholders List which outlines consultation requirements to determine and prioritize proposed Internal Audit areas.
3. An Internal Audit Programme that documents timeframes and focus for Internal Audits, and links Internal Audit to key strategies, risks, and or identified vulnerabilities, and,
4. An Internal Audit History that records previous Internal Audits conducted.

Protection and Enhancement Structure

The Protection and Enhancement Structure outlines the key areas of the business that benefit from Internal Audit and how they provide value to the organisation.

Diagram 1: Protection and Enhancement Structure



Key Stakeholders

Engaging with Key Stakeholders helps to gain insight into areas of the organisation that would benefit from Internal Audit to achieve maximum value from the Audit process. The following stakeholders are consulted on Audit focus areas prior to updating or amending the Schedule:

- Waikato District Council's Audit and Risk Committee
- Waikato District Council's Risk Advisor
- The Executive Leadership Team
- Risk Experts e.g., KPMG, Deloitte (where appropriate)
- A representative for Waikato District Council's Incident Management Team

Internal Audit Programme

The Internal Audit Programme provides a high-level audit plan for a rolling three-year period. The schedule includes:

- The area of Engagement
- Links to Waikato District Council's strategic risks
- Links to Waikato District Council's Strategy
- The annual timeframe for the Internal Audit to take place
- The relevant audit area Sponsor
- An outline of the high-level audit focus

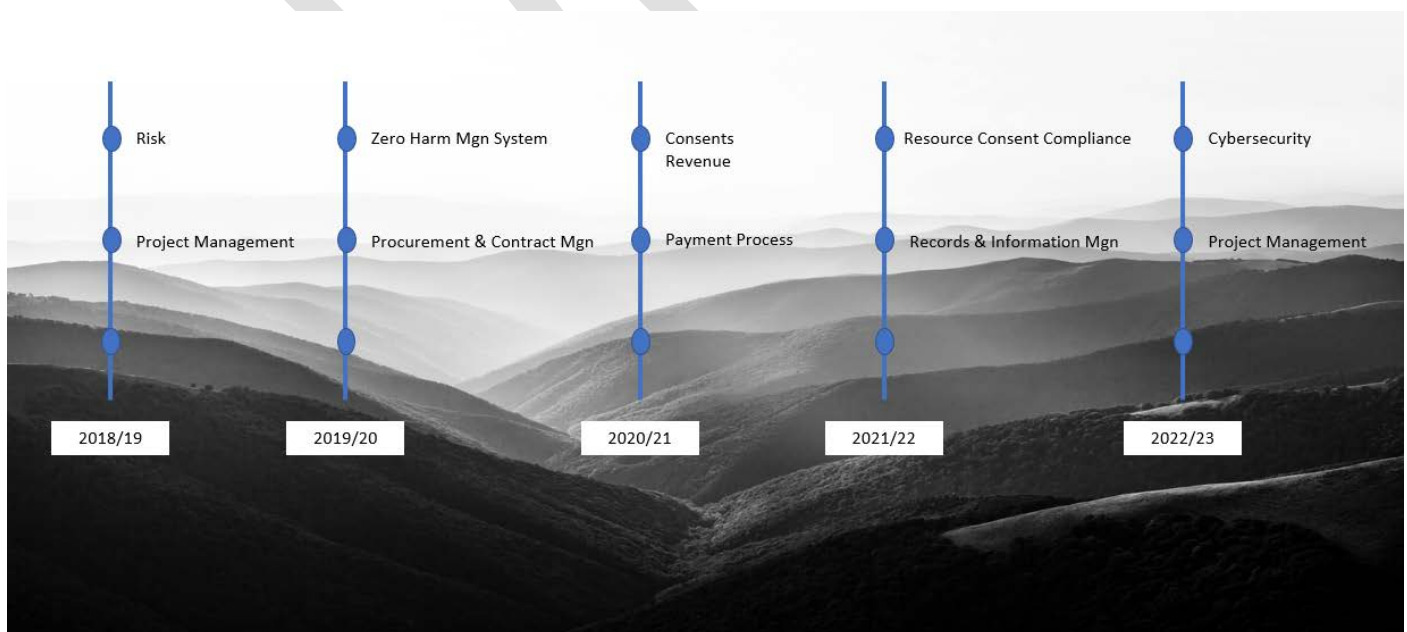
To ensure the Internal Audit Programme remains relevant, it is reviewed annually in consultation with the key stakeholders.

The programme will remain dynamic and flexible to respond to potential changes in our business and the local government environment. Shifts in priority areas, initiatives or disruptions may impact the planned programme activities.

Internal Audit History

An overview record of previous Internal Audits is kept informing subsequent Internal Audit Schedules. The list of historic audits provides an overview of previous audits and helps to determine briefly which areas have been subject to Internal Audit, and when. It can also help to understand appropriate periodic Audit requirements to enable continuous improvement.

Diagram 2: Internal Audit History



To	Audit and Risk Committee
Report title	Audit Plan for the year ending 30 June 2023
Date:	19 June 2022
Report Author:	Audit New Zealand
Authorised by:	Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

To provide the committee with the audit plan received from Audit New Zealand.

2. Executive summary

Whakaraapopototanga matua

The Audit Plan for 30 June 2023 received from Audit New Zealand is attached. The plan details the areas of focus, including new reporting and/or auditing standards to be applied, and lays out the proposed timetable for the completion of the Annual and Summary Reports and Audit Opinion.

In the absence of the audit plan being available for the March 2023 committee meeting, staff shared a risk assessment with the committee based on the prior year's focus areas. The detailed plan is not anticipated to change the risk profile.

Audit NZ advise that risks to the timeline identified in previous years (due to the ongoing impact of the Covid-19 pandemic and the acute shortage of auditors) do not apply this year. Management is not aware of any issues that may result in delays.

3. Staff recommendations

Tuutohu-aa-kaimahi

That the Audit and Risk Committee receives the Audit Plan for the year ending 30 June 2023

4. Attachments

Ngaa taapirihanga

Attachment 1 – Waikato District Council 2023 Audit Plan

Audit plan

Waikato District Council

For the year ending 30 June 2023

Audit plan

I am pleased to present our audit plan for the audit of Waikato District Council (the District Council) for the year ending 30 June 2023. The purpose of this audit plan is to discuss:

Audit risks and issues	2
Our audit process	8
Reporting protocols.....	15
Audit logistics	16
Expectations	17

The contents of this plan is based on our knowledge of the District Council and discussions with management. We will be happy to elaborate further on the matters raised in this plan.

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

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

Nāku noa, nā



Clarence Susan
Appointed Auditor
8 June 2023

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit. Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and reporting to you.

Audit risk/issue	Our audit response
Valuation of operational, infrastructure and restricted property, plant and equipment held at fair value	
<p>The District Council revalues its operational, infrastructure and restricted assets held at fair value whenever there is expected to be a material movement in the fair value of these assets. The last revaluation was performed as at 30 June 2022 for all asset classes held at fair value. Because of the recent inflationary environment most councils have been revaluing more frequently.</p> <p>The accuracy of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of underlying assumptions. Because of the large value of the assets held by the District Council, a small movement in the key assumptions can have a significant impact on the valuation and consequential depreciation expense recognised in the financial statements.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation report to assess the competence and experience of the person completing the valuation and whether the requirements of PBE IPAS 17 <i>Property, Plant and Equipment</i> (including the appropriateness of the valuation basis) have been met; • audit the method of valuing the assets and assess if the valuation method used is in line with the financial reporting framework; • review the reasonableness of the data and key assumptions used; and • assess the presentation and disclosure of information related to the valuation in the financial statements.
Fair value assessment of property, plant and equipment (non-revaluation year)	
<p>For those assets that the District Council is not planning to revalue, the District Council should perform a fair value movement assessment (assessment) to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant, a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> • factor in local cost information; 	<p>We will review the reasonableness of the District Council's assessment including the appropriateness of the assumptions used in the assessment.</p> <p>If the movement of the assets individually or in combination with other asset classes is significant the District Council may need to complete a revaluation. In certain circumstances it <i>may</i> be acceptable to make an adjustment based on the desktop revaluation.</p>

Audit risk/issue	Our audit response
<ul style="list-style-type: none"> • utilise relevant and reliable price movement indicators; and • involve consulting with valuers, if necessary. <p>Alternatively, the District Council could engage valuers to assist in preparing a fair value assessment.</p>	
Three waters reform	
<p>The Three waters reform programme (the Reform) is expected to result in significant structural changes to the management, funding and ownership of water supply, wastewater, and stormwater assets in the local government sector.</p> <p>The Government has recently announced a number of changes to the reform. On 13 April 2023, the Government outlined changes to the number of water services entities and a staggering of their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.</p> <p>The Bill to enable the transfer of three waters-related assets and liabilities to the water services entities is currently with the select committee and will need to be passed to enable water assets to transfer to the related water entity.</p> <p>The timing of the legislation through Parliament will impact the 30 June 2023 annual report. If the legislation has not passed before 30 June an updated disclosure may still be appropriate. If the legislation is passed before 30 June, there will likely be some additional accounting and disclosure requirements.</p> <p>The District Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	<p>We will review the District Council’s disclosures to ensure they accurately reflect the significance and uncertainty of the Reforms on the District Council.</p> <p>Because the impact could be significant, but is uncertain, we are likely to include information in our audit report to draw a reader’s attention to the District Council’s disclosure about the Reform.</p>

Audit risk/issue	Our audit response
Drinking water quality performance measures	
<p>Providing safe drinking water is a core function of the council and reporting how the District Council has performed in respect of this function in the annual report is important performance information.</p> <p>The regulatory regime in place over the safety of drinking water has transitioned in the current year from the Drinking Water Quality Standards (DWS) to the new Drinking Water Quality Assurance Rules (DWQARs) which came into effect on 14 November 2022.</p> <p>Performance measures about compliance with the DWS are currently mandated by the Department of Internal Affairs who have issued mandatory performance measures that are required to be reported against in the District Council's annual report.</p> <p>There are currently no similar performance measures with respect to the new DWQARs. Despite this it is important that the District Council includes appropriate performance information about their compliance with the new DWQARs. This performance information will be subject to audit and therefore it is important that the District Council is able to support the performance results that they report.</p>	<p>We will work with the District Council to agree what performance information and measures would be appropriate and audit the results reported against the agreed measures.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.

Audit risk/issue	Our audit response
New accounting standard - Adoption of PBE FRS 48 <i>Service Performance Reporting</i>	
<p>PBE FRS 48 <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1 <i>Presentation of Financial Statements</i> that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the District Council, it is for the year ending 30 June 2023.</p> <p>The objective of the standard is “to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general-purpose financial report”. PBE FRS-48 requires an appropriate and meaningful mix of performance measures and/or descriptions, including, where appropriate, measures of both the goods and services provided and of what has been achieved in the District Council’s areas of responsibility.</p> <p>In addition, PBE FRS 48 imposes additional disclosure obligations on entities. For example, paragraph 44 requires an entity to “disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information reported in accordance with this Standard that are relevant to an understanding of the entity’s service performance information”. Further, if the District Council changes what it reports as service performance information compared to the previous year, then PBE FRS 48 requires the District Council to explain the nature of the changes and their effect.</p>	<p>We will review the District Council’s compliance with the new standard. We are providing a PBE FRS 48 <i>Service Performance Reporting</i> checklist to the District Council to perform a self-review.</p>
Asset impairment considerations	
<p>In accordance with PBE IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i> and PBE IPSAS 26 <i>Impairment of Cash-Generating Assets</i>, at each reporting date management must assess whether there is any indication that an asset may be impaired. If management identifies any indication of an impairment, then they must estimate the recoverable service amount of the asset.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the impairment assessment; • evaluate the reasonableness of the significant assumptions; • evaluate how management has addressed estimation uncertainty; and • reperform calculations made by management.

Audit risk/issue	Our audit response
<p>Assets are required to be assessed for indicators of impairment on an annual basis.</p> <p>Irrespective of whether there are any indications of impairment, intangible assets not yet available for use (that is, work in progress) and intangible assets with indefinite useful lives must be <i>tested</i> for impairment at least annually.</p> <p>Work-in-progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the life of the project. The District Council needs to ensure that as phases of a project are completed, and assets become operational, capitalisation of the WIP balance occurs in a timely manner. This will ensure that depreciation expense on these assets is recognised and accounted for appropriately.</p> <p>The District Council will need to complete the necessary assessment of impairment of assets (as above). In addition, intangible assets not yet available for use (i.e. work in progress) and intangible assets with indefinite useful lives must be <i>tested</i> for impairment at least annually.</p>	

Fraud risk

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

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

- What role does the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?

- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to Council? Has appropriate action been taken on any lessons learned?

Our responsibility

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

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

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Our audit process

Initial planning

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

Understand your business and environment

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

Assess audit risk

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

Evaluate internal controls

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

Finalise the audit approach

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

Gather audit evidence

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

Conclude and report

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

New auditing standard

ISA (NZ) 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*, is effective for the audit of your financial statements for the first time this year. The standard sets out how auditors identify and assess the risks of material misstatement in financial statements. The standard requires the auditor to understand the entity, its environment, and its internal controls and use that knowledge to identify and assess risks. There are changes to how this is done compared to the previous standard.

There will be additional work required on your audit compared to previous years. In your case, the impact will be in the following areas:

- A greater emphasis on identifying and understanding the IT applications and the other aspects of your IT environment that are subject to risks arising from the use of IT.
- Evaluating the design and implementation of the general IT controls that address the risks arising from the use of IT.
- Considering the new inherent risk factors and updating our risk assessment documentation where relevant to address these risk factors.
- Revisions to the matters we consider in evaluating your system of internal control.
- Strengthened documentation requirements relating to the exercise of professional scepticism. There is a greater emphasis on demonstrating a questioning mind and a critical assessment of audit evidence gathered when performing our risk assessment procedures.

Prioritising higher risk work to ensure an efficient year-end processes

To ensure the year-end annual report and audit thereof are efficient, the District Council should prioritise their work to ensure higher risk areas and those that involve significant management judgment are planned to be ready for auditing as soon as possible. Timelines for this information should be agreed with us early. Delays in providing this information to us could impact our ability to resolve technical issues late in the audit process.

Examples of areas that typically involve management and auditor judgment include, and should be resolved early include:

- valuation of investment properties;
- fair value assessments and revaluations of property, plant and equipment held at fair value;
- impairment assessments for property, plant and equipment;
- provision estimates; and
- financial assets or liabilities held at fair value.

Materiality

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

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

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

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

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

Financial statements materiality

For planning purposes we have set **overall materiality** for the financial statements at \$192,000,000 based on budgeted total property, plant and equipment. This is subject to change once the actual results for the current year are available. We will only be applying this overall materiality to the carrying value of property, plant and equipment held at fair value (i.e. land, buildings and infrastructure assets), fair value gains/losses relating to revaluations recorded in other comprehensive revenue and expense, and revaluation reserve balances.

We have set a **lower, specific materiality** of \$4,600,000 for all items not related to the carrying value of property, plant and equipment held at fair value.

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

Overall materiality	\$192,000,000
Specific materiality	\$4,600,000
Clearly trivial threshold	\$230,000

The materiality figures described above do not apply to any matters of effectiveness or efficiency, waste, or a lack of probity or financial prudence.

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

We will report all uncorrected misstatements to the other than those that are **clearly trivial**. We consider misstatements of less than \$230,000 to be clearly trivial for the financial statements unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from management and the reasons why the corrections will not be made.

Misstatements

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

Materiality for service performance information

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

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

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

Material measure	Materiality
Water supply measures	
The extent to which the local authority’s drinking water supply complies with: a part 4 of the drinking-water standards (bacteria compliance criteria), and b part 5 of the drinking water standards (protozoal compliance criteria).	No materiality set as the water supply either complies or does not comply.
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response time measured (resolution of urgent callouts) from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	8% of reported result.

Material measure	Materiality
<p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> a drinking water clarity; b drinking water taste; c drinking water odour; d drinking water pressure or flow; e continuity of supply; and f the local authority's response to any of these issues, <p>expressed per 1000 connections to the local authority's networked reticulation system.</p>	8% of reported result.
Wastewater measures	
<p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> a abatement notices; b infringement notices; c enforcement orders; and d enforcement orders and successful prosecutions received by the territorial authority in relation to those resource consents. 	5% of reported result.
<p>Where the Council attends to sewerage overflows resulting from a blockage or other fault in its sewerage system, the following median response time measured (resolution time) from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.</p>	8% of reported result.
<p>The total number of complaints received by the territorial authority about any of the following:</p> <ul style="list-style-type: none"> a sewage odour; b sewerage system faults; c sewerage system blockages; and d the territorial authority's response to issues with its sewerage system, <p>expressed per 1000 connections to the territorial authority's sewerage system.</p>	8% of reported result.

Material measure	Materiality
Stormwater measures	
Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> a abatement notices; b infringement notices; c enforcement orders; and d convictions, received by the territorial authority in relation to those resource consents.	8% of reported result.
The total number of complaints received by the territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	8% of reported result.
Roading performance measures	
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	5% of reported result.
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	8% of reported result.
Sustainable environment measures	
Percentage of building consent applications processed in accordance with statutory timeframes.	8% of reported result.
Percentage of non-notified resource consents processed within statutory timeframes.	8% of reported result.

Professional judgement and professional scepticism

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

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

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

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

How we consider compliance with laws and regulations

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

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

Wider public sector considerations

A public sector audit also examines whether:

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

Reporting protocols

Communication with management and the Council



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

We understand that Colin Bailey (Finance Manager) is our key contact for the audit. We will regularly update Colin on progress throughout the audit, and any issues or delays encountered. We expect this information will be shared with management and the Councillors as appropriate. Any areas of material concern will be raised with Alison Diaz (Chief Financial Officer) in the first instance.

Reports to the Council



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

Audit logistics

Our team



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

Our senior audit team members are:

Clarence Susan	Appointed Auditor
Kataraina Macown	Audit Manager
Tevin Hamann	Audit Supervisor
Parakum Pathirana	Information Systems Audit and Assurance Manager

Timetable



Our proposed timetable is:

Interim audit begins	29 May 2023
Draft report to the Council issued	23 June 2023
Draft financial statements available for audit (including notes to the financial statements) with actual year-end figures	17 August 2023
Final audit begins	21 August 2023
Annual report available, including any Chair and Chief Executive's overview or reports	22 September 2023
Verbal audit clearance given	6 October 2023
Draft report to the Council issued	6 October 2023
Audit opinion issued	25 October 2023

AuditDashboard

In 2022, we used AuditDashboard, our online portal, to transfer files between your employees and Audit New Zealand. Overall, the use of AuditDashboard was well received and turned out to be an essential tool in completing our audit engagement remotely. We will again use AuditDashboard for transferring audits as part of the audit.

Expectations



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

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

We expect that:

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

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit.

Health and safety



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

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

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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Waikato Mail Centre
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Phone: 04 496 3099



To	Audit & Risk Committee
Report title	Quality and Governance Assurance Update
Date:	19 June 2023
Report Author:	Madelina Baena-Escamilla, Continuous Improvement Analyst Toby McIntyre, Policy Advisor Lynn Shirley, Zero Harm Manager Merv Balloch, Building Quality Manager
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

The purpose of this report is to update the Audit and Risk Committee on the status of those activities within the programmes designed to provide quality improvement and assurance at Council. It covers:

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

2. Executive summary

Whakaraapopototanga matua

- Two major non-conformances are outstanding from the completed audits in 2021-2022. Both are planned to be addressed by the end of June 2023. All other non-conformances have been addressed.
- The focus over the past quarter has continued to be on supporting the business in key areas where change is imminent. This includes ensuring processes are current and updated where systems are being changed. This does include a focus on controls. A fundamental change is the upgrade to the Cloud of our primary business system of TechOne.

The above reprioritisation of focus has impacted the Internal Audit Schedule for 2023. Staff resignations have also had an impact. The recruitment of a full-time internal audit resource is in progress.

- Five policies have been published and/or reviewed. 21 policies are currently being reviewed, and 3 policies have been revoked.
- 28 (97%) of the 29 actions received from the KPMG Health & Safety Governance Audit have been addressed. The Zero Harm team will complete the last action by June 2023.
- Waikato District Council had a Full Audit IANZ accreditation assessment of our Building Consent Authority function in February 2023. The audit identified 16 general non-conformances (GNCs) and 3 serious non-conformances (SNCs). The deadline for resolving the audit actions was May 19, 2023. All SNCs and GNCs have been successfully addressed.

3. Staff recommendations Tuutohu-aa-kaimahi

That the Audit and Risk Committee receives the Quality and Governance Assurance Update.

4. Discussion Matapaki

4.1. Business Process Improvement Programme

4.1.1. Internal Audit Schedule (2022/2023)

The internal audits scheduled for the first semester of 2023 have been impacted due to a refocus on supporting our transition to the Cloud and hence process and business improvement for this.

We note that internal auditor capacity has again reduced due to staff resignations and the current staff workload. We currently only have six trained internal auditors. This approach has been revisited with a full-time internal audit resource being progressed. This resource will also complement the KPMG resource for key strategic audits.

4.1.2 Internal Audit Schedule (2021-2022)

Only 2 major non-conformances from the internal audit of the Zero Harm management system against ISO45001 are still outstanding. The actions to address those non-conformances are related to roles and responsibilities in the Zero Harm Management System. The ZHSMS Overview is nearly complete and will be finalised by mid-June 2023 ready for publication on the new Waisite.

Work is well underway on a new section of the Zero Harm Safety Management System entitled "Zero Harm Safety Management System Overview" This section will pull together all the key responsibilities currently in separate sections of the ZHSMS. This will be finished by mid-June in preparation for our external ZHSMS review of the ISO45001 standard.

A significant amount of work has been undertaken in the last three months to review our existing ZHSMS documentation and have it readily available for People Leaders and Workers to access via Waisite. Given the delay with the new Waisite platform, as an interim step we have updated the existing Waisite. Feedback from staff on the content and approach has been very positive.

A dashboard summary of internal audit outcomes for 2021 is presented in Table 1, including the number of internal audits planned and undertaken, the findings, and the number of outstanding non-conformances.

Table 1 - Outcome of the 2021-2022 Internal Audit schedule

Team	Internal Audits - Planned	Internal Audits - Undertaken	Major Non-Conformances	Minor Non-Conformances	Recommendations	Outstanding Non-conformances
Total			9	5	39	2
Customer Support - Consents	1 Audit 2 Processes	1 Audit 2 Processes	0	2	4	0
Community Safety - Environmental Health	5 Audits 16 Processes	5 Audit 16 Processes	0	0	9	0
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	7	2	5	2
Projects & Initiatives	1 Audits 7 Processes	1 Audits 7 Processes	0	0	16	0
Red	Major Non-conformances haven't been addressed					
Orange	Minor Non - Conformances haven't been addressed					
Green	All Non - Conformances have been addressed / There were no Non - Conformances					

4.1.3 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:

- Appointment and Remuneration of Directors Policy
- Building Consents Authority Complaints Policy
- Gifts and Hospitality Policy
- Secondment Policy
- Te Reo Maaori Policy

Other policies currently being created or reviewed are:

- Appointments to Community Boards and Other Committees Policy
- Cellular Network Site Policy
- Development Contributions Policy
- District Tree Policy
- Easements Policy
- Grass Verge Policy
- Heritage Policy
- Leasing of Reserve Land Policy
- Leases to Individuals and Commercial Organisations Policy
- Licenses and Grazing Policy
- Local Alcohol Policy (waiting on external ARLA process)
- Notable Tree Policy
- Plaques, Memorial and Monuments Policy
- Property Management Policy
- Road Closure for Motor Sport Events Policy
- Road Naming Policy
- Sponsorship of and Advertising on Council Properties and Assets Policy
- Strategic Land Acquisition and Disposal Policy
- Te Kaupapa Here o Ngaa Tohu Reorua - Bilingual Signage Policy
- Vehicle Entrance Policy
- Wheelie Bin Policy

Policies revoked:

- Appointing Directors and Trustees to Council Controlled Organisations Policy
- Funding for Road Closures for Community Events Policy
- Personnel Access File Policy

Policies scheduled to be reviewed in the following months:

- Significance and Engagement Policy
-

4.1.4 Improvement Forum

- The Continuous Improvement Agents continue to promote Continuous Improvement (CI) and help process owners and experts manage and review their business processes. We are working towards our objective for 2023 to keep our processes 'current' to focus on improvement and reduce the number of draft processes to a minimum.
 - Process mapping training continues to be delivered online. In the past three months, 27 new starters have been trained as part of their induction, and 12 process authors have been trained in process creation training.
 - Innovation and Improvement initiatives currently being progressed include:
 - Zero Harm. In conjunction with the Zero Harm Team, the audit tool is being completed in preparation for our external ZHSMS review of the ISO45001 standard to be carried out on the second week of June 2023
 - People and Capability: Employee life cycle processes are being mapped to identify pain points and opportunities for improvement.
 - Streamlining the travel booking process to gather accurate data and reduce the time and resources required for travel bookings: Orbit is being procured to improve the travel booking process, to gather accurate data, and to reduce the time and resources required for travel bookings.
 - Transitioning rates and water invoices to email: The initiative has been completed to proactively contact customers to transition rates and water invoices to email. The move to email is being continued as part of BAU and other projects. This initiative resulted in an estimated saving of \$18,300 per year.
 - Solid Waste: The solid waste data remediation has been finalised, with testing done and letters being sent to ratepayers who will get a waste charge for the first time.
 - Automation of data fixes for applications in the Property and Rating system. Getting the right data into the right fields for future publishing requirements. We were able to save thousands of hours of work by automating the fixes.
 - Importing the Proposed District Plan (Appeals version) into TechOne ePlan has been completed. Validation of the import is currently underway. This work will be completed and live on Council's website by 19 June.
 - Reserves Planning and Strategic Property: Data validation work continues with the Lease database. The data currently in spreadsheets will be added to P&R modules.
 - PR-22156 Cloud (SaaS) system remediation [R00244] – undertake analysis of specified systems to determine & undertake (where possible) actions for remediation. A report has been provided for consideration with a recommended strategic approach for remediation for each of the systems.
-

- Historical property records. Work continues to improve the historical property records (Building/Consents/Licensing) for publishing on Council's website.
- Plan to Build (P2B) Programme has been approved for delivery and is currently in the detailed planning phase. The Programme will address a number of issues across the development process to improve the customer experience.
- Creative Communities Funding Applications. Consult24 has been configured to manage the CC funding applications process. User Acceptance testing is underway. This will address the issues raised by our Community/Elected members during the last process as well as provide automation.
- Community Board Discretionary Funding Applications. Consult24 is being configured to manage the CB Discretionary funding applications. This will make the process more digital as well as provide automation.

4.3. 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 97% (28 actions) have been actioned. Due to resourcing constraints and other Zero Harm activities taking priority the work required to update the existing People Leader Health and Safety Training modules has been planned for October/November 2023. Focus however has been given to completing the below actions from our ISO 450001 with support all People Leaders including the ELT.

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.	Jun 2023	Work planned for completion mid 2023 when People Leader Zero Harm training is planned is to be undertaken. The corrective action is on track for delivery by June 2023.	Lynn Shirley

4.4. External Audit carried out in Customer Support Group

4.4.1. Building Consent Authority (BCA) IANZ Special Monitoring Audit

Waikato District Council, in its role carrying out Building Control Authority (BCA) functions, undergoes a bi-annual accreditation assessment conducted by International Accreditation New Zealand (IANZ). The objective of the audit is to identify non-conformances with New Zealand standards, and this was carried out in February 2023.

The audit identified a total of 16 general non-conformances (GNCs) and 3 serious non-conformances (SNCs). Attachment 1 contains an extract of the IANZ report, providing details of all non-conformances and the corresponding responsive actions. The deadline for resolving the audit actions was May 19, 2023, and as of the submission of this report, all SNCs and GNCs have been successfully addressed.

In the previous two audits, Council had five GNCs in 2019 and 31 GNCs and 2 SNCs in 2021. The most recent audit was conducted with increased thoroughness compared to previous ones, resulting in a higher number of non-conformances within a relatively short period of two years.

Council is also required to undergo an internal audit annually, with IANZ conducting its accreditation assessment every second year. In November 2022, an internal audit was conducted by Waikato Building Consent Group (WBCG operated out of Colab), identifying seven minor GNCs that required attention but did not identify any of the non-compliances raised by IANZ.

The two key reasons identified for the increase in non-conformances is resourcing and the focus of IANZ versus Colab. In terms of resourcing the Committee will be aware of the pressure the teams have been under with extreme work volumes. To respond to this, we have used contractors albeit this is not optimal. An additional full time Quality Assurance Advisor resource has recently been approved which we are comfortable will make a difference.

The Waikato Building Consent Group are also in discussions with Colab to recalibrate the service level required from them to support IANZ expectations. Colab have employed a Quality Manager resource to support this need. Again, we consider this focus should lead to improvements.

We note that because of the significant number of non-conformances identified in the recent audit, IANZ has decided to conduct an additional targeted review of the BCA functions in 12 months instead of the usual 24 months. This review will be conducted at Council's cost.

A copy of the IANZ report is available should anyone wish to see the detail.

5. Attachments

Ngaa taapirihanga

There are no attachments for this report.

To	Audit and Risk Committee
Report title	Future Work Plan Update
Date:	19 June 2023
Report Author:	Ashleigh Fairhead, Executive Assistant
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

To provide the Committee's work programme for information.

The programming of the deep dives will be confirmed at the next meeting following adoption of the strategic risks in the June meeting.

Please note a Zero Harm site visit will accompany each committee day.

2. Staff recommendations

Tuutohu-aa-kaimahi

That the Audit and Risk Committee receives the Future Work Plan Update.

3. Attachments

Ngaa taapirihanga

Attachment 1 – A&R Future Work Programme 2023.

Audit & Risk Committee: Future Work Plan

	June 2023	September 2023	December 2023	March 2024	Standing items for all meetings
Risk	CAPEX delivery Update	Update on Communications risk and mitigations plan Health & Safety Framework Review	Risk Management Framework review	Risk Assessment of Council Controlled Organisations Statements of Intent Strategic Risk Register Review (workshop April) Annual Risk Appetite Review (workshop April)	<ul style="list-style-type: none"> ▪ Chief Financial Officer Report Update on risks and issues that could impact council and its stakeholders from a financial perspective, including insurance and procurement matters. ▪ Strategic Risk Register and Emerging Risks Update on key strategic risks and associated management actions, including trajectory of risk assessment. Opportunity to discuss emerging risks with potential for strategic impact. ▪ Risk Conversations Opportunity for Committee to dialogue with key staff to obtain assurance that appropriate controls and culture are in place. ▪ Strategic Risk Deep Dive Detailed inspection of a key risk for the purpose of assurance. ▪ Zero Harm Update Health & Safety performance update against agreed targets, systemic issues identified which can be fed into the risk control framework. To include monthly statistics. ▪ Quality Governance and Assurance Progress against audit issues and rolling review of bylaw & policies: <ul style="list-style-type: none"> - Anti-fraud and corruption framework (and related policies) - Health & Safety Policy - Risk Management Policy - Treasury Risk Management Policy ▪ Post Implementation Reviews and/or Incident Debrief Reports Post project appraisals on key investments. ▪ Zero Harm Site Visits Six monthly and separate day to meeting
Internal Audit	Internal Audit Framework & Internal Audit Programme Review	Internal Audit TBC		Internal Audit (Waka Kotahi Audit)	
Insurance				Insurance Policy / Premium Confirmation	
Annual Report	Annual Report Plan			Annual Report Risk Assessment Final Audit Management Report (one off timing due to Audit NZ delays)	
Other		Audit & Risk Committee Key Achievements Review of Committee performance against Terms of Reference Committee Terms of Reference review Committee Performance Evaluation Survey Results	Fraud and corruption risk management update		

Strategic Risk Deep Dives

- People and Culture
- Zero Harm
- Cyber Security
- Community Expectations

- Affordability
- Technical Capability
- Workplace Culture
- Business Resilience

- Project Delivery
- Climate Resilience
- Regional & National Strategic Planning & Legislative Reform

To	Audit & Risk Committee
Report title	Register of Interests – Council
Date:	19 June 2023
Report Author:	Gaylene Kanawa, Democracy Manager
Authorised by:	Gavin Ion, Chief Executive

1. Purpose of the report

Te Take moo te puurongo

The purpose of this report is to provide a summary of interests declared by elected and appointed members of Council and independent members of committees.

We have received a minor update from Councillor Gibb this quarter and a full return from Councillor Raumati – all changes reflected in red on Attachment B.

2. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Audit & Risk Committee receives the Council Register of Interests for June 2023.

3. Attachments

Ngaa taapirihanga

- A Financial Interests – Statement Reference
 - B Register of Elected Members Interests
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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 contracting company or controlling company .
3	I am, or my spouse or partner is, a shareholder in a contracting company or controlling company, AND either I am, or my spouse/partner is, also a shareholder of the controlling company .
4	I am, or my spouse or partner is, a managing director or a general manager of a contracting company AND either I am, or spouse/partner is, also a shareholder of the controlling company .
5	I, or my spouse or partner, individually or together, has/have an indirect concern or interest in a contract 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		Other Organisations		Property	Gifts (received since October 2022)	Payments for activities and services (since October 2022)	Debts
	1 to 6	With the exception of	Director/Manager	Financial Interests	Employment/Paid Positions	Trustee/Beneficiary	Other Bodies				
Crystal Beavis	No	N/A	*Bridger Beavis & Associates Ltd (Management & Marketing Consultancy) *Strategic Lighting Partners Ltd (Lighting Management Consultancy)	*Apple Inc (Consumer Electronics, Software) *BLIS Technologies (Biotech Company marketing oral pro-biotics) *Fisher & Paykel Healthcare (Manufactures products for respiratory care) *SmartPay Holdings (EFTPOS machines & payment solutions provider) *Summerset Group Holdings (Retirement Village Operator) *Tesla Inc (Electric Vehicle & Battery Storage Manufacturer) *Xero Ltd (Accounting Software Supplier)		*BBA Family Trust *CJB Trust	*St Stephens Anglican Church, Tamahere (Hosts the Tamahere Country Market)	*Tamahere (Family Residence)		N/A	N/A
Mayor Jacqui Church			Great Goods Ltd (Director - Wholesale Food Service Distribution);			South West Trust	*Member - Pukekohe Lions Club *Member - Port Waikato Pink Breakfast Committee (Chair) *Member - Tuakau Cleanup & Planting Group (Chair) *Justice of the Peace (Franklin Branch) *Judicial Justice - Pukekohe/Papakura Courts	*Port Waikato (Family Residence) *Pukekohe (Commercial Property - Trust - South West)	*1x Ticket - Balance Farm Awards (\$70) *1x Gift from Yashili (\$50 value)	N/A	N/A
Carolyn Eyre	No	N/A	• Pepepe Investments (Farming)	• Pepepe Investments (Farming)	• Pepepe Investments Ltd (Director)	• SM Eyre Trust (Beneficiary) • Gillings Family Trust (Beneficiary)	• Business + Professional Women NZ (Member) • Rural Women NZ (Member) • Arbitrators & Mediators Institute of NZ (Associate Member)	• Huntly - farm, forestry block, x3 residential dwellings (Beneficiary) • 1x Pareroa (Beneficiary)	*Sport NZ paid for flights Hamilton to Wellington for Sports NZ Conference (13th/14th March) *One ticket to Balance Farm Environment Awards (worth \$70) *1x Gift from Yashili (\$50 value)	N/A	N/A
Janet Gibb	No	N/A	• JMG Ltd (Rental Properties) • Ede Investments Ltd (Farming)	N/A	• Ede Investments Ltd (Farming) • JMG Ltd (Rental Properties)	• Janet Gibb Family Trust (Trustee/Settlor/Beneficiary) • Rarangi Trust (Trustee/Beneficiary) • Mangatokatoka Trust (Trustee/Beneficiary)	*Business Professional Women NZ (President) *NZ Institute of Directors *Australia and NZ Institute of Accountants *Justices of the Peace NZ (JP)	• 2x Taupiri (Owner) • 1x Hamilton (Beneficiary)		N/A	N/A
Mike Keir			*JRK Ltd (Civil Consultancy, Teaching Service) *KLS Ltd (Structural Landscape Services)	*Aeronavics Ltd (Drone Development Business)	*JFK Ltd (Civil Consultancy & Teaching Service)		*Keir Landscaping & Structures Ltd (Supplies landscaping & civil services to Waikato District Council)	• 1x Raglan (Owner) *1x Tamahere (Owner Vacant Land) • 2x Putaruru (Owner - 1x vacant land) • 1x Ohakune (Owner)	• 20% interest in KLS Ltd which contracts to WDC to provide services above \$25,000 PA		N/A
Paaniora Matatahi-Poutapu	No	N/A		N/A	N/A	N/A	N/A	N/A		N/A	N/A
Kandi Ngataki	No	N/A		N/A	N/A	N/A	N/A	N/A		N/A	N/A

Register of Elected Members Interests											
COUNCIL	Financial Interests			Non - Financial Interests							
	Please refer to Statement Reference here.			Companies				Other Organisations			
	1 to 6	With the exception of	Director/Manager	Financial Interests	Employment/Paid Positions	Trustee/Beneficiary	Other Bodies	Property	Gifts (received since October 2022)	Payments for activities and services (since October 2022)	Debts
Eugene Patterson	No	N/A	*Cobrah Ltd (Painting Services)	N/A	*Cobrah Ltd (Painting Services) - Partner		*President - Ngaruawahia Rugby League Club *Committee Member - Ngaruawahia Bowling Club	*2x Ngaruawahia (Owner)	N/A	N/A	N/A
Marlene Raumati	No	N/A			<ul style="list-style-type: none"> •Tuuhono Maaori Mediators Collective (Cultural Mediator and Member) •Te Pae Oranga NZ Police (Panel Member) •Laidlaw Law and Consultants (Consultant and Advisor) •Resolution Institute (Consultant) 	<ul style="list-style-type: none"> • Ngaa Muka o Ngaa Harakeke Trust • Waikato-Tainui • Taniwha Marae 	<ul style="list-style-type: none"> •Te Kauwhata Volunteer Firebrigade (Member) 	•1x Okarea (Land)		N/A	N/A
Vern Reeve			• VL Reeve Property Ltd	*VL Reeve T/A Kartel Marketing (Real Estate Sales in Ray White)	*Contracted Real Estate Sales with Southern Corridor Realty T/A Ray White Pukekohe	<ul style="list-style-type: none"> • The Reeve Family Trust • The Ski Trust *Tuakau Emergency Services 	<ul style="list-style-type: none"> • Tuakau Business Association • Tuakau Rotary Club • Tuaku Emergency Services Charitable Trust 	1x Tuakau (Owner)		N/A	N/A
Lisa Thomson	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A
Peter Thomson			P&A Thomson Ltd (Farming)	P&A Thomson Ltd (Farming)	P&A Thomson Ltd (Director)		N/A	1x Farm at Maramarua(Owner)		N/A	N/A
Tilly Turner			<ul style="list-style-type: none"> • Mighty Fine Products/Taana Mussel Fritters (Director) • Power Up Ltd (Director) 	<ul style="list-style-type: none"> • Mighty Fine Products/Taana Mussel Fritters (Director) • Power Up Ltd (Director) 	<ul style="list-style-type: none"> • Waikato Raupatu Lands Trust • Te Puni Kokiri 	<ul style="list-style-type: none"> • Waikato Raupatu Lands Trust • Hone & Miriama Turner Whanau Trust • Rawiri Whanau Trust 		1x (Beneficiary) - location not specified		N/A	N/A
David Whyte	No	N/A	*Whyte Professional Property Ltd (professional property management)	*Whyte Professional Property Ltd (professional property management)			<ul style="list-style-type: none"> *Huntly Arts *NZ Tree Crops Association *Waikato Tree Crops 	2x Ohinewai (Owner) *2x Huntly (Owner) *1x Ngaruawahia (Owner)			

To	Audit and Risk Committee
Report title	Exclusion of the Public
Date:	Monday, 19 June 2023
Report Author:	Rosa Leahy, Democracy Advisor
Authorised by:	Gaylene Kanawa, Democracy Manager

1. Staff recommendations Tuutohu-aa-kaimahi

THAT the Audit and Risk Committee:

- a. **exclude the public 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 PEX 2 Confirmation of Minutes Item PEX 3.1 Fraud Declaration Item PEX 3.2 ComplyWith Legal Compliance Survey Results Item PEX 3.3 Register of Interests - Senior Staff Item PEX 3.4 Audit NZ Time with Committee	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

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 PEX 3.1 Fraud Declaration	7(2)(a) 7(2)(c)(ii)	To protect the privacy of natural persons, including that of deceased natural persons. 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 PEX 3.2 ComplyWith Legal Compliance Survey Results	6(a)	To protect the maintenance of the law.
Item PEX 3.3 Register of Members' Interests - Senior Staff	7(2)(a)	Protect the privacy of natural persons, including that of deceased natural persons.
Item PEX 3.4 Committee Time with Audit New Zealand	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.

2. Attachments

Ngaa taapirihanga

There are no attachments for this report.
