Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Committee Rooms 1 & 2, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 5 JULY 2017** commencing at **9.00am**.

*Information and recommendations are included in the reports to assist the Board in the decision making process and may not constitute Council's decision or policy until considered by the Board.*

1. **APOLOGIES AND LEAVE OF ABSENCE**

2. **CONFIRMATION OF STATUS OF AGENDA**

   *Representatives from Audit New Zealand will be in attendance.*

   *Representatives from Raglan Kopua Holiday Camp Park will be in attendance to discuss item PEX 2.1.*

3. **DISCLOSURES OF INTEREST**

4. **CONFIRMATION OF MINUTES**

5. **REPORTS – FOR DISCUSSION AND DECISION**

6. **REPORTS – STANDING ITEMS**

GJ Ion
**CHIEF EXECUTIVE**
Agenda2017\A&R\170705A&R OP.docx

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Gavin Ion |
| | Chief Executive |
| **Date** | 31 March 2017 |
| **Prepared by** | Rose Gray |
| | Council Support Manager |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 |
| **Report Title** | Confirmation of Minutes |

## 1. EXECUTIVE SUMMARY

To confirm the minutes of the Audit & Risk Committee held on Wednesday 22 March 2017.

## 2. RECOMMENDATION

**THAT the minutes of the Audit & Risk Committee held on Wednesday 22 March 2017 be confirmed as a true and correct record of that meeting.**

## 3. ATTACHMENTS

Minutes

**MINUTES** of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 22 MARCH** commencing at **1.06pm**.

**Present:**

Ms M Devlin (Chairperson)
Cr AD Bech
Cr JM Gibb
Cr BL Main
Cr JD Sedgwick *[until 3.00pm]*

**Attending:**

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (General Manager Strategy & Support)
Mr R MacCulloch (Acting General Manager Customer Delivery)
Mr M Willcock (Chief Information Officer)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Mr K Lockley (Zero Harm Manager)
Mr S Pandey (Asset Management Team Leader, Waters)
Mr K Abbot (Organisational Planning & Project Support Team Leader)
Ms M Baena-Escamilla (Continuous Improvement Analyst)
Mr K Pavlovich (Compliance Income Team Leader)
Ms M Russo (Corporate Planner)
Ms K Jenkins (Project Management Advisor)
Ms M Proctor (Audit Manager Audit New Zealand)
Mr L Pieterse (Director Audit New Zealand)

**APOLOGIES AND LEAVE OF ABSENCE**

**Resolved: (Crs Main/Bech)**

**THAT an apology be received from and leave of absence granted to His Worship the Mayor and for early departure for Cr Sedgwick.**

**CARRIED on the voices**                                              **A&R1703/01**

**CONFIRMATION OF STATUS OF AGENDA ITEMS**

**Resolved: (Crs  Bech/Gibb)**

**THAT the agenda for a meeting of the Audit & Risk Committee held on 22 March 2017 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 7 which shall be discussed with the public excluded.**

**CARRIED on the voices**                                                                **A&R1703/02**


**DISCLOSURES OF INTEREST**

The Chair declared an interest in references in the public excluded section of the meeting containing the Waikato Regional Airport Statement of Intent.


**CONFIRMATION OF MINUTES**

**Resolved: (Crs Gibb/Bech)**

**THAT the minutes of a meeting of the Audit & Risk Committee held on 19 December 2016 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**                                                                **A&R1703/03**


**REPORTS**

KPMG Waikato LASS Internal Audit Insights Panel Session
Agenda Item 5.1

The report was taken as read.  The General Manager Strategy & Support provided an overview of the first panel session facilitated by KPMG, advising that this will be work in progress in terms of how effective these will be for future sessions. Topics of common interest where work had been done were contract management, procurement and risk management.

**Resolved: (Crs Sedgwick/Gibb)**

**THAT the report from the General Manager Strategy & Support be received.**

**CARRIED on the voices**                                                                **A&R1703/04/1**

<u>Waikato District Council's Approach to the Impact of Disruptive Technology</u>
Agenda Item 5.2

The report was taken as read. The Asset Management Team Leader, Waters, provided an overview of the report. He identified that staff are addressing the question of disruptive technology and he is proposing to run a number of workshops in the near future.

Issues discussed included;

- Internet

- aging population

- changing demographics

- Broadband rollout

- Education

- Asset Management Plans – redundant/stranded assets

A request was made that an update be provided quarterly.

**Resolved: (Crs Sedgwick/Main)**

**THAT the report from the General Manager Strategy & Support be received.**

**<u>CARRIED on the voices</u>**                                          **A&R1703/04/2**


<u>Conflicts of Interest</u>
Agenda Item 5.3

It was agreed to circulate the report attachment to the Councillors as a reminder of best practice in respect of conflicts of interest.

**Resolved: (Crs Sedgwick/Gibb)**

**THAT the report from the General Manager Strategy & Support be received.**

**<u>CARRIED on the voices</u>**                                          **A&R1703/04/3**


<u>Update on Process Audit and Quality Improvement</u>
Agenda Item 5.4

The report was taken as read. The Continuous Improvement Analyst spoke of where the focus had been, and with the new risk process the changes that will be made. Staff turnover is a challenge. The continual refreshing and retraining of staff as internal auditors is being carried out.

The General Manager Strategy & Support advised that Council is starting to be recognised as a leader from a risk management perspective and can be proud of the good work being done. The Chair endorsed this comment recognising the milestones having been made.

The Chair was pleased to see a reduction in draft processes. She advised that the new Drug & Alcohol Policy should apply to everyone in the organisation including Councillors as this represented best practice.

**Resolved: (Crs Bech/Gibb)**

**THAT the report from the General Manager Strategy & Support be received.**

**CARRIED on the voices**                                              **A&R1703/04/4**

Drinking Water
Agenda Item 5.5

The report was taken as read. The Compliance Income Team Leader advised of the journey from not meeting drinking water standards in 2013 to now managing to improve the position in terms of compliance and moving into the future where there is nothing stopping Council having a fully compliant network.

Issues discussed included:

- water treatment stations in the district and mechanisms

- inclusion of Ngaruawahia in the LTP

- mobile UVs

- working with the public health sector on tanker operators for tank supply

- the development of a back flow policy

It was noted that the risk had reduced significantly with work programmes Council had recently completed around the plants. It was also noted that the recent weather bomb had little impact on water treatment plants in the district.

The Chair requested that the report on Havelock North be provided to the committee once received by Council.

**Resolved: (Crs Sedgwick/Main)**

**THAT the report of the General Manager Service Delivery be received.**

**CARRIED on the voices**                                              **A&R1703/04/5**

<u>Zero Harm Update</u>
Agenda Item 6.1

The report was taken as read.  The Zero Harm Manager spoke of key highlights:

- the introduction of the Safety Manager Bware reporting system and training

- drug and alcohol tests being implemented on 1 April 2017

- workshops with community committees and community boards have been held on zero harm processes, new legislation and due diligence

- driving cars is the greatest risk and was encouraging to report the statistics on speeding have decreased since the last reporting period.   Safety conversations have been held with suppliers who collect vehicles for servicing around excessive speeds. Driver training is offered to staff.

The Zero Harm Manager outlined  the considerations in relation to the role of the Executive Leadership Team and Councillors as officers.

The Chief Executive spoke of a health and safety leadership survey report provided by Deloittes and are about to hold a mock trial in relation to health & safety legislation for people leaders.

**Resolved: (Crs Bech/Gibb)**

**THAT the report from the Chief Executive be received.**

**<u>CARRIED on the voices</u>** **A&R1703/04/6**

<u>Update on Progress Against Audit Issues</u>
Agenda Item 6.2

The report was taken as read.  The General Manager Strategy & Support provided a brief overview and advised that a framework was now in place to focus on actions and priorities across the organisation.  He considered the team across the organisation was working together as a group and was collectively getting buy-in and heading in the right direction.

Issues discussed included:

- number of audit issues

- segregation of duties

- IT policy reviews

- delegation levels

- random audits

- fraud risk workshops

- preferred suppliers

The Chair highlighted the number of actions and demonstrated the need to focus on priorities, and the importance of what will add value. She also noted the progress being made.

**Resolved: (Crs Sedgwick/Gibb)**

**THAT the report of the General Manager Strategy & Support be received.**

**CARRIED on the voices**                                                    **A&R1703/04/7**

Annual Report 2016/2017
Agenda Item 6.3

The report was taken as read. The Corporate Planner spoke of the high level time frames for the annual report confirming that the final audit is scheduled for the end of August. It will be presented to the committee in September for support and final adoption by Council in October.

The Director Audit New Zealand brought to the attention of the members the areas of audit focus as identified in the report. These included the impact of growth on infrastructure, staff, resource consents, development contributions and waters impact on performance.

The committee confirmed that there were no other areas of focus to be included within the scope of the 2016/17 audit plan.

In response to a question from the Chair, staff confirmed that the timetable for the Annual Report 2016/17 should be achieved.

**Resolved: (Crs Gibb/Bech)**

**THAT the report from the General Manager Strategy & Support be received.**

**CARRIED on the voices**                                                    **A&R1703/04/8**

Strategic Risk Update
Agenda Item 6.4

The report was taken as read. The Project Management Advisor highlighted the large amount of work carried out in this area and identified treatments that need to be put in place from an operational level. There has been a high level of progress since the last committee meeting. The strategic risk register will now be presented to Council. KPMG has been engaged to assist with the risk appetite review.

Issues discussed included:

- changes in ranking

- risk appetite

- Council committees

- risk mitigation

- cyber security

- Council partnerships review mechanism

- Principals Group

- review of service providers

**Resolved: (Crs Bech/Gibb)**

**THAT the report from the General Manager Strategy & Support be received;**

**AND THAT the Audit & Risk Committee approves the provision of the updated Strategic Risk Register to Council.**

**CARRIED on the voices**                                    **A&R1703/04/9**

Cr Sedgwick retired from the meeting at 3.00pm following discussion and voting on the above item.

Organisational Risk Direction
Agenda Item 6.5

The report was taken as read. The Project Management Advisor provided an overview.

Issues discussed were:

- activity management plans

- risk management

- reporting to Executive Leadership Group

- workshops and training

- high level of support

It was agreed progress had been made in this area.

**Resolved: (Crs Gibb/Bech)**

**THAT the report from the General Manager Strategy & Support be received.**

**CARRIED on the voices**                                    **A&R1703/04/10**

Updated Future Work Plan
Agenda Item 6.6

**Resolved: (Crs Main/Gibb)**

**THAT the report from the General Manager Strategy & Support be received.**

**CARRIED on the voices**                                          **A&R1703/04/1**


**EXCLUSION OF THE PUBLIC**
Agenda Item 7

**Resolved: (Crs Bech/Gibb)**

**THAT the report of the Chief Executive be received;**

**AND THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:**

a.      **Confirmation of Minutes dated 19 December 2016**

**REPORTS**

a.      **Risk Assessment of Council Controlled Organisations' Draft Statements of Intent**

**This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:**

| Reason for passing this resolution to withhold exists under: | Ground(s) under section 48(1) for the passing of this resolution is: |
|---|---|
| Section 7(2)(b)(i) | Section 48(1)(3)(d) |

b.      **Register of Interest**

**This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:**

| Reason for passing this resolution to withhold exists under: | Ground(s) under section 48(1) for the passing of this resolution is: |
|---|---|

**Section 7(2)(f)(h)(i)(j)**                    **Section 48(1)(3)(a)(d)**

**c.     Fraud Declaration**

**This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:**

| **Reason for passing this resolution to withhold exists under:** | **Ground(s) under section 48(1) for the passing of this resolution is:** |
|---|---|
| **Section 7(2)(a)** | **Section 48(1)(a)(d)** |

**d.     Committee Time with Audit New Zealand**

**This resolution is made in reliance on section 48(1)(a) and 48(2)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by sections 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part(s) of the proceedings of the meeting in public are as follows:**

| **Reason for passing this resolution to withhold exists under:** | **Ground(s) under section 48(1) for the passing of this resolution is:** |
|---|---|
| **Section 7(2)(f)(g)(h)(i)(j)** | **Section 48(1)(a)(d)** |

**AND FURTHER THAT representatives of Audit New Zealand remain in the meeting after the public has been excluded to facilitate the discussion on item 3.4** *[Committee Time with Audit NZ]* **in the public excluded section of the meeting.**

**<u>CARRIED on the voices</u>**                                        **A&R1703/05**

*Resolutions A&R1703/06 – A&R1703/08 are contained in the public excluded section of these minutes.*

Having concluded the public excluded meeting, the following item was released into open meeting:

**<u>REPORTS</u>** (CONTINUED)

<u>Risk Assessment of Council Controlled Organisations' Draft Statements of Intent</u>
Agenda Item PEX 3.1

It was resolved *[Res No A&R1703/07/1]* during the public excluded section of the meeting that the following resolution be released into open meeting but the report remain confidential and unavailable to the public:

*'Resolved: (Crs Bech/Main)*

*THAT the report form the General Manager Strategy & Support be received;*

*AND THAT any Audit & Risk Committee feedback be incorporated in Council's response to the draft Statement of Intents for Council Controlled Organisations;*

*AND FURTHER THAT the recommendation be released into open meeting but the report remain confidential and unavailable to the public.*

<u>*CARRIED on the voices*</u>                                                                 *A&R1703/07/1'*

There being no further business the meeting was declared closed at 3.52pm.

Minutes approved and confirmed this                  day of                            2017.

Margaret Devlin
**CHAIRPERSON**

*Open Meeting*

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|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 13 June 2017 |
| **Prepared by** | Surya Pandey |
| | Asset Management Team Leader, Waters |
| **Chief Executive Approved** | Y |
| **DWS Document Set #** | GOV1318 / 1737800 |
| **Report Title** | Waikato District Council's approach to the impact of disruptive technology – Progress Report |

## 1. PROGRESS REPORT

- Waikato District Council ("Council") undertook a council-wide study to understand from a risk perspective Council's approach to the impact of disruptive technology. In particular the study addressed the impact of disruptive technology on long term investment decisions and the technologies that mattered for Council. A discussion paper was presented at the March Audit &Risk Committee.

- It is obvious that staff are considering disruptive technology as part of business planning, albeit not necessarily framed in this way.

- There are two main mechanisms within Council for future planning: Asset Management Plans ("AMP"); and Business Plans / Business Cases. Both AMPs and Business Plans feed into Long Term Plans for Council approval.

- Since the March Audit & Risk Committee meeting, various workshops have been held to refine the focus and outlining the importance of disruptive technology and its implications for Council by:

  - Team leaders/Managers responsible for AMPs applying a Disruptive Technology 'lens' for all activities

  - Managers responsible for Business Plan / Business case preparation applying a Disruptive Technology 'lens' for all activities included in Business Plans

  - Creating a wish-list to list outcomes from the above two bullet points.

- Further workshops are planned with the "owners" of AMPs and Business Plans at the end of the AMP / Business Plan cycle, but before the finalisation of Long Term Plan, to ascertain that enough provisions have been made to address the impact of disruptive technology on long term investment decisions and future technologies in AMPs and Business Plans.

- Contact has been made with Frances Valintine of MindLab for a presentation to Council's Senior Leadership Team and Team Leaders outlining her views around

futuristic thinking and possible impact of disruptive technologies to add to staff buy-in and thinking in this space.

## 2.    RECOMMENDATION

**THAT the progress report from the General Manager Strategy & Support be received.**

## 3.    ATTACHMENTS

NIL

Waikato
DISTRICT COUNCIL
*Te Kaunihera aa Takiwaa o Waikato*

*Open Meeting*

| | |
|---|---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 31 May 2017 |
| **Prepared by** | Katja Jenkins |
| | Project Management Advisor |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / 1733480 |
| **Report Title** | Strategic Risk Update |

## 1. EXECUTIVE SUMMARY

This report details actions and outcomes associated with the organisations Strategic Risk activities.

## 2. RECOMMENDATION

**THAT the report from the General Manager Strategy & Support be received.**

## 3. DISCUSSION

R00128 Cyber Security

In response to recent international ransomware cyber-attacks a discussion was held with the CIO in regard to reviewing the Cyber risk level and treatment effectiveness.

It was determined that existing treatments remained effective and no change was required. As a precaution, the Information Support team reiterated (via email) organisational policy requirements and best practice behaviours associated with computer security.

R00191 Projects & Initiatives

The Project Management Forum (PMF) have implemented a programme of works. The programme includes adoption of a cross-organisational project management methodology, the creation of an enterprise project portfolio and the development of a project prioritization process. The programme will be supported by an engagement plan to help embed best practice project management in Councils organisational culture.

R00184 Zero Harm

Work is underway with teams across the organisation to commit specific operational treatments to the Zero Harm Critical Risk Register. This work aims to help teams to engage and accept their roles in the ownership of the Zero Harm Critical Risk register.

The Zero Harm Team and Risk Coordinator are working together to ensure their processes and systems are aligned, to avoid duplication of work when engaging with teams, and, to provide each other functional support.

Treatment Progress; items underway/finalised/overdue include:

- R00185 Asset Management: MC00162 Update the activity management policy. This work is underway.

- R00183 Council Partnerships: MC00499 Implementation of a set protocol/process that defines how Council plans to implement new partnerships/long term contracts from the perspective of providing seamless integration of systems and resources at the point of requirements design and tender review. This work has been included for consideration as part of the procurement process review.

- R00187 Stakeholder Engagement: MC00458 Develop a Communications Strategy. The Council has a Communications Framework in place which guides the way we do things. A specific engagement strategy is under development as a key Our Plan project in 2017.

- R00187 Stakeholder Engagement: MC00461 Seek mandate for the implementation of an Engagement Forum. The Leadership Programme has the 2020 Challenge as a focus and is taking the role of an Engagement Forum. The treatment has been updated to demonstrate that this work is underway.

- R00190 People & Culture: MC00474 Develop an HR Strategy that guides the direction of Councils personnel management. Work is currently underway. An HR strategy has been supported by the Executive Leadership Team, it is now on the agenda for the Senior Leadership Team ("SLT"). Any feedback from the SLT will be considered and an implementation plan developed.

- There are currently four (4) treatments that are overdue on the strategic risk register. The treatment owners have been notified.

Emerging Risks

Discussions relating to the Pokeno development has provided insights on the impact of the speed of growth surpassing planned growth forecasts. It is likely that Council will need to consider if a future growth risk is appropriate for the strategic register.

## 4.    CONCLUSION

The Strategic Risk Register is active and progress is being made to advance outstanding work associated with risk treatments.

## 5. ATTACHMENTS

Strategic Risk Register

# Risk Register

**Filter:** Classification(s): STRATEGIC (A&R Committee)

<table>
<tr><td>

**RESIDUAL**
**15.0**
HIGH

**INHERENT**
**20.0**

R00184
</td><td>

**COMPLIANCE/ REGULATORY, PEOPLE, STRATEGIC (A&R COMMITTEE)**

**Zero Harm**
**Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements and reforms, and or inadequate governance of contractual health and safety requirements and management.**
People are harmed or injured as a result of Council failing to implement and or maintain appropriate health and safety measures.

**OWNER** Gavin Ion
**CREATED** 9/5/2016 10:47:22 AM
**REVIEWED**
**RISK LIKELIHOOD DESCRIPTORS** Often (4)
**RISK CONSEQUENCE DESCRIPTORS** Catastrophic (5)
**RESIDUAL RISK LIKELIHOOD DESCRIPTORS** Likely (3)
**RESIDUAL RISK CONSEQUENCE DESCRIPTORS** Catastrophic (5)
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**TREATMENT MC00415**

**Zero Harm Strategic Plan**
**The strategic plan provides high level priorities and documents agreed outcomes/results the organisation aims to meet. This treatment impacts the likelihood of the risk by providing clear expectation of organisational requirements and describing agreed governance and management methods.**

**TREATMENT MC00416**

**Monitor and maintain operational Zero Harm risk registers**
**Register includes operational requirements related to risk management. This treatment impacts the likelihood of harm by identifying and prioritizing operational risks across the organisation and planning mitigation to reduce, transfer or avoid the risk.**

**TREATMENT MC00435**

**Council Health and Safety management systems and processes are audited to AS/NZS 4801 Standard, currently Council has achieved ACC WSMP tertiary level. The chief executive and management team carry out due-diligence site visits in compliance with the Health and Safety at Work Act 2015. Contractors are audited on an on going schedule.**
**This treatment impacts the likelihood of the risk by ensuring that our systems and processes meet the required standards however, it should be noted that they may not meet the legislative requirements.**

**TREATMENT MC00437**

**Executive team review the organisation critical risk register 6mthly. Service delivery review risks specific to their operational group monthly.**
**This treatment impacts the likelihood of the risk by ensuring the executive team and managers are aware of the risks and relevant treatment processes.**
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**SIGNOFF(S):** Kevin Lockley
**DUE DATE:** 01 Dec 2017
**FREQUENCY:** 1st day of every 6 months

**SIGNOFF(S):** Kevin Lockley
Kylie Anderson
**DUE DATE:** 01 Sep 2017
**FREQUENCY:** 1st day of every 3 months

**SIGNOFF(S):** Kevin Lockley
**DUE DATE:** 01 Feb 2018
**FREQUENCY:** The first Day of every 12 months

**SIGNOFF(S):** Gavin Ion
**DUE DATE:** 29 Jun 2017
**FREQUENCY:** The last Thursday of every 6 months
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</table>

**RESIDUAL**
**12.0**
HIGH

**INHERENT**
**20.0**

R00187

**POLITICAL, REPUTATION/ IMAGE, STRATEGIC (A&R COMMITTEE)**

## Stakeholder Engagement
**Council fails to deliver its core objective of having the most engaged community by 2020 due to customers, communities, Iwi and key stakeholders being disengaged as a result of poor customer and stakeholder assessment and management and or inadequate or inappropriate engagement practices and procedures.**
People become/remain disengaged as a result of Council failing to communicate/consult appropriately and or as a result of unsuitable stakeholder identification and interaction.

| | |
|---|---|
| **OWNER** | Sue Duignan |
| **CREATED** | 9/5/2016 11:20:04 AM |
| **REVIEWED** | |
| **RISK LIKELIHOOD DESCRIPTORS** | Frequent (5) |
| **RISK CONSEQUENCE DESCRIPTORS** | Major (4) |
| **RESIDUAL RISK LIKELIHOOD DESCRIPTORS** | Likely (3) |
| **RESIDUAL RISK CONSEQUENCE DESCRIPTORS** | Major (4) |

**TREATMENT MC00121**

Engagement practices, including public meetings, are conducted to provide public engagement opportunities. These include but are not limited to:
- Long Term Plan, Bylaws and Annual Plans Special Consultative Procedure
- Reserve Management Plan (RMP - as per the Act)
- Policy (statutory) Special Consultative Procedure
- Policy (non-statutory) Section 82 and significance and engagement policy specification.
This treatment impacts the likelihood by providing opportunities for people within the community to engage with Council in a variety of different mediums.

| | |
|---|---|
| **SIGNOFF(S):** | Vishal Ramduny |
| **DUE DATE:** | 01 Feb 2018 |
| **FREQUENCY:** | 1st day of every 12 months |

**TREATMENT MC00164**

**Community Engagement Strategy:**
This Strategy provides WDC with guidance on its community engagement activities.
This treatment impacts the likelihood of the risk by providing Council employees a practical guide in best practice engagement and the community an understanding of how Council aims to engage with them.

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|---|---|
| **SIGNOFF(S):** | Vishal Ramduny |
| **DUE DATE:** | 01 Feb 2018 |
| **FREQUENCY:** | 1st day of every 12 months |

**TREATMENT MC00165**

**Significance & Engagement Policy**

The policy oulines 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 in regard to the impact on communities, rather than just on economic impact which is generally the current basis for council decisions.

Environmental, social and cultural well-beings must also form part of a significance determination which should not be overshadowed by financial considerations.

This treatment impacts the likelihood of the risk by providing a practical guide that outlines how to assess the impact of action and suitable engagement practices to meet the assessment.

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| **SIGNOFF(S):** | Vishal Ramduny |
| **DUE DATE:** | 01 Feb 2018 |
| **FREQUENCY:** | 1st day of every 12 months |

**TREATMENT MC00457**

**Implementation of appropriate strategies and policies to ensure community needs are captured and met. These include, but are not limited to:**
**- Confirmation of the Long Term Plan priority projects**
**- Community engagement policy**
**- Significance and engagement policy**
**- Community engagement strategy**
**- Customer complaints and compliments policy**
**This treatment impacts the likelihood of the risk by documenting Councils commitments and associated expectations relating to how councils engages with the community.**

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| **SIGNOFF(S):** | **Vishal Ramduny** |
| **DUE DATE:** | **01 Aug 2017** |
| **FREQUENCY:** | **1st day of every 6 months** |

**TREATMENT MC00458**

**TO DO**
**Develop a Communications Strategy.**

**This treatment will impact the likelihood of the risk by providing practical guidance for Council to support community engagement practices and the consequence by ensuring a consistent, defined and measured approach when planning and/or managing communications.**

| | |
|---|---|
| **SIGNOFF(S):** | **Jacob Quinn** |
| **DUE DATE:** | **01 Jul 2017** |
| **FREQUENCY:** | **1st day of every month** |

**TREATMENT MC00459**

**CE and Executive Team provide updates to Councillors, Community Boards and Committees on community plans through forward facing meetings.**
**This treatment impacts the likelihood of the risk by ensure adequate engagement with the community by communicating relevant plans, decisions and actions and by providing opportunity (through Board or Committee, venue or other medium) for feedback.**

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| **SIGNOFF(S):** | **Gavin Ion** |
| **DUE DATE:** | **01 Aug 2017** |
| **FREQUENCY:** | **1st day of every 6 months** |

**TREATMENT MC00460**

**Community Development roles and Operational Field Staff.**
**A number of roles including Youth Engagement Advisor, Iwi Liaison and Community Development Advisor, aim to ensure that appropriate engagement is conducted with specific community groups. These roles are targeted, extending and adding to the engagement activities of front facing field staff e.g. Animal Control, Building, Libraries etc**
**This treatment impacts the likelihood of the risk by facilitating consideration of communication and engagement practices for community minorities, isolated groups and/or key community stakeholders.**

| | |
|---|---|
| **SIGNOFF(S):** | **Tony Whittaker** |
| **DUE DATE:** | **01 Apr 2018** |
| **FREQUENCY:** | **The first Day of every 12 months** |

**TREATMENT MC00461**

**Engagement Forum**
**The Waikato District Council Leadership Programme has the 2020 Challenge at its core and is taking the role of an Engagement Forum. Included in the programme is discussion and documentation on how to champion engagement within the organisation and how to develop plans that provide direction of engagement associated with meeting the 2020 Challenge.**

**This treatment will impact the likelihood of the risk by providing a dedicated team whose function is specific to development of engagement plans and practices within the organisation.**

| | |
|---|---|
| **SIGNOFF(S):** | **Jacob Quinn** |
| **DUE DATE:** | **01 Jul 2017** |
| **FREQUENCY:** | **1st day of every 6 months** |

**TREATMENT MC00462**

**Council operates library and Council services from a number of locations across the district. This provides outreach and accessibility for communities within the district. Along with the provision of multiple offices, late night opening hours have been implemented to accommodate availability and convenience for communities. This treatment impacts the likelihood of the risk by facilitating community engagement through the facilitation of front facing interactions.**

| | |
|---|---|
| **SIGNOFF(S):** | **Angela Parquist** |
| **DUE DATE:** | **01 Apr 2018** |
| **FREQUENCY:** | **1st day of every 12 months** |

**TREATMENT MC00463**

**TO DO**
**Review/research requirement for technology to better maintain/manage customer records for the purpose of ensuring accuracy and accessibility.**

**This treatment will impact the likelihood of the risk by improving Councils access to current, relevant information to ensure community members are accessible.**

| | |
|---|---|
| **OVERDUE** | |
| **SIGNOFF(S):** | **Mark Willcock** |
| **DUE DATE:** | **13 Apr 2017** |
| **FREQUENCY:** | **1st day of every 3 months** |

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**RESIDUAL**
**12.0**
HIGH

**INHERENT**
**20.0**

**R00188**

**TREATMENT MC00163**

**The WDC 2015-2045 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.**

**The strategy covers the following asset types:**
**- Water Treatment and supply**
**- Wastewater Treatment and Disposal**
**- Stormwater Drainage**
**- Roads and Footpaths.**

**This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.**

| | |
|---|---|
| **SIGNOFF(S):** | **Martin Mould** |
| | **Chris Clarke** |
| **DUE DATE:** | **01 Apr 2018** |
| **FREQUENCY:** | **The first Day of every 12 months** |

**FINANCIAL, POLITICAL, STRATEGIC (A&R COMMITTEE)**

## Economic & Social Development
**Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of inadequate planning, inefficient procurement and investment strategy or insufficient engagement with key stakeholders at a local, regional or national level.**
Council fails to promote and or identify opportunity for economic and social growth or fails to engage appropriately to encourage growth and development.

| | |
|---|---|
| **OWNER** | Tony Whittaker |
| **CREATED** | 9/5/2016 11:32:26 AM |
| **REVIEWED** | |
| **RISK LIKELIHOOD DESCRIPTORS** | Often (4) |
| **RISK CONSEQUENCE DESCRIPTORS** | Catastrophic (5) |
| **RESIDUAL RISK LIKELIHOOD DESCRIPTORS** | Likely (3) |
| **RESIDUAL RISK CONSEQUENCE DESCRIPTORS** | Major (4) |

**TREATMENT MC00469**

**Economic Development Strategy**
**The strategy assesses the economic profile of the district and identifies SWOT for the purpose of informing strategic direction.**
**There is a limited reference to social development within the strategy.**
**A regional economic development strategy is also in place to serve the wider community at a regional level, this strategy is aligned to the Waikato District EDS.**
**This treatment impacts the likelihood of the risk by ensuring that communities and businesses are engaged on an on-going basis, allocates effort and funding to targeted economic development initiatives and promotes the district as a viable prospect for business investment, residential and visitor (lifestyle) growth and development.**

| | |
|---|---|
| **SIGNOFF(S):** | Clive Morgan |
| **DUE DATE:** | 01 Aug 2017 |
| **FREQUENCY:** | The first Day of every 6 months |

**TREATMENT MC00470**

**District Development Strategy and relevant growth management plans (structure plans) are in place to guide development and align land use and infrastructure planning.**
**This treatment impacts the likelihood of the risk by ensuring efficiency in and documentation of planning and funding processes.**

| | |
|---|---|
| **SIGNOFF(S):** | Vishal Ramduny |
| **DUE DATE:** | 01 Aug 2017 |
| **FREQUENCY:** | The first Day of every 6 months |

**TREATMENT MC00471**

**Social Development Initiatives**
**Council has adopted a number of socially related strategies that aim to consider and provide for the social outcomes in the districts communities.**
**These include, but are not limited to:**
**- Place Making Strategy**
**- Heritage Strategy**
**- Youth Engagement Plan**
**- Grant Funding Scheme**
**Although these initiatives impact the likelihood of the risk by providing a degree of focus and resources dedicated to social development they are essentially limited as a result of no guiding social development strategy or policy (for example, the ex-Franklin Social Wellbeing Policy).**

| | |
|---|---|
| **SIGNOFF(S):** | Vishal Ramduny |
| **DUE DATE:** | 01 Aug 2017 |
| **FREQUENCY:** | The first Day of every 6 months |

**TREATMENT MC00472**

**Cross Boundary Initiatives**
**These initiatives aim to foster integrated planning across territorial boundaries, ensuring greater efficiencies and settlement planning across boundaries.**
**Example:**
**- North Waikato Infrastructure Programme Business Case,**
**- Future Proof**
**- Waikato Plan**
**- MOU Auckland COuncil**
**- National Policy Statement on Urban Development capacity (requires collaboration with HCC to make land available for infrastructure to support residential and commercial development)**
**This treatment impacts the likelihood of the risk by providing a holistic approach to economic development and preventing limitations associated with territorial authority boundaries.**

| SIGNOFF(S): | Vishal Ramduny |
| --- | --- |
| DUE DATE: | 01 Feb 2018 |
| FREQUENCY: | The first Day of every 12 months |

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RESIDUAL
**12.0**
HIGH

INHERENT
**16.0**

R00191

**BUSINESS CONTINUITY, PEOPLE, REPUTATION/ IMAGE, STRATEGIC (A&R COMMITTEE)**

## Projects & Initiatives
**Council experiences diminished public confidence, financial loss and or fails to produce required project benefits due to failure to deliver planned assets and or technologies as a result of poor delivery of programmes and projects or due to a lack of resource capability.**
Inconsistent knowledge, practices and or efficiency results in Council failing to deliver or perform against expected programme or project outcomes.

| OWNER | Tony Whittaker |
| --- | --- |
| CREATED | 9/5/2016 12:23:20 PM |
| REVIEWED | |
| RISK LIKELIHOOD DESCRIPTORS | Often (4) |
| RISK CONSEQUENCE DESCRIPTORS | Major (4) |
| RESIDUAL RISK LIKELIHOOD DESCRIPTORS | Likely (3) |
| RESIDUAL RISK CONSEQUENCE DESCRIPTORS | Major (4) |

**TREATMENT MC00430**

**Every three years Council creates Long Term Plan (LTP) works streams that capture programmed works scheduled to deliver the LTP commitments. These work streams include annual Activity Management Plans (AMPs) that dictate which programmes will be undertaken (through projects and initiatives) for the subsequent period.**

**This treatment impacts the likelihood of the risk by detailing and documenting Councils annual and triannual work plan.**

| SIGNOFF(S): | Tim Harty |
| --- | --- |
| | Sue Duignan |
| DUE DATE: | 01 Feb 2018 |
| FREQUENCY: | 1st day of every 12 months |

**TREATMENT MC00431**

**In 2010 Council introduced a business specific Project Management Framework based on best practice project management methodology. The methodology provides a common and widely understood set of processes and tools to be used across Council to:**
**1. Deliver a consistent project approach**
**2. Align projects to strategic goals and outcomes**
**3. Facilitate collaboration between organisational teams**
**4. Offer an organisational view of all project work**
**5. Improve status/progress reporting**
**6. Increase project management knowledge**
**7. Identify opportunity for improvement and development**

**This treatment impacts the likelihood by providing a higher level of transparency, by facilitating the identification and assessment of risks during planning and by providing a consistent approach to planning and managing project work.**

| SIGNOFF(S): | Kurt Abbot |
| --- | --- |
| DUE DATE: | 01 Aug 2017 |
| FREQUENCY: | 1st day of every 6 months |

**TREATMENT MC00436**

**Implementation of Project Management Forum.**
**The forum was mandated in September 2016 in response to recommendations of an external audit commissioned by Audit & Risk Committee during 2016. The Forum is primarily tasked to deliver priority recommendations that both aim to improve future project delivery at Council and provide greater consistency in project management and understanding across the organisation.**
**This treatment impacts the likelihood by promoting cross organisation buy-in and developing a consistent project minded culture.**

| SIGNOFF(S): | Kurt Abbot |
| --- | --- |
| DUE DATE: | 01 Aug 2017 |
| FREQUENCY: | 1st day of every 6 months |

**TREATMENT MC00438**

**Strategic Review Team**
**The strategic review team (SRT) was implemented in June 2015. The purpose of the SRT is:**
**- to work with ET to develop a programme of work that delivers the Our Plan objectives**
**- to support and work with Project Managers to ensure projects are set up and executed correctly**
**- provide a level of governance and reporting medium for the programme to ensure transparency in project progress**
**- make recommendations on project/programme specifics including; funding; resource allocation; prioritizing issues**
**This treatment impacts the consequence of the risk by ensuring that issues are identified and addressed in a timely manner and the likelihood by providing an additional, high level of governance and structure to projects that are likely to have strategic impact.**

| SIGNOFF(S): | Kurt Abbot |
| --- | --- |
| DUE DATE: | 01 Feb 2018 |
| FREQUENCY: | 1st day of every 12 months |

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**RESIDUAL**
**12.0**
HIGH

**INHERENT**
**16.0**

R00192

**TREATMENT MC00493**

**Council Committees**
**Council has regular committee and council meetings where proposals and issues are considered and decisions are made. The format of Committee and Council reports requires staff to refer to any legislative or policy aspects and implications, i.e. statutory authorities or duties to act, or policy consideration, pertaining to the information and recommendations of the reports. Councillors are informed of proposed, new or amended legislation at Council or Committee meetings.**

**This treatment impacts the likelihood of the risk by providing information to reduce the possibility of Council acting in contravention of statues or policies.**

| SIGNOFF(S): | Sue Duignan |
| --- | --- |
| | Tim Harty |
| | Tony Whittaker |
| DUE DATE: | 01 Apr 2018 |
| FREQUENCY: | The first Day of every 12 months |

BUSINESS CONTINUITY, COMPLIANCE/ REGULATORY, FINANCIAL, STRATEGIC (A&R COMMITTEE)

## Compliance Management
**Exposure to significant financial loss, harm and or significant business disruption as a result of failure to meet, or non-compliance with, legislative, regulatory or policy requirements.**
Council are impacted as a result of being uniformed and or failing to comply with legal requirements.

**OWNER** Tony Whittaker

**CREATED** 9/5/2016 12:23:40 PM

**REVIEWED**

**RISK LIKELIHOOD DESCRIPTORS** Often (4)

**RISK CONSEQUENCE DESCRIPTORS** Major (4)

**RESIDUAL RISK LIKELIHOOD DESCRIPTORS** Likely (3)

**RESIDUAL RISK CONSEQUENCE DESCRIPTORS** Major (4)

**TREATMENT MC00494**

**In-House Legal Team**
council has a legal team which provides advice on legislative requirements across the organisation. The team promotes early involvement and input in projects and activities in respect of legal aspects.

This treatment reduces the likelihood of Council being unaware of, or ignoring legal obligations in the course of conducting business.

| SIGNOFF(S): | Gavin Ion |
| --- | --- |
| DUE DATE: | 01 Feb 2018 |
| FREQUENCY: | The first Day of every 12 months |

**TREATMENT MC00495**

**Corporate Documents**

Long Term and Annual Plans and Reports, finance policies and documented processes mitigate Councils exposure to financial risk by documenting planning activities and financial forecasts.

This treatment reduces the likelihood of Councils planning and expenditure being undertaken in contravention of good stewardship and governance principles required under the Local Government Act 2002.

| SIGNOFF(S): | Gavin Ion |
| --- | --- |
| DUE DATE: | 01 Feb 2018 |
| FREQUENCY: | The first Day of every 12 months |

**TREATMENT MC00496**

**Council Reporting**
Regular Council function includes scheduled reporting that captures key considerations (such as financial and legal matters).

This treatment impacts the likelihood of the risk by providing Council confidence when making decisions that all pertinent legislative, regulatory and/or policy considerations have been taken into account.

| SIGNOFF(S): | Sue Duignan<br>Tony Whittaker<br>Tim Harty |
| --- | --- |
| DUE DATE: | 01 Apr 2018 |
| FREQUENCY: | The first Day of every 12 months |

**TREATMENT MC00497**

**Periodic Audit (Internal/External)**
Waikato District Council performs regular periodic audit (both internal and external) of processes and services for the purpose of identifying failures, weaknesses and/or exceptions. The audit process includes the provision of recommendations/mandate for improvement.

This treatment reduces the likelihood of non-compliance by ensuring the Council is meeting requirements and/or identifies non-compliance for action.

| SIGNOFF(S): | Kurt Abbot |
| --- | --- |
| DUE DATE: | 01 Feb 2018 |
| FREQUENCY: | The first Day of every 12 months |

# 27

**TREATMENT MC00498**

**Documented processes and systems that require/encourage process adherence.
Council uses an internal centralized repository (Promapp) to document organisational processes to allow cross organisational visibility for access and application.**

**Also, many of the organisational systems used for the purpose of capturing business work flow e.g. Property and Rating, require specific steps relating to process adherence for the user to progress with system use.**

**This treatment impacts the likelihood of the risk by providing a tool to guide users in the application of required standardised procedures, contributing to compliance management.**

**SIGNOFF(S):** **Madelina Baena-Escamilla**

**DUE DATE:** **01 Feb 2018**

**FREQUENCY:** **The first Day of every 12 months**

**TREATMENT MC00508**

**Waikato District Council employs a number of Specialist Technical Roles that contribute to Compliance Management. Recruitment procedures for these roles require evidence of capability and/or certification. Where roles are unable to be filled with fully qualified personnel, training and development is facilitated to ensure staff have the required level of specialist knowledge to perform their roles in line with compliance requirements.**

**SIGNOFF(S):** **Vanessa Jenkins**

**DUE DATE:** **30 Apr 2018**

**FREQUENCY:** **The last Day of every 12 months**

<table>
<tr><td>RESIDUAL<br>**9.0**<br>MODERATE</td></tr>
<tr><td>INHERENT<br>**12.0**</td></tr>
</table>

**R00053**

**BUSINESS CONTINUITY, STRATEGIC (A&R COMMITTEE)**

## Business Resilience
## Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.
Business is impacted as a result of Council failing to create prioritized action plans for implementation in the event of a business impact incident.

| | |
|---|---|
| **OWNER** | Kurt Abbot |
| **CREATED** | |
| **REVIEWED** | |
| **RISK LIKELIHOOD DESCRIPTORS** | Likely (3) |
| **RISK CONSEQUENCE DESCRIPTORS** | Major (4) |
| **RESIDUAL RISK LIKELIHOOD DESCRIPTORS** | Likely (3) |
| **RESIDUAL RISK CONSEQUENCE DESCRIPTORS** | Moderate (3) |

**TREATMENT MC00138**

The Business Continuity Project was completed as part of the Our Plan 2015/16 programme of work. As a result of the project the following business resilience planning and analysis has taken place;
- departmental business continuity impact analysis has been performed and documented
- Exercises associated with continuity are planned during the first half of (2017) to be embedded as an ongoing activity
- Potential governance was considered as part of the project closure resulting in the implementation of a structured incident management team (including associated communication procedures and processes) and is now monitored by the Process Improvement Forum

This impacts the consequence by identifying and prioritizing critical business function in the event of an incident. It also provides a defined method of governance and communication to ensure management, support and recovery procedures are conducted in a coordinated manner.

**TREATMENT MC00456**

Civil Defence & Emergency Management (CDEM) Waikato District Council is part of the CDEM group. The role of the group is to work in partnership with communities to ensure the effective and efficient delivery of emergency management within the Waikato region. Council employees are obligated to provide support where necessary as part of their roles (subject to situation specific circumstance). Council staff are trained in specific emergency management roles and have processes and procedures that aim to both reduce the impact of incidents and (where possible) to maintain the provision of Council services.

This treatment impacts the consequences of the risk by ensuring there is an organisational understanding of Councils commitment to maintain and manage the on-going delivery of Council services during an incident.

| | |
|---|---|
| **SIGNOFF(S):** | Kurt Abbot |
| **DUE DATE:** | 01 Dec 2017 |
| **FREQUENCY:** | 1st day of every 12 months |

| | |
|---|---|
| **SIGNOFF(S):** | Kelly Newell |
| **DUE DATE:** | 01 Aug 2017 |
| **FREQUENCY:** | 1st day of every 6 months |

**RESIDUAL**
**9.0**
MODERATE

**INHERENT**
**25.0**

**R00190**

BUSINESS CONTINUITY, PEOPLE, STRATEGIC (A&R COMMITTEE)

## People & Culture
**Business outcomes are significantly impacted due to inability to attract and or retain appropriate staff  or as a result of undesirable workplace culture.**
Council are unable to recruit or keep staff  in core service positions due to a lack of appropriately trained people, industry competition and or perceived or actual Council culture.

| | |
|---|---|
| **OWNER** | Vanessa Jenkins |
| **CREATED** | 9/5/2016 12:22:54 PM |
| **REVIEWED** | |
| **RISK LIKELIHOOD DESCRIPTORS** | Frequent (5) |
| **RISK CONSEQUENCE DESCRIPTORS** | Catastrophic (5) |
| **RESIDUAL RISK LIKELIHOOD DESCRIPTORS** | Likely (3) |
| **RESIDUAL RISK CONSEQUENCE DESCRIPTORS** | Moderate (3) |

TREATMENT MC00474

**To Do**
**Develop an HR Strategy that guides the direction Councils personnel management including but not limited to;**
**- Succession, recruitment and workforce planning**
**- Initiatives**
**- Support requirements (inc technology, market analytics and metrics)**
**This treatment impacts the likelihood by providing the structure to implement pro-active actions associated with attracting and maintaining resources.**

TREATMENT MC00475

**Maintenance of peripheral workforce.**
**Council's business groups maintain relationships with key consultancy practices for the purpose of employing specialist services and/or for providing resources where personnel vacancies exist or where it is identified that supplementary personnel are required in addition to the permanent workforce.**
**This treatment impacts the consequence of the risk by providing options for temporarily filling vacancies facilitating time for recruitment whilst maintaining business as usual.**

TREATMENT MC00476

**An organisational change program has been implemented to deliver initiatives associated with improved workplace culture and leadership. The program comprises a number of project work-streams championed by the Executive Team.**
**This treatment impacts the likelihood of the risk by providing a strategic approach to changing the organisational culture.**

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|---|---|
| **SIGNOFF(S):** | Vanessa Jenkins |
| **DUE DATE:** | 01 Aug 2017 |
| **FREQUENCY:** | The first Day of every 3 months |

| | |
|---|---|
| **SIGNOFF(S):** | Tim Harty |
| | Sue Duignan |
| | Tony Whittaker |
| **DUE DATE:** | 01 Oct 2017 |
| **FREQUENCY:** | The first Day of every 6 months |

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|---|---|
| **SIGNOFF(S):** | Gavin Ion |
| **DUE DATE:** | 01 Aug 2017 |
| **FREQUENCY:** | The first Day of every 3 months |

| RESIDUAL | | |
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| **8.0** | | |
| MODERATE | | |

| INHERENT | | |
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| **25.0** | | |

R00128

**COMPLIANCE/ REGULATORY, PEOPLE, TECHNICAL, STRATEGIC (A&R COMMITTEE)**

**Cyber Security**
**Council function is significantly interrupted and or suffers legislative breaches as a result of unauthorized access facilitating theft of privileged information, malicious code and or virus introduction due to external cyber attack or employee behaviour.**
Council systems and or processes are compromised by cyber crime resulting in significant financial and or business impact.

| OWNER | Mark Willcock |
|---|---|
| CREATED | |
| REVIEWED | |
| RISK LIKELIHOOD DESCRIPTORS | Frequent (5) |
| RISK CONSEQUENCE DESCRIPTORS | Catastrophic (5) |
| RESIDUAL RISK LIKELIHOOD DESCRIPTORS | Possible (2) |
| RESIDUAL RISK CONSEQUENCE DESCRIPTORS | Major (4) |

**TREATMENT MC00427**

**Cyber security insurance cover (CyberEdge Liability Insurance) has been purchased.**
**Inclusions listed are:**
**- Data administrative investigations**
**- Data administrative fines**
**- Electronic data**
**- Repair of policy holders reputation**
**- Repair of individuals reputation**
**- Notification and monitoring costs**
**- Forensic service costs**
**- Media content library**
**- Cyber extortion**
**- Network interruption insurance**
**This impacts the consequence of the risk by facilitating expert resources, financial support and remedial works in the event of an incident.**

| SIGNOFF(S): | **Alison Diaz** |
|---|---|
| DUE DATE: | **01 Dec 2018** |
| FREQUENCY: | **The first Day of every 12 months** |

**TREATMENT MC00428**

**IM Business Continuity Plan:**
**The IM team are developing a BCP to align the technical IT recovery procedures to the overall enterprise BCP. This will include;**
**- a communication plan**
**- prioritising the critical systems for recovery first**
**- regular tests of back up and recovering procedures**
**- simulations with various scenarios.**
**This impacts the consequence by detailing priority procedures in the case of an incident, ensures systems/process are fully functional and that staff are aware of their responsibilities and trained to manage them in the case of an event.**

| SIGNOFF(S): | **Mark Willcock** |
|---|---|
| DUE DATE: | **01 Feb 2018** |
| FREQUENCY: | **1st day of every 12 months** |

**TREATMENT MC00433**

**Cyber security is managed using best practise methodologies by using security measures at various layers of connection.**
**a) Firewalls**
**b) Server**
**c) PC**
**d) User**
**e) Physical**
**f) Wireless access**
**g) WDC website**
**This impacts the likelihood by increasing the security of the environment.**

| SIGNOFF(S): | **Mark Willcock** |
|---|---|
| DUE DATE: | **01 Feb 2018** |
| FREQUENCY: | **1st day of every 12 months** |

**TREATMENT MC00434**

**Internal and external audit and review (as part of the annual audit programme). This impacts the likelihood of the risk occurring by identifying possible weaknesses in process.**

| SIGNOFF(S): | **Mark Willcock** |
|---|---|
| DUE DATE: | **01 Feb 2018** |
| FREQUENCY: | **1st day of every 12 months** |

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**RESIDUAL**
**8.0**
MODERATE

**INHERENT**
**20.0**

R00189

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**POLITICAL, STRATEGIC (A&R COMMITTEE)**

## Regional/National Strategic Planning
## Waikato District is significantly impacted and or suffers disruption to business function as a result of local or national government reforms, decentralization and delegation of authority or through other external or internal authoritative influences.

Amendments to local or national legislation and or government practices impact Council through the requirement of significant changes to business operations.

**OWNER** Vishal Ramduny
**CREATED** 9/5/2016 12:21:58 PM
**REVIEWED**
**RISK LIKELIHOOD DESCRIPTORS** Frequent (5)
**RISK CONSEQUENCE DESCRIPTORS** Major (4)
**RESIDUAL RISK LIKELIHOOD DESCRIPTORS** Possible (2)
**RESIDUAL RISK CONSEQUENCE DESCRIPTORS** Major (4)

</td></tr>
</table>

TREATMENT MC00135

Council participates as a key stakeholder in the Waikato Mayoral forum, Waikato LASS and Future Proof. Through these initiatives Council proactively contributes to a single voice for the Waikato region to central government.

This treatment impacts the likelihood of the risk by capitalising on relationships with other councils in the region and by being part of a collaborative governance approach.

| SIGNOFF(S): | Gavin Ion |
| DUE DATE: | 01 Aug 2017 |
| FREQUENCY: | 1st day of every 3 months |

TREATMENT MC00490

The Long Term Plan (LTP) and Annual Plan process provide a basis for an assessment of legislative and other external and internal influences on the business.

This treatment impacts the likelihood of the risk be ensuring Council is adequately informed of Regional and National governance development and provides a set process to accommodate currency of information to future planning.

| SIGNOFF(S): | Tony Whittaker |
| DUE DATE: | 01 Jul 2017 |
| FREQUENCY: | 1st day of every 3 months |

TREATMENT MC00491

Through applied process Councils keeps abreast of Government's legislative pronouncements and becomes involved through the submissions process in any development that would advocate Councils best interest.

This treatment impacts the likelihood of the risk by ensuring that Council not only has the required information regarding developments but an avenue to respond/influence outcomes.

**OVERDUE**
| SIGNOFF(S): | Gudrun Jones |
| DUE DATE: | 01 May 2017 |
| FREQUENCY: | 1st day of every 3 months |

TREATMENT MC00492

Councils Chief Executive (CE) is committed to building a relationship with Wellington to facilitate open communication and ensure the organisation receives timely information and has opportunity for response and contribution.

This treatment impacts the likelihood of the risk by assisting in the timely communication of information and developments.

| SIGNOFF(S): | Gavin Ion |
| DUE DATE: | 01 Aug 2017 |
| FREQUENCY: | 1st day of every 3 months |

**TREATMENT MC00500**

**District Development Strategy**
**The purpose of the District Development Strategy is to provide the Council with a strategic spatial framework for development planning. The District Development Strategy links to the District Plan Review, the Long Term Plan, the Economic Development Strategy, the Infrastructure Strategy and the Integrated Land Transport Strategy.**

**This treatment impacts the likelihood of the risk by ensuring Councils has a plan for development that incorporates a scheduled formal review process to consider and communicate changes in direction and development planning.**

**SIGNOFF(S):** **Vishal Ramduny**

**DUE DATE:** **01 Feb 2018**

**FREQUENCY:** **The first Day of every 12 months**

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RESIDUAL
**6.0**
MODERATE

INHERENT
**16.0**

R00185

**FINANCIAL, TECHNICAL, STRATEGIC (A&R COMMITTEE)**

## Asset Management
**Failure to provide sustained delivery of core services due to deficient asset planning, forecasting and or development, inadequate knowledge of existing asset condition and or ineffective management of assets.**
Delivery of core services, including water and roading, are interrupted as a result of assets failing or becoming unfit for purpose.

| OWNER | Tim Harty |
|---|---|
| CREATED | 9/5/2016 11:06:29 AM |
| REVIEWED | |
| RISK LIKELIHOOD DESCRIPTORS | Often (4) |
| RISK CONSEQUENCE DESCRIPTORS | Major (4) |
| RESIDUAL RISK LIKELIHOOD DESCRIPTORS | Possible (2) |
| RESIDUAL RISK CONSEQUENCE DESCRIPTORS | Moderate (3) |

**TREATMENT MC00162**

**TO DO**
**Update Activity Management Policy**

**Councils Activity Management Policy provides statements on how Council will manage assets and deliver associated services in a cost effective, sustainable, well planned and coordinated manner to provide agreed levels of service. Its purpose is to outline the level of management appropriate for each activity for Council to achieve best management practice and meet statutory obligations.**

**This treatment impacts the likelihood of the risk by outlining what level of activity management the organisation is willing to commit to, therefore setting expectations for the organisation to deliver against.**

**TREATMENT MC00163**

**The WDC 2015-2045 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.**

**The strategy covers the following asset types:**
**- Water Treatment and supply**
**- Wastewater Treatment and Disposal**
**- Stormwater Drainage**
**- Roads and Footpaths.**

**This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.**

**SIGNOFF(S):** **Tim Harty**
**Sue Duignan**

**DUE DATE:** **01 Aug 2017**

**FREQUENCY:** **The first Day of every 3 months**

**SIGNOFF(S):** **Martin Mould**
**Chris Clarke**

**DUE DATE:** **01 Apr 2018**

**FREQUENCY:** **The first Day of every 12 months**

**TREATMENT MC00464**

**The National Asset Management Standards dictate and define the Councils Activity Management Plans (AMPs). The AMPs are reviewed yearly and undergo a 3 yearly re-write to feed into Councils Long Term Plan (LTP) cycle.**

**This treatment impacts the likelihood of the risk by ensuring Councils AMPs adhere with national standards.**

| | |
|---|---|
| **SIGNOFF(S):** | **Tim Harty** |
| | **Sue Duignan** |
| **DUE DATE:** | **01 Feb 2018** |
| **FREQUENCY:** | **1st day of every 12 months** |

**TREATMENT MC00465**

**Council has a number of asset management specific strategies in place and under development. These include:**
**- Parks & Facilities;**
**Toilet Strategy, Cemetery Strategy, Trails Strategy, Te Kauwhata Trails Strategy, Esplanade Strategy, Parks Strategy, Aquatic Facilities Strategy, Sport and Recreation Strategy (joint with Sport Waikato), Playground Strategy**
**- Roading;**
**Waikato Integrated land transport strategy (TO DO)**
**- Waters;**
**50 year water/wastewater/storm water strategies, 30 year infrastructure plan**

**This treatment impacts the likelihood of the risk by detailing and making visible Councils commitments for the management and maintenance of assets along with Councils commitment to level of service requirements.**

**OVERDUE**

| | |
|---|---|
| **SIGNOFF(S):** | **Martin Mould** |
| | **Chris Clarke** |
| | **Amanda Hampton** |
| **DUE DATE:** | **13 Apr 2017** |
| **FREQUENCY:** | **The first Day of every 12 months** |

**TREATMENT MC00466**

**Service Delivery performs regular and continual collection of asset data for the purpose of condition assessment. This data informs programmes of work associated with asset maintenance and renewals. Data collection sources include (but are not limited to):**
**- RAMM**
**- Asset Finder**
**- SPM**
**- dTIMS**

**This treatment impacts the likelihood of the risk by ensuring that data driven planning can take place to maintain assets. It also impacts the consequence by supplying the information required to ensure currency of asset condition reporting and any required contingency activities.**

**OVERDUE**

| | |
|---|---|
| **SIGNOFF(S):** | **Chris Clarke** |
| | **Martin Mould** |
| | **Amanda Hampton** |
| **DUE DATE:** | **13 Apr 2017** |
| **FREQUENCY:** | **The first Day of every 12 months** |

**RESIDUAL**
**4.0**
LOW

**INHERENT**
**12.0**

R00186

**BUSINESS CONTINUITY, PEOPLE, POLITICAL, STRATEGIC (A&R COMMITTEE)**

## Sub-Regional Waters CCO
**Significant disruption to business function as a result of poor engagement and communication practices, loss of resources (staff), insufficient knowledge transfer or incompatible systems and or operating procedures.**
Changes to business practice and structure impact organisational knowledge through the loss of staff, poor communication and or availability of/access to data due to system implementation.

**OWNER** Tim Harty

**CREATED** 9/5/2016 11:16:11 AM

**REVIEWED**

**RISK LIKELIHOOD DESCRIPTORS** Likely (3)

**RISK CONSEQUENCE DESCRIPTORS** Major (4)

**RESIDUAL RISK LIKELIHOOD DESCRIPTORS** Rare (1)

**RESIDUAL RISK CONSEQUENCE DESCRIPTORS** Major (4)

**TREATMENT MC00467**

**Communications Plan**
Council has in place a detailed communications plan that aims to ensure that both internal staff, external organisations (including other councils), and the public are informed of developments relating to the Waters CCO.
This plan includes, but is not limited to:
- Cross council communications updates
- Waikato Water Study Website (http://www.waterstudywaikato.org.nz/)
- Periodic internal communications specific to impacted teams
- Whole organisational communications (ad-hoc where a requirement is identified)

Regular staff updates relating to progress/changes associated with the CCO are provided to internal stakeholders via team meetings and briefs providing information forwarded from the CCO project & governance group.

This treatment impacts the likelihood by ensuring pro-active engagement both internally and externally with key stakeholders.

**TREATMENT MC00468**

**Waters Governance Group**
The group comprises three (3) political members meeting periodically to discuss and represent Council on Waters CCO decisions, future development and associated action. This group has the delegation to meet collectively with other councils and external bodies if a requirement is identified.
This treatment impacts the likelihood of the risk by ensuring Council is well informed, has an opportunity to consider developments, and, provides an avenue for internal, cross council, and, external communications pathways.

**TREATMENT MC00486**

**Waters Project Group**
The group (staff based at General Manager level) meet fortnightly to discuss CCO associated progress/changes and inform the governance group of any progress and any emerging issues or risks associated with project.

This treatment impacts the likelihood of the risk by ensuring that all stakeholders are aware of current situation and likely progress associated with CCO.

| | |
|---|---|
| **SIGNOFF(S):** | Jacob Quinn |
| **DUE DATE:** | 01 Oct 2017 |
| **FREQUENCY:** | The first Day of every 6 months |

| | |
|---|---|
| **SIGNOFF(S):** | Tim Harty |
| **DUE DATE:** | 01 Oct 2017 |
| **FREQUENCY:** | The first Day of every 6 months |

| | |
|---|---|
| **SIGNOFF(S):** | Tim Harty |
| **DUE DATE:** | 01 Oct 2017 |
| **FREQUENCY:** | The first Day of every 6 months |

**RESIDUAL**
**4.0**
LOW

**INHERENT**
**20.0**

R00183

PEOPLE, TECHNICAL, STRATEGIC (A&R COMMITTEE)

**Council Partnerships**
**Council operations are significantly impacted and or Council suffers diminished public confidence as a result of failed or inadequate delivery of services, inappropriate engagement practices or display of inconsistent values by Partnership enterprises.**

Councils reputation/operations are impacted as a result of actions, representations or conduct demonstrated by Partners and/or associates.

| | |
|---|---|
| OWNER | Tim Harty |
| CREATED | 9/5/2016 10:34:01 AM |
| REVIEWED | |
| RISK LIKELIHOOD DESCRIPTORS | Frequent (5) |
| RISK CONSEQUENCE DESCRIPTORS | Major (4) |
| RESIDUAL RISK LIKELIHOOD DESCRIPTORS | Rare (1) |
| RESIDUAL RISK CONSEQUENCE DESCRIPTORS | Major (4) |

**TREATMENT MC00483**

Council has in place a robust tender process that includes in-depth detail regarding contractual requirements.
Long term public facing contracts and partnerships are effected through rigorous contractual agreements and continuous management plans. These include terms relating to contractual service level agreements (monitored and reported against as key performance indicators), employee training plans, safety inductions (all employees), and audit expectations. Long term contracts and partnerships include (but are not limited to):
- Belgaria Aquatics
- City Care
- Franklin Trees
- Alliance
- Water Care
- HCC (for water supply & waste water treatment)

This treatment impacts the likelihood of the risk by ensuring that all partners and long term contracts are selected through compliance with Councils requirements, and, that they understand Councils expectations and commit to delivering an agreed level of service in a safety and appropriate manner.

| | |
|---|---|
| SIGNOFF(S): | Mike James<br>Elton Parata<br>Martin Mould |
| DUE DATE: | 01 Aug 2017 |
| FREQUENCY: | The first Day of every 6 months |

**TREATMENT MC00485**

**Shared Services (HCC, Waipa & WDC)**
Councils shared services agreements are managed using agreed processes and a governance structure which ensures they deliver against expectations. Arrangements include:
- Quarterly governance meetings
- Monthly operational meetings
- Auditing schedule (zero harm perspective).

This treatment impacts the likelihood of the risk by ensuring regular communication and identification of emerging risks or issues and the consequence by providing opportunity for timely governance and action where issues are identified and/or it is deemed that expectations are not being met.

| | |
|---|---|
| SIGNOFF(S): | Martin Mould |
| DUE DATE: | 01 Apr 2019 |
| FREQUENCY: | The first Day of every 12 months |

**TREATMENT MC00497**

**Periodic Audit (Internal/External)**
Waikato District Council performs regular periodic audit (both internal and external) of processes and services for the purpose of identifying failures, weaknesses and/or exceptions. The audit process includes the provision of recommendations/mandate for improvement.

This treatment reduces the likelihood of non-compliance by ensuring the Council is meeting requirements and/or identifies non-compliance for action.

| | |
|---|---|
| SIGNOFF(S): | Kurt Abbot |
| DUE DATE: | 01 Feb 2018 |
| FREQUENCY: | The first Day of every 12 months |

**TREATMENT MC00499**

**TO DO**
Implement a set protocol/process that defines how Council plans to implement new partnerships/long term contracts from the perspective of providing seamless integration of systems and resources at the point of requirements design and tender review.

This treatment aims to impact the likelihood of risk by minimizing lost efficiency and the consequence by reducing the risk of impact on customer services.

| | |
|---|---|
| SIGNOFF(S): | Sue Duignan<br>Tony Whittaker<br>Tim Harty |
| DUE DATE: | 01 Jul 2017 |
| FREQUENCY: | The first Day of every 3 months |

**TREATMENT MC00507**

**Section 17a Review**
Local authorities are under obligation to review and consider options for governance, funding and delivery of infrastructure, local public services and local regulation to ensure cost-effectiveness and quality of service.

Section 17A is one of several measures designed to encourage councils to seek efficiency, and to encourage councils to "partner" with each other and with other bodies to deliver services efficiently.

This treatment impacts the likelihood of the risk by acting to identify and therefore act against inefficiencies and/or inadequacies in the delivery of services.

| | |
|---|---|
| SIGNOFF(S): | Tony Whittaker |
| DUE DATE: | 30 Apr 2018 |
| FREQUENCY: | The last Day of every 12 months |

**Waikato DISTRICT COUNCIL**
*Te Kaunihera aa Takiwaa o Waikato*

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 08 June 2017 |
| **Prepared by** | Rajendra Java |
| | Procurement Manager |
| **Chief Executive Approved** | Y |
| **Reference/Doc Set #** | GOV1318 |
| **Report Title** | Procurement and Contract Management Review |

# 1. EXECUTIVE SUMMARY

KPMG were engaged to review the effectiveness of key controls, compliance with current procedures and identification of improvement opportunities relating to the procurement and contract management activities within the Council.

The overall rating based the review of the Councils procurement and contract management controls were found to be "Inadequate".

A high level summary of the internal finding report and recommendation is reproduced below:

**Procurement**

a) Develop a procurement strategy and ensure consistency and clarity of procurement guidelines.

b) Implement a "one-up" approval of Purchase Orders and strengthen controls to detect breach of Delegation of Authority.

c) Implement exception reporting over key supplier masterfile changes.

d) Strengthen supplier vetting and improve monitoring over duplicate supplier accounts.

e) Perform supplier rationalisation and spend monitoring.

f) Address ePO system inefficiencies and ensure controls over manual Purchase Order books in the future.

g) Formalise and document acceptable variation threshold between Purchase Order and invoice value.

h) Implement controls to detect duplicate invoice into FinanceOne.

**Contract Management**

a) Compliance with Waikato District Council's contract management policies and procedures needs to be strengthened.

b) Develop guidelines relating to tender evaluation team and criteria.

c) Implement a supplier performance measurement framework and strengthen supplier performance monitoring.

d) Strengthen tracking of supplier spend.

Points in red above have been reported as completed in earlier reports.

**Current Status**

A procurement process simplification project aimed at reducing the number and variety of templates has resulted in a set of new processes currently being subjected to peer reviews and user feedback before release.

Additional work has already begun on Supplier Rationalisation with a view to generate a list of "Preferred Suppliers" and also route the new supplier registration process through ECM workflows to address conflict of interest concerns.

Inefficiencies in ePO have been addressed via one web based login and straight through processing.  Manual purchase order books will be collected by Finance as training is rolled out across the organisation.  Some measures on one up approval through workflow will be addressed in the ePO process.

Work on processes related to contract management and reviews is yet to begin.  Contract management is not yet supported by specific software so there is no single repository for information for reporting and control.  However, the intention is to investigate options during the 2017/18 financial year.

Three separate training sessions in different formats were held during the year covering basics of procurement, our existing processes and more advanced techniques to help structure tender documents and evaluation criteria.  The focus in the coming year will be to provide training to staff on the "simplification" changes and improvements made based on user experience to increase effectiveness of procurement processes and outcomes.  Some key staff members are being encouraged to seek enrolment into the NZQA qualification for infrastructure procurement procedures to build internal champions of best practices.

## 2.    RECOMMENDATION

**THAT the report from the General Manager Strategy & Support be received.**

## 3.    ATTACHMENTS

NIL

**Waikato**
DISTRICT COUNCIL
*Te Kaunihera aa Takiwaa o Waikato*

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 12 June 2017 |
| **Prepared by** | Mark Willcock |
| | Chief Information Officer |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / 1737183 |
| **Report Title** | WannaCry Cyber Threat Update |

## 1.   EXECUTIVE SUMMARY

Overview

The WannaCry ransomware attack was a worldwide cyberattack by the WannaCry ransomware cryptoworm, which targeted computers running the Microsoft Windows operating system by encrypting data and demanding ransom payments in the Bitcoin cryptocurrency.

The attack began on Friday, 12 May 2017, and within a day was reported to have infected more than 230,000 computers in over 150 countries.  The Waikato District Council was not infected, and no infections were reported in New Zealand.

Several hours after the initial release of the ransomware, a researcher accidentally discovered what amounted to a "kill switch" hardcoded in the malware.  While this did not help already infected systems, it severely slowed the spread of the initial infection and gave time for defensive measures to be deployed worldwide.

Actions Taken

The Information Management team at the Waikato District Council undertook the following steps after hearing of the threat:

- Emailed all staff warning them of the outbreak and reminding them to check with Information Management about any suspicious emails;

- Held a preparatory planning meeting to refine the actions if the organization was infected;

- Ensured we had a good back up from the previous weekend;

- Reviewed firewall rules against the known information to reduce the threat (stopped access points based on what was known); and

- Applied the most recent security patches to servers and PCs.

<u>Lessons Learnt</u>

We need to remain vigilant.  An example of this occurred a month earlier with lower profile threat.  At that time we did several of the steps above, and because the threat was slightly different, also changed the security level of several staff to further reduce risk.

An improved proactive program of server patching was already under development.  This has been accelerated.

## 2.    RECOMMENDATION

**THAT the report from the General Manager Strategy & Support be received.**

## 3.    ATTACHMENTS

NIL

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 30 May 2017 |
| **Prepared by** | Alison Diaz |
| | Finance Manager |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / |
| **Report Title** | 2016/17 Annual Report Risk Assessment |

## 1. EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit & Risk Committee with an assessment of key issues that may impact on the preparation of the 2016/17 Annual Report, related audit requirements and mitigation measures to be employed.

## 2. RECOMMENDATION

**THAT the report of the General Manager Strategy & Support be received.**

## 3. BACKGROUND

Financial preparations are well underway and staff have compiled a detailed Annual Report/Audit timetable based on the previous year's audit process. A project team has been established to ensure that the Annual Report documents present an accurate account of Council's performance during 2016/17 and that audit requirements are met in full.

## 4.   DISCUSSION

### 4.1   AUDIT NEW ZEALAND

The Audit Arrangements letter identifies the following areas of focus:

1.  *Property, plant & equipment*

    Assets will be valued in accordance with PBE IPSAS 17.  All infrastructure assets are to be revalued this year.  The scope of the valuation, the competence of the valuer, the completeness of data and reasonableness of assumptions will all be reviewed.  The valuer will need to provide assurances that the valuation has been completed in accordance with valuation and accounting standards.

    **Risk assessment re ability to deliver: Low**

    **As noted all infrastructural assets will be revalued.  Land and Building (operational and restricted assets) will also be revalued.  This has been brought forward in part to assist with the starting position for the 2018-28 Long Term Plan.**

2.  *Development contributions*

    Development and financial contributions form a significant part of revenue and funding for capital projects amounting to $9.5 million in 2015/16.  The long-term plan development contributions budget for 2016/17 is $8 million.  The council's controls will be reviewed to check that contributions are being charged in accordance with the policy.  The use and application of development contribution funds will also be reviewed.  Accounting treatment of assets that have been vested will also be reviewed for compliance with accounting standards.

    **Risk assessment re ability to deliver: Low**

    **Processes have been reviewed over the past year to ensure successful implementation of Councils new policy.  This activity is supported by a dedicated Development Contributions Coordinator role and in 2016/17 we have implemented a new software module within our enterprise system to support the assessment and invoicing of development contributions.  Use of development contributions is linked directly to the funding of the individual projects.  There is a process to manage development contribution related assets that may be vested to council as part of a subdivision.**

3.  *Contract management*

    Contract management is an important component of procurement, being the effective management and monitoring of the delivery of goods or services to the agreed levels.  It is essential that Council obtains value for money from the contracts its procurement processes have put in place.  The previous audit made recommendations for continuous improvement in procurement and contract management.  Progress on these recommendations will be reviewed, particularly processes and practices relating to

contract management. Where particular risks are identified additional work may be carried out to review policies, procedures or approach to contract management in practice.

**Risk assessment re ability to deliver: Medium**

**Contract management is not yet supported by specific software so there is no single repository for information. However, the intention is to investigate options during the 2017/18 financial year.**

4. *Statement of service provision*

Systems, processes and controls that the council has put in place to accurately report against LTP performance measures will be reviewed. There will also be focus on the quality of the overall story being told by the performance reporting, the reliability and accuracy of the reporting and the completeness of reporting against the framework outlined in the LTP.

**Risk assessment re ability to deliver: Low**

**LTP performance measures are reported on monthly. There are a number of annual measures which are yet to be completed; however, these results will come from one survey so the risk of not reporting on any measures, new or otherwise, is low. Quarterly reporting has shown a positive improvement on the number of targets being met overall.**

5. *Vesting assets from the New Zealand Transport Agency (NZTA)*

The construction of the Rangiriri and Huntly sections of the Waikato Expressway has commenced, with completion expected in 2017 and 2020 respectively. Once completed the sections of previous state highway will be transferred to Council. The expectation is that this will increase the roading maintenance expenditure. When the vesting occurs the accounting treatment will be checked for compliance with accounting standards.

**Risk assessment re ability to deliver: Low**

**Despite a budgeted amount, Council does not expect any vestment of these assets in the 2016/17 financial year or immediately after balance date.**

6. *Management Override*

Professional standards require us to assess risks in all audits we perform including the risk of management override of control. Management are in a powerful position to perpetrate fraud due to its ability to override controls that appear to be operating effectively. Substantive audit procedures will be undertaken, including review of journal entries, accounting estimates and significant transactions that are outside normal course of business. Random sampling will be used to incorporate unpredictability. An assessment on relevant controls will be undertaken to ensure controls are designed to reduce the risk of override.

**Risk assessment re ability to deliver: Medium**

**Based on the internal audit work completed during the year on internal audits including externally conducted internal audits, there may be risk that recommendations have not yet been delivered upon.**

7. *Areas of interest for all local authorities*

Other areas that will be addressed relate to Debenture Trust Deed compliance, compliance with the Local Government (Rating) Act 2002, whether elected member remuneration and allowances were paid as per the Local Government Elected Members Determination, whether the Summary Annual Report contains the major matters of the Annual Report and that it complies with PBE FRS43 and appropriate disclosures have been made throughout the Annual Report (such as severance payments and regulatory requirements).

## 4.2    TIMING RISK

In addition to the Audit New Zealand areas of focus, the following items have been identified as possible timing risks for meeting the audit timeframes:

8. *Timing of Strada Corporation Limited audit*

It is our understanding that the same external agency (Deloitte's) will be preparing the annual accounts.

**Mitigation measures:**

**Staff will request a meeting with the external agency when appointed to discuss timeframes and interdepencies.  We have been unable to confirm the timetable at the time of writing this report.**

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 14 June 2017 |
| **Prepared by** | Alison Diaz |
| | Finance Manager |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / |
| **Report Title** | Audit Arrangement Letters |

## 1. EXECUTIVE SUMMARY

Audit Arrangement Letters are attached for the Audit & Risk Committee's information.

## 2. RECOMMENDATION

**THAT the report from the General Manager Strategy & Support be received.**

## 3. ATTACHMENTS

- Audit Engagement Letter dated 28 April 2017
- Audit Arranagement Letter for the year ending 30 June 2017 dated 28 April 2017
- Proposal to conduct the audit of Waikato District Council on behalf of the Attorney General for 2017, 2018 and 2019 financial years dated 28 April 2017

**AUDIT NEW ZEALAND**
Mana Arotake Aotearoa

28 April 2017

<div align="right">
Level 6
280 Queen Street
PO Box 1165, Auckland 1140
www.auditnz.govt.nz
Fax: 09 366 0215
</div>

Allan Sanson
Mayor
Waikato District Council
Private Bag 544
Ngaruawahia 3742

Dear Allan

## Audit engagement letter

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the auditor of all "public entities", including the Waikato District Council (the District Council) under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the District Council's financial statements and performance information. We will be carrying out these annual audits on the Auditor-General's behalf, for the years ending 30 June 2017 to 30 June 2019.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and

- the respective responsibilities of the Council and me as the Appointed Auditor for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council's financial statements and performance information; and

- to report on other matters relevant to the Council's financial and other management systems that come to our attention, need improvement or are significant (for example, non-compliance with statutory obligations or a lack of probity).

We will carry out the audit in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). They require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the District Council's financial statements and performance information are free from material misstatements.

A.1.6 - H618WaikatoDC17J - 30-06-2017

- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and

- its decisions and actions have been taken with due regard to financial prudence.

We expect the Council and/or the individuals within the District Council with delegated authority to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The Council should have documented policies and procedures to support its general responsibilities. It should also regularly monitor performance against its objectives.

The Council has certain responsibilities relating to the preparation of the financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. We assume that members of the Council are familiar with those responsibilities and, where necessary, have obtained advice about them.

## Our responsibilities

### Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements and performance information of the District Council:

- comply with generally accepted accounting practice; and

- presents fairly, in all material aspects its position and performance.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we consider internal control relevant to the Council's preparation of the financial statements and performance information, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

Please note that the audit does not relieve the Council of its responsibilities. The Auditor-General expects members of the Council to be familiar with those responsibilities and, where necessary, to have obtained advice about them.

Please note that the Auditor-General may publically refer to matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

## Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the enclosed copy of the letter in the space provided and returning it to me. The terms will remain effective until a new Audit Engagement Letter is issued.

Appendix 2 contains some additional "other" responsibilities for the audit.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely
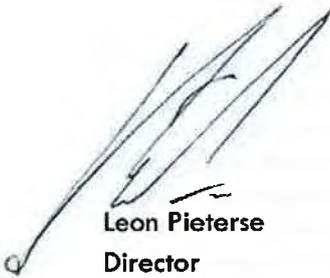
Leon Pieterse
Director
On behalf of the Auditor-General

*I acknowledge the terms of this engagement and that I have the required authority on behalf of the Council.*

Signed _____    Date ___3/5/17.___
    Allan Sanson
    Mayor

| Responsibilities of the Council | Responsibilities of the Appointed Auditor |
|---|---|
| | • the appropriateness of the content and measures in any non-financial accountability statements; |
| | • the adequacy of all disclosures in the financial statements and performance information; and |
| | • the overall presentation of the financial statements and performance information. |
| | We will ask you for written confirmation of representations made to us about the financial statements and performance information. In particular, we will seek confirmation that: |
| | • the adoption of the going concern assumption is appropriate; |
| | • all material transactions have been recorded and are reflected in the financial statements and performance information; |
| | • all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed; and |
| | • uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. |
| | Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries. |
| **Responsibilities for the accounting records** | |
| You are responsible for maintaining accounting and other records that: | We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information. |
| • correctly record and explain the transactions of the District Council; | If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion. |
| • enable you to monitor the resources, activities, and entities under its control; | |
| • enable the District Council's financial position to be determined with reasonable accuracy at any time; | |
| • enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and | |
| • are in keeping with the requirements of the Commissioner of Inland Revenue. | |

| Responsibilities of the Council | Responsibilities of the Appointed Auditor |
|---|---|
| **Responsibilities for compliance with laws and regulations** | |
| You are responsible for ensuring that District Council has systems, policies, and procedures (appropriate to the size of the District Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the District Council are complied with. Such systems, policies, and procedures should be documented. | We will assess whether you have systems, policies, and procedures to ensure compliance with those legislative, regulatory, and contractual requirements that are relevant to the audit. We will either perform specific audit tests to assess whether you have complied with statutory requirements that are relevant to the audit or will maintain an awareness for possible non-compliance that may be relevant to the audit. The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance. We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws, regulations, and contractual requirements that we consider may be relevant. |
| **Responsibilities to establish and maintain appropriate standards of conduct and personal integrity** | |
| You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a "Code of Conduct" and, where applicable, support the "Code of Conduct" with policies and procedures. The expected standards of conduct and personal integrity should be determined by reference to accepted "Codes of Conduct" that apply to the public sector. | We will have regard to whether you maintain high standards of conduct and personal integrity. Specifically, we will be alert for significant instances where members and employees of the District Council may not have acted in accordance with the standards of conduct and personal integrity expected of them. The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant instances of departure from expected standards of conduct and personal integrity. The Auditor-General, on receiving a report from us, may, at their discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry. |

# Appendix 2: Other responsibilities

To meet the reporting deadlines, we are dependent on receiving the District Council's financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements, comply with generally accepted accounting practice and present fairly, in all material respects, the activities and position of the District Council and are supported by proper accounting records and complete accounting records and complete evidential documentation.

We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.

The workpapers that we produce in carrying out the audit are the property of the Auditor-General. Workpapers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.

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 you 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 is without 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 you 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

28 April 2017

Level 6
280 Queen Street
PO Box 1165, Auckland 1140
www.auditnz.govt.nz
Fax: 09 366 0215

Allan Sanson
Mayor
Waikato District Council
Private Bag 544
Ngaruawahia 3742

Dear Allan

## Audit for the year ending 30 June 2017

I am writing to outline our arrangements for the audit of Waikato District Council for the year ending 30 June 2017. This letter has two main sections – an agreement to be signed, and details of the audit.

### Agreement to be signed

On the next page is an agreement that you need to sign. Your signature confirms that the details of the audit match your understanding of the arrangements for this year's audit.

Please sign and return one copy of the agreement, along with a copy of the details of the audit, by 19 May 2017.

### Details of the audit

Here we set out the proposed arrangements for this year's audit. These include:

- areas of emphasis for the audit of the District Council and our audit response;

- areas of interest for all local authorities; and

- logistics (such as our audit team, timing, and fees).

### Additional information attached

We have attached three appendices for your information:

- Appendix 1: Areas of interest for all local authorities;

- Appendix 2: Additional information about the audit; and

- Appendix 3: Information we will need, with space for you to record who will take responsibility for providing this information and when it will be available.

A.9.1 - H618WaikatoDC17J - 30-06-2017

A BUSINESS UNIT OF THE CONTROLLER AND AUDITOR-GENERAL

Please take the time to read this document thoroughly before returning the signed agreement. If there are additional matters that should be included, or any matters requiring clarification, please contact me.

Yours sincerely
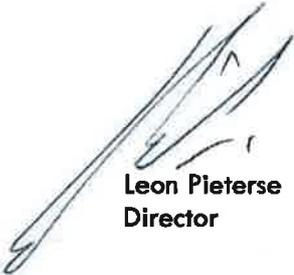
Leon Pieterse
Director

_____

## Agreement to be signed

*I acknowledge that the details of the audit set out here are in keeping with my understanding of the arrangements for the audit.*

Signed _____ Date ___3/4/17.___
Allan Sanson
Mayor

## Details of the audit

### 1 Introduction

This document sets out the arrangements for the audit of Waikato District Council (the District Council) for the year ending 30 June 2017. These include:

- areas of emphasis for the audit of the District Council and our audit response;

- areas of interest for all local authorities; and

- logistics (such as our audit team, timing, and fees).

### 2 Areas of emphasis for the audit of the District Council and our audit response

Based on the planning work and discussions that we have completed to date, we have identified the areas which we consider audit emphasis. This includes business risks and issues facing the District Council that may result in risks of material misstatement in the District Council's financial statements and/or service performance reporting. As part of the wider public sector audit, we are also required to be alert to issues of effectiveness and efficiency, waste and a lack of probity or financial prudence (as set out in the Audit Engagement Letter issued during April 2017).

The table below sets out the risks and issues that we have identified in line with these requirements. The left-hand column describes these risks and issues. In the right-hand column, we describe how we plan to respond to these during the audit.

### 2.1 Areas of emphasis for the audit

| Areas of audit focus | Our audit response |
|---|---|
| **Property, plant and equipment** | |
| In line with the District Council accounting policies, infrastructure assets, land and buildings are periodically revalued.<br>PBE IPSAS 17, Property, Plant and Equipment, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. For those asset classes that are not earmarked to be revalued this year, the District Council needs to do a fair value assessment to determine whether a revaluation is required or not. It is important that this assessment is made at an early stage to avoid the risk of this becoming an issue at a late stage of the audit. | We understand that the District Council is intending to revalue the infrastructure assets this year. We will review the scope of the valuation, assess the competence of the valuer, the completeness of data and the reasonableness of the assumptions underlying the valuation.<br>We will seek assurances from the valuer that the valuation has been completed in accordance with valuation and accounting standards.<br>We will also review the accounting adjustments and disclosures made for compliance against PBE IPSAS 17. |

| Areas of audit focus | Our audit response |
|---|---|
| **Development contributions** | |
| Development contributions form a significant part of the revenue and funding for capital projects in those areas of significant growth. This amounted to $9.5 million in the 2015/16 financial year. (The Long Term Plan (LTP) budget for 2016/17 is $8 million.) | We will review the District Council's controls to check that development contributions are charged in accordance with the new development contribution policy. We will confirm that the use and application of development contribution funds are appropriate and correctly accounted for. We will also ensure that the accounting treatment of assets that have been vested to the District Council complies with accounting standards. |
| **Contract management** | |
| Contract management is an important component of procurement. Contract management includes the effective management and monitoring of the delivery of goods or services to the agreed service levels. Good monitoring is essential to ensure the District Council obtains value for money from the contracts. During the previous audit we made some recommendations for continuous improvements in procurement and contract management at the District Council. | We will follow up on progress made on our previous recommendations, particularly improvements made for processes and practices relating to contract management. Where we identify particular risks related to contract management we may carry out additional work to review the District Council's policies, procedures or approach to contract management in practice. |

## 2.2    Other areas of audit interest

| Areas of audit focus | Our audit response |
|---|---|
| **Statement of service performance** | |
| We understand the District Council implemented appropriate systems to collect, record and analyse data that supports the performance information measures. These systems need to include appropriate internal controls to provide assurance over the integrity of this information. | We will review the systems, processes and controls the District Council has put in place to accurately report against their performance measures. Our audit work will also focus on: <br>• the quality of the overall "story" the performance reporting tells; <br>• the reliability/accuracy of the reporting; and <br>• the completeness of the reporting against the performance framework as outlined in the LTP. |

| Areas of audit focus | Our audit response |
|---|---|
| **Vesting assets from New Zealand Transport Agency (NZTA)** | |
| The construction of the Rangiriri and Huntly sections of the Waikato Expressway has commenced. When these sections have been completed the District Council will receive a portion of roading that was previously part of State Highway One (SH1) from NZTA. The Huntly section is not expected to be completed until 2020 and the Rangiriri section is nearing completion and expected to be completed in 2017.<br><br>The additional roading assets will increase the District Council's expenditure on roading maintenance in the future. | We will continue to maintain a watching brief of this issue. When the vesting occurs we will ensure the accounting treatment is in compliance with the accounting standards. |
| **Management override** | |
| Professional auditing standards require us to consider fraud risks in all audits we perform, including the risk of management override of control.<br><br>The District Council's management is in a powerful position to perpetrate fraud due to its ability to override controls that appear to be operating effectively. | We will carry out substantive audit procedures, including a review of journal entries, accounting estimates and significant transactions that are outside normal course of business.<br><br>We will incorporate an element of unpredictability in our audit testing through random sampling.<br><br>We will also assess whether relevant controls are designed effectively in a way that reduces the risk of override. |

We will also follow up on progress made by the District Council in its response to our previous recommendations.

As well as the risks and issues noted above, there are a number of other areas of audit focus common to the local authorities sector. Refer to Appendix 1 for details.

Please tell us about any additional matters that we should be aware of as your auditor, and any specific significant business risks that we have not covered.

## 3 Logistics

### 3.1 Our audit team

The Audit New Zealand staff involved in the audit are:

| | |
|---|---|
| Leon Pieterse | Director |
| Maree Procter | Audit Manager |
| Kataraina Macown | Audit Supervisor |
| Robyn Dearlove | Information Systems Auditor |
| Jason Biggins | Tax Director |

## 3.2 Important dates in the audit process

Our proposed timetable is:

| | Date |
|---|---|
| First interim audit begins | 6 March 2017 |
| Second interim audit begins | 19 June 2017 |
| Draft interim detailed management report issued | 3 July 2017 |
| Management comments received on the draft interim report | 14 July 2017 |
| Final interim detailed management report issues (including management comments) | 19 July 2017 |
| Draft annual report and summary annual report available for audit | 23 August 2017 |
| Final audit begins | 28 August 2017 |
| Final annual report[1] and summary annual report available[2] for audit | 18 September 2017 |
| Verbal audit clearance given | 27 September 2017 |
| Detailed final detailed management report issued | 27 September 2017 |
| Management comments received on the draft final report | 6 October 2017 |
| Audit opinion issued | 9 October 2017 |
| Final detailed management report issued (including management comments) | 9 October 2017 |

## 3.3 Our interim audit visit

We will carry out the interim audit visits during March and June 2017. During these visits, we will focus on updating our understanding of the District Council's internal control. This includes reviewing the control environment, risk assessment processes and relevant aspects of the information systems controls. We will use the results of this assessment to determine how much we can rely on the information produced from your systems during our final audit.

## 3.4 Our final audit visit

Our final audit is scheduled to start on 28 August 2017 and is expected to last three weeks. During this visit we will be auditing the balances, disclosures, and other information included in your financial statements.

## 3.5 Professional fees

Our audit fee estimate for the year ending 30 June 2017 is $151,000 plus disbursements (GST exclusive). This is as agreed in the Audit Proposal Letter dated 28 April 2017.

The fee is an estimate and assumes the expectations discussed in Appendix 1 will be met. If this does not occur, or the scope of the audit changes, we will discuss this further with you.

---

[1] Annual report, including any Chair's and Chief Executive's overview or reports.
[2] Financial statements incorporating all the amendments agreed to between District Council and Audit New Zealand.

| We propose to bill as follows: | Amount |
|---|---|
| April 2017 | 40,000 |
| June 2017 | 30,000 |
| August 2017 | 30,000 |
| September 2017 | 40,000 |
| October 2017 | 11,000 |
| | $151,000 |

To ensure we can complete the audit within the proposed time frame (see section 3.2) and agreed fee, it is critical that you make appropriate supporting documentation available to us on a timely basis. If this is not the case, it is likely to result in cost overruns, which we will seek to recover from you. To help you prepare for the audit, a schedule of the information that we will need for the audit is included in Appendix 3.

# Appendix 1: Areas of interest for all Local Authorities

As well as the risks and issues noted above, there are also a number of other concerns common to the local government sector. The table below outlines our areas of interest for this year's audit. The left column describes each matter and the reasons for our interest. The right column describes how we plan to address each matter during the audit.

| Areas of interest | Our audit response |
|---|---|
| **Debenture trust deed audit engagement information** | |
| The District Council has set up a debenture trust to allow it to borrow against future rates Income or other assets. The debenture trust deed requires us to issue a certificate to the Trustees of the debenture trust, at the end of the year. | We will report on borrowing balances as well as whether we have identified any breaches of the debenture trust deed. The specific reporting requirements are set out in the debenture trust deed. This work is undertaken as a separate audit and documentation for that audit will be provided separately. |
| **Rates** | |
| Rates are Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The District Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation. | For 2017, we will again consider the District Council's compliance with key aspects of the LGRA that could materially impact on the financial statements. Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS), and reviewing a sample of differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA. We will also follow up any issues identified from our earlier review of rates. |
| | We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. It is the District Council's responsibility to ensure that it complies with all aspects of applicable laws and regulations. |

| Areas of interest | Our audit response |
|---|---|
| **Elected members – remuneration and allowances** | |
| The Local Government Act gives the Remuneration Authority responsibility for setting the remuneration of local government elected members. The Authority also has the role of approving a Local Authority's policy on allowances and expenses.<br><br>The District Council's annual report must disclose the total remuneration received by or payable to each member of the local authority in the reporting period.[3] A local authority must disclose remuneration paid or payable to each member from both the local authority and any Council organisation of the local authority. | We will assess the District Council's compliance with the requirement to disclose the remuneration of each member of the local authority in the annual report against the relevant Local Government Elected Members Determination and any amendment to that Determination. |
| **Summary Annual Report** | |
| A local authority is required to prepare and make publicly available a summary of its annual report which represents, fairly and consistently, the information regarding the major matters dealt with in the annual report[4] within one month of adopting its annual report.<br><br>In an election year, local authorities must be careful about the content of summary annual reports and not include any "electioneering" content. | We will review the content of the Summary Annual Report and report on whether it "fairly and consistently" represents the major matters in the annual report as well as whether the District Council has complied with PBE FRS-43: *Summary Financial Statements*. |
| **Disclosure of severance payments** | |
| In March 2012 the Office of the Auditor General published "Severance Payments: A Guide for the Public Sector". It includes a chapter on the statutory and financial reporting disclosure requirements.<br><br>The local authority is required to disclose the amount of any consideration (monetary or otherwise) agreed with an employee to achieve an agreement to leave. The intention is to capture payments made for *an employee's agreement to end their employment* rather than employee benefits that they would be entitled to had they simply resigned or retired. | We will confirm that any severance payments made to staff have been appropriately disclosed within the annual report. |

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[3] Schedule 10, clause 18, Local Government Act 2002.
[4] LGA sections 98(4) & (5).

| Areas of interest | Our audit response |
|---|---|
| Payments that require disclosure include voluntary redundancy payments, or redundancy payments exceeding any entitlements in the employment contract, and where an employee has agreed to accept a severance payment and to end their employment in the context of an employment dispute. Such payments are often made as part of a settlement agreement, and the components of the severance payments will be separately identified in such agreements. The payments may include a compensatory payment for hurt or humiliation that may be tax free, or the employee's legal expenses. | |
| **Financial reporting disclosures** | |
| Schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 detail disclosures to be included in the Annual Report. The District Council should review these requirements to ensure all disclosures have been included in the annual report. | We will confirm whether all the disclosures required by schedule 10 of the Local Government Act and the Local Government (Financial Reporting and Prudence) Regulations 2014 have been appropriately included in the District Council's annual report. |

# Appendix 2: Additional information about the audit

## Our reporting protocols

### Management reports

We will provide a draft of all management reports to management for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 8-10 working days. Once management comments are received the report will be finalised and provided to the Council.

### Reporting of misstatements

We will include details of all uncorrected misstatements in our management report. Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of the District Council's financial statements.

During the audit, we will provide details of any such misstatements we identify to an appropriate level of management. We will ask for each misstatement to be corrected in the District Council's financial statements. Where management does not wish to correct a misstatement we will seek written representations from representatives of the District Council's governing body that specify the reasons why the corrections will not be made.

## Our expectations of you to enable an efficient audit

To enable us to carry out our audit efficiently within the proposed audit fee, we expect that:

- the District Council will provide us with access to all relevant records and provide information in a timely manner;

- your staff will provide an appropriate level of assistance;

- the financial statements will be available at the start of the final audit, include all relevant disclosures, and be fully supported by a detailed workpaper file; and

- the annual report and financial statements (including the statement of service performance) will be subjected to appropriate levels of quality review before submission for audit.

Our audit fee is based on the assumption that we will review no more than two sets of the draft annual report, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report for publication on the District Council's website.

## How we consider your compliance with statutory authority

As part of the Auditor-General's mandate, we carry out an audit of compliance with statutory authority. Our audit is limited to obtaining assurance that you have complied with certain laws and regulations that may directly affect the District Council's financial statements or general accountability. Our audit does not cover all of the District Council's requirements to comply with statutory authority.

Our approach to this aspect of the audit will mainly involve assessing the systems and procedures that are in place to ensure compliance with certain laws and regulations that we consider to be significant. We will also complete our own checklists covering the key requirements of significant legislation. In addition, we will remain alert for any instances of non-compliance that come to our attention. We will evaluate the relevance of any such non-compliance to our audit.

# Appendix 3:  Information we will need

In the table below we have listed the information that we will need during the audit. It would be helpful if you could record in the table who will take responsibility for preparing this information and when you expect it to be available. This will help us to plan the audit.

| Information we will need | First interim visit | Second interim visit | Final audit visit |
|---|---|---|---|
| **Policies** | | | |
| Delegations of authority policy. | ✓ | | |
| Procurement policy, procedures and guidelines. | ✓ | | |
| Contract management policy, procedure and guidelines. | ✓ | | |
| Project management policies, procedures and guidelines. | ✓ | | |
| Sensitive expenditure policy. | ✓ | | |
| Risk management policy, procedures and guidelines. | ✓ | | |
| Conflict of interest policy, procedures and guidelines. | ✓ | | |
| Fraud policy. | ✓ | | |
| **Draft financial statements** | | | |
| A complete set of financial statements with all balances that agree to supporting "leadsheets". These should include the accounting policies, a Statement of Comprehensive Revenue and Expense, a Statement of Financial Position, a Statement of Cash Flows, and the notes to the accounts. | | | ✓ |
| A draft Statement of Service Performance. | | | ✓ |
| A draft summary annual report. | | | ✓ |
| **Final draft financial statements** | | | |
| Financial statements incorporating all the amendments agreed to between the District Council and Audit New Zealand. | | | ✓ |
| **Annual report** | | | |
| Annual report, including the Chair's and Chief Executive's overview or reports. | | | ✓ |
| **General information** | | | |
| A listing of individual contracts the District Council currently has. | ✓ | | |
| A listing of the top 10 suppliers by value. | | | |
| Listing of the top five significant, high risk, high value procurements. | ✓ | | |
| Listing of the top 10 projects the District Council currently has. | ✓ | | |
| A copy of the District Council's risk register. | ✓ | | |

| Information we will need | First interim visit | Second interim visit | Final audit visit |
|---|---|---|---|
| A copy of the conflict of interests register. | ✓ | | |
| Supporting schedules for all balances with figures for the current year, budget and last year, along with the dollar and percentage movement. Explanations for variances ± 10% or $200,000. | | | ✓ |
| Supporting schedules that agree to the general ledger and to the financial statements, with supporting documentation for any adjustments between the general ledger and the financial statements. | | | ✓ |
| Additional, more detailed, supporting schedules where balances are made up of a number of GL accounts providing the applicable GL code. This should clearly show which ledger account codes combine to form each individual figure in the financial statements. | | | ✓ |
| Workpapers clearly documenting how the figures in the Statement of Cash Flows were calculated. | | | ✓ |
| Reconciliation of all figures in the Statement of Cash Flows back to the Statement of Comprehensive Revenue and Expense and Statement of Financial Position and supporting schedules. | | | ✓ |
| Copy of the trial balance. | | | ✓ |
| **Minutes** | | | |
| Council and sub-committee minutes for the year ending 30 June 2017 and all subsequent minutes up to the date the audit opinion is signed. | ✓ | ✓ | ✓ |
| **Journals** | | | |
| Listing of all journal entries for the year. | | | ✓ |
| **Cost allocation** | | | |
| Supporting schedule showing total expenditure by activity. | | | ✓ |
| Report showing allocation of costs to each activity. | | | ✓ |
| Description of methodology used for allocating costs to the activities. | ✓ | | |
| Details of any changes to cost drivers or "pre-determined rates": | ✓ | | |
| • between this year and last year; and | | | |
| • during this year. | | | |
| **Cash and bank** | | | |
| List of all bank accounts and bank account numbers. | ✓ | ✓ | |
| List of authorised cheque signatories as issued to the banks identified above. | ✓ | | |

| Information we will need | First interim visit | Second interim visit | Final audit visit |
|---|---|---|---|
| Monthly bank account reconciliations to 30 June 2017. | ✓ | ✓ | ✓ |
| Confirmation of any other bank arrangements. | ✓ | | |
| Details of last cheque issued and last deposit made for the year. | | | ✓ |
| Details of the first cheque issued and first deposit made for the new financial year. | | | ✓ |
| Approved banking policies. | ✓ | | |
| All bank statements from the start of the financial year until the date of the audit. | ✓ | ✓ | ✓ |
| **Debtors** | | | |
| Debtors listing, reflecting gross receivable and ageing. | | | ✓ |
| Sundry debtors accrual schedule. | | | ✓ |
| Reconciliation of debtors listing to general ledger. | | | ✓ |
| Details of provision for doubtful debts calculation. | | | ✓ |
| Schedule of all debtors written off during the period. | | | ✓ |
| Debtor account reconciliations for the year to 30 June 2017. | ✓ | ✓ | ✓ |
| **Prepayments** | | | |
| Listing of all year-end prepayments. | | | ✓ |
| **Property, plant and equipment (including infrastructure)** | | | |
| Fixed asset register. | | | ✓ |
| Details of asset maintenance and management plans. | ✓ | ✓ | |
| Movement reconciliation for the year outlining additions, disposals, and depreciation. | | | ✓ |
| Supporting documentation for additions/disposals and write-off of any assets. | ✓ | ✓ | ✓ |
| Reconciliation of fixed asset register to the general ledger. | ✓ | ✓ | ✓ |
| Schedule of capital work in progress at 30 June 2017 and an indication of when each asset is likely to start accruing benefits and when it is likely to be operational. | | | ✓ |
| **Creditors and accruals** | | | |
| Complete listing of accruals as at 30 June 2017. | | | ✓ |
| Supporting documentation for all accruals over $500,000. | | | ✓ |
| Reconciliation of creditors control to the general ledger. | | | ✓ |
| **Suspense accounts** | | | |
| Reconciliation of all suspense accounts. | | | ✓ |

| Information we will need | First interim visit | Second interim visit | Final audit visit |
|---|---|---|---|
| **Equity** Supporting documentation for any movement in equity not attributable to the net surplus or deficit. | | | ✓ |
| **Commitments** Schedule of commitments at 30 June 2017. | | | ✓ |
| Supporting documentation for all commitments. | | | ✓ |
| **Contingencies** Schedule of all contingencies and guarantees at 30 June 2017. | | | ✓ |
| Supporting documentation for all individual items. | | | ✓ |
| Names and addresses of all solicitors/barristers used by the Waikato District Council and descriptions of matters and estimates of the financial settlement. (A legal letter template to be provided by us.) | | ✓ | |
| **Tax** GST returns to 30 June 2017. A reconciliation of the balance of GST payable in the general ledger to the last GST return. | ✓ | ✓ | |
| A listing of any non-taxable payments for hurt and humiliation under section 123 of the Employment Relations Act. | | ✓ | |
| A listing of all land sales and land purchases to 30 June 2017. | | ✓ | |
| FBT returns to 30 June 2017. | | ✓ | |
| All tax advice, binding ruling applications, tax compliance reports, and IRD correspondence. | | ✓ | |
| **Revenue** A reconciliation of general ledger to financial statements. | | | ✓ |
| Explanations for variances greater than 10% and $200,000 when the figure is compared to the previous year and budget. | | | ✓ |
| **Expenditure** A reconciliation of general ledger to the financial statements. | | | ✓ |
| A reconciliation of lease/rental charges to lease agreements. | | | ✓ |
| A listing of the fees paid and/or payable to each member of the Council for the year. | | | ✓ |
| A listing of expenses incurred by, or on behalf of, Council members during the year (by Councillor). | ✓ | ✓ | ✓ |

| Information we will need | First interim visit | Second interim visit | Final audit visit |
|---|---|---|---|
| For all general ledger balances, a comparison (with explanations of variances greater than $200,000 or 10%) of the actual expenditure for this year against:<br><br>• the budget for this year; and<br><br>• actual for the previous year. | | | ✓ |
| **Payroll**<br><br>A reconciliation of the payroll system and the general ledger for the year. | ✓ | ✓ | ✓ |
| Breakdown of the financial statements figure into the various ledger balances. | | | ✓ |
| Schedule of any major changes and effective date, for example, wage increases since the last audit. | ✓ | ✓ | ✓ |
| Listing, generated from the payroll system, of new employees and employees who have left, and all performance, redundancy and severance payments. | ✓ | ✓ | ✓ |
| Schedules/workpapers supporting annual, retirement, and long service leave accruals (reconciled to the general ledger and the financial statements). | | | ✓ |
| **Service performance reporting**<br><br>Evidence to support the reported results for each performance target in the Statement of Service Performance. | | | ✓ |
| Explanations for significant variances by output class. | | | ✓ |

# AUDIT NEW ZEALAND
## Mana Arotake Aotearoa

28 April 2017

Ref:   EN/LCA/03-0044
       H618

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280 Queen Street
PO Box 1165, Auckland 1140

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Fax: 09 366 0215

Allan Sanson
Mayor
Waikato District Council
Private Bag 544
Ngaruawahia 3742

Copy:  Director Auditor Appointments
       Office of the Auditor–General
       PO Box 3928
       Wellington

Dear Allan

## Proposal to conduct the audit of Waikato District Council on behalf of the Auditor-General for the 2017, 2018 and 2019 financial years

## 1      Introduction

The Auditor-General has appointed me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2017, 2018 and 2019. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;

- the entities covered by this proposal;

- key members of the audit team;

- the hours we plan to spend on the audit and reasons for any change in hours;

- our proposed fees for the audit for the financial years ending 30 June 2017, 2018 and 2019 and reasons for any change;

- assumptions relating to the proposed audit fees, including what we expect of your organisation;

- what the OAG overhead charge provides;

- certification required by the Auditor-General; and

- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

A.15 - H618WaikatoDC17J - 30-06-2017

## 5.1 Reasons for changes in audit hours

The major reasons for the changes in the hours for the audit is:

| Reason for decreased audit hours compared to previous period budgeted hours | 2017 | 2018 | 2019 |
|---|---|---|---|
| Removal of hours required for the Debenture Trust Deed engagement | (17) | - | - |
| Total increase (decrease) in audit hours | (17) | - | - |

Note that there have been a number of areas, such as the Financial Prudence regulations, that would indicate increased audit time is required. However this increase had been offset by the Council improving its systems and processes to make the audit more efficient. Accordingly we have not sought any increase for the additional work identified.

We have also removed the hours for the Debenture Trust Deed engagement from this Proposal.

## 6 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

| Structure of audit fees | 2016 budget $ | 2016 actual $ | 2017 $ | 2018 $ | 2019 $ |
|---|---|---|---|---|---|
| Net audit fee (excluding OAG overhead and disbursements) | 151,247 | 156,558 | 147,042 | 149,359 | 151,462 |
| OAG overhead charge | 14,190 | 14,190 | 14,115 | 14,401 | 14,689 |
| Total audit fee (excluding disbursements) | 165,437 | 170,748 | 161,157 | 163,760 | 166,151 |
| Agreed discount to fee | (15,447) | (15,447) | (10,157) | (8,760) | (6,151) |
| Further costs absorbed by Audit NZ | - | (5,301) | - | - | - |
| Final audit fee (excluding disbursements) | 150,000 | 150,000 | 151,000 | 155,000 | 160,000 |
| Estimated disbursements | 1,500 | 3,710 | 3,000 | 3,000 | 3,000 |
| Total billable audit fees and charges | 151,500 | 153,710 | 154,000 | 158,000 | 163,000 |
| GST | 22,725 | 23,057 | 23,100 | 23,700 | 24,450 |
| Total (including GST) | 174,225 | 176,767 | 177,100 | 181,700 | 187,450 |

- There are no significant changes to the agreed audit arrangements (set out in an annual letter we will send you) that change the scope of, or disbursements related to, this audit.

If the scope and/or amount of work changes significantly, we will discuss the issues with you and the OAG at the time.

## 8 What the OAG overhead charge provides

Parliament has indicated that it expects the full cost of annual audits under the Public Audit Act (including an OAG overhead charge) to be funded by public entities.

The OAG overhead charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;

- technical support for auditors on specific accounting and auditing issues;

- ongoing auditor training on specific public sector issues;

- preparation of sector briefs to ensure a consistent approach to annual audits;

- development and maintenance of strategic audit plans; and

- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG overhead charge portion of the audit fee, to the OAG.

## 9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;

- our professional indemnity insurance policy covers this engagement; and

- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

## 10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

**Waikato**
DISTRICT COUNCIL
*Te Kaunihera aa Takiwaa o Waikato*

*Open Meeting*

| | |
|---|---|
| **To** | Audit & Risk Committee |
| **From** | Tim Harty |
| | General Manager Service Delivery |
| **Date** | 26 June 2017 |
| **Prepared by** | Karl Pavlovich |
| | Compliance Income Team Leader |
| **Chief Executive Approved** | Y |
| **DWS Document Set #** | GOV1318 / 1749968 |
| **Report Title** | Drinking Water |

## 1. EXECUTIVE SUMMARY

Council has reviewed the findings of Part One of the Havelock North Drinking Water Inquiry ("the Inquiry") with regards to the position of our potable water supplies.

Stage one of the Inquiry highlights the individual fallings that contributed to the August 2016 Campylobacter outbreak. Part Two of the process will be completed by December 2017 and will focus on improvements to the legislative frameworks which cover drinking water in New Zealand.

This Council has new Water Safety Plans ("WSP's") (most published 2015, others currently in final draft), an emergency response in place via our Emergency Operations Centre ("EOC") that has been field tested in response to water supply contamination and catchment risk assessments for all supplies are currently being updated (though this update is overdue).

Council also has a good working relationship with the Public Health Unit of Ministry of Health ("PHU") and Waikato Regional Council ("WRC"), though in terms of water supply, these relationships are independent of each other. It should not be difficult to bring these relationships together for water supply discussion.

Staff and management have good understanding of the need for both bacteriological and protozoological treatment of our supplies and have made necessary plant upgrades to improve compliance with Drinking Water Standards ("DWS").

Overall, the general view is that the Council has a strong "safe water" culture.

There are, however, residual supply risks that are currently managed at Te Akau, Raglan, Onewhero and Port Waikato. For these supplies the process for how these risks are assessed and managed may change following Part Two of the Havelock Inquiry and Council may need to consider how it continues to provide potable water supply in these areas long term.

Despite this, over all the general view is that Council is in a good position to adjust and align with whatever recommendations Part Two may suggest.

Despite our current position, a key observation is that the circumstances and decisions made in the lead up to the Havelock North Campylobacter outbreak are reflective and representative of the day to day decisions and circumstances faced by all Councils.

Ultimately, the challenge for Council is to ensure that reasons and rational water safety processes and policies remain at the forefront of thought.

## 2.    RECOMMENDATION

**THAT the report from the General Manager Service Delivery be received.**

## 3.    BACKGROUND

Hastings District Council ("HDC") recently experienced a Campylobacter outbreak in the Havelock North Community.   This Community is supplied by three bores and faecal contamination of these is thought to be the likely cause of the outbreak.  In response to the Campylobacter outbreak a Public Inquiry was held.  The objectives of the Inquiry were to:

1.  Identify the likely cause of the contamination;

2.  Determine the individual and systematic failings (if any) that existed in the lead up to the outbreak; and

3.  Provide recommendations that would minimize the potential for such an incident to occur again.

Objectives one and two have been achieved through the recently published Part One. Objective three will be addressed in Part Two of the Inquiry.

This report is intended to: provide Councillors with an overview of key findings within Part One; provide commentary on the relevance of the findings to Waikato District Council ("WDC"); and to highlight the key risks present across our water supply networks in terms of the Part One report.

## 4.    DISCUSSION

### 4.1  SUMMARY OF PART ONE

The Inquiry has made the following key findings:

Contaminated drinking water was the source of the campylobacter bacterium that caused the gastrointestinal illness campylobacteriosis among Havelock North residents in August 2016.  Sheep faeces were the likely source of the campylobacter.  The most likely

source of contaminated water was found to be a pond found near the bores. Contaminated water flowed from this pond and into the aquifer.

The failings, most notably by the Hawke's Bay Regional Council ("HBRC") and Hasting District Council ("HDC'), did not directly cause the outbreak, although a different outcome may have occurred in their absence.

The Regional Council failed to meet its responsibilities, as set out in the Resource Management Act 1991 ("RMA"). The HBRC's knowledge and awareness of aquifer and catchment contamination risks near Brookvale Road fell below required standards. It failed to take specific and effective steps to assess the risks of contamination to the Te Mata aquifer near Brookvale Road. This included management of the many uncapped or disused bores in the vicinity through resource consent processes; State of the Environment and resource consent monitoring work; and liaison with HDC.

HDC did not embrace or implement the high standard of care required of a public drinking-water supplier, particularly in light of its experience of a similar outbreak in 1998, and the significant history of transgressions (positive E. coli test results). Consequently, it made key omissions, including in its assessment of risks to the drinking water supply, and it breached the DWS.

Knowledge of the key aspect of supply management was poor amongst HDC's mid-level managers. Delays occurred in the preparation of WSPs, operations and maintenance schedules were non-existent as well as records of the maintenance that was carried out. Recommended improvements and risks identified in several external reports were also ignored.

There was a critical lack of collaboration and liaison between HBRC and HDC. The strained nature of this relationship, together with an absence of regular and meaningful cooperation, resulted in several missed opportunities that may have prevented the outbreak.

The Drinking Water Assessors ("DWAs") were also found to be too hands-off in applying the DWS. They should have been stricter in ensuring HDC complied with its responsibilities, such as having an Emergency Response Plan and meeting the responsibilities of its WSPs. In addition, despite their concerns DWA's and the PHU failed to press both HDC and HBRC into taking a deeper and more holistic investigation into the unusually high rate of transgressions in the Havelock North and Hastings reticulation systems.

Finally, once faced with an unfolding outbreak, HDC's contingency planning was found lacking. HDC had no contingency plan or water communications plan at the ready.

## 4.2    FINDINGS RELEVANT TO WAIKATO DISTRICT COUNCIL

The Inquiry Part One has highlighted some significant similarities and differences between WDC and HDC. These comparisons can be grouped into three categories: supply management; effectiveness Inter-organisational relationships; and finally, incident response plans and post incident documentation. Each category will be addressed below.

## 4.2.1 – Supply Management

- *Maintenance schedules and records were not stored by HDC* – Prior to Council adopting WaterOutlook in 2014, maintenance schedules were not well documented and relied primarily on the Treatment Supervisor communicating requirements to contractors and treatment staff directly. Since 2014, routine schedules have been programmed into WaterOutlook's scheduling tool; this alerts staff to required maintenance and also provides a record of completed maintenance. This system is an improvement but Council should consider investment in a comprehensive maintenance management software, such as, Maintenance Connect.

- *HDC had no Emergency Response Plan* – Through the individual WSPs, Council has documented a basic transgression response guided by the DWS process. WDC has no contamination source investigation strategy. WDC also utilises the EOC model for emergency management, this has received significant practice in recent times (see Attachment 1). Beyond WSPs WDC has no specific emergency response with respect to water.

- *HDC relied upon the professional services of MWH. MWH had assigned bore head security assessments to a junior engineer with insufficient experience or expertise to be described as "an expert in the field" as required by DWS. Thus, the bore head report did not adequately identify or assess critical aspects of the bore construction or operation (loose cable glands). HDC staff were not vigilant in their review of this report and failed to identify obvious failings.* – WDC also relies upon the expertise retained by the consultants that are engaged. WDC also relies upon the integrity of these service providers in correctly delivering their services. In light of the Inquiry findings Council may need to consider peer review of critical documents prepared by consultants.

- *Numerous incidents and reports (most significantly The Clark Report) pointed to the bore being insecure and the aquifer being unconfined, this was ignored or disregarded by HDC.* – Similar issues could occur at WDC, although there is no direct evidence of this being a significant issue. Creating capacity internally to enable technical staff to focus on reviewing and implementing actions from reports, investigating transgressions and undertaking follow up actions is critical. The increase in resources from the separation process should help with this in some part, as would the CCO process being considered, as long as it progresses in a timely manner.

- *The significance of positive E. coli results were underestimated and attributed to cross contamination of samples or the network via backflow when followed by a clear enumerated result. Following successive clear samples treatment was stopped and no further holistic approach to transgressions was pursued by HDC* – WDC does not under respond to positive E. coli results, however we do (in retrospect) underestimate the significance of low Free Available Chlorine ("FAC") results in our reticulation zones and we don't undertake a holistic review of network performance. Within our WSPs WDC has committed to provide our DWS's with a brief annual review of supply performance in February. To ensure that Council considers all recorded transgressions in totality, not just individually, the February reviews will (in future) be inflated to provide a review of network performance over the year in the context of a wider multi-year view. In addition, this review will be completed by an independent party.

- *During the follow up response to the outbreak the competence of analytical labs and sampling staff was questioned in the face of sampling errors and historical evidence of lab staff explaining away positive E. coli results. It was noted that in the case of the sampling errors the required sampling method was outside of the practices familiar to the lab on a day to day basis* - WDC contracts sampling and analysis duties to Shared Services (a combined arrangement with Hamilton City and Waipa District councils). The Shared Services Sampling and Analysis team hold accreditation with International Accreditation New Zealand ("IANZ") for both lab analysis and sampling procedure. While WDC has confidence in Shared Services ability to deliver the sampling and analysis services required, the robustness of the sampling request and scheduling process has been identified as a significant risk to both compliance with DWS and resource consents monitoring programmes. Shared Services has recently completed a review of this process and in conjunction with the partner Councils, are implementing changes and improvements identified in the review.

- *Contamination of the network via unmanaged backflow was identified as the cause of July 2013 E. coli outbreak* – This specific incident at Anderson Park is relevant to WDC as our backflow risk is only partially managed. The risk presented by unmanaged backflow has previously been identified and work continues to develop a comprehensive Backflow Prevention Policy. Furthermore, development of any contamination source investigation strategy should include consideration of contamination via backflow.

- *HDC failed to implement many of the recommendations of the Clark Report* – WDC is currently going through the process of writing Activity Management Plans ("AMPs") to inform a new Long Term Plan. Preparation of the AMPs involves integrating the improvements identified in Councils WSPs. There is a need for Council staff to create a Report Digestion Process, whereby recommendations originating from external reports (particularly post incident) are be integrated into WSPs. The AMP writing process should also be written to direct the writer to integrate recommendations from present in the current version of the Councils WSPs.

## 4.2.2 – Effectiveness of Inter-organisational Relationships

- *There was an absence of critical collaboration between HDC, HBRC and DWAs* – WDC has good working relationships with Waikato District Health Board / Auckland District Health Board and WRC but haven't capitalised on these relationships in a drinking water capacity. Council staff have identified the opportunities presented by the establishment of a water management forum. Council has begun bringing these relationships closer in aid of better drinking water management.

- *There was a lack of stewardship over the aquifer/water source. HDC and HBRC failed to collaborate on catchment risk assessments and neither had a clear picture of activities or features (bores, aquifer structure, flow paths) present within the catchment. HBRC granted resource consents with minimal thought towards protection of the aquifer and in contradiction of National Environmental Standards requirements. HDC was aware of non-consented activities occurring in the catchment but did not notify HBRC* – Though WDC and WRC have a good working relationship, there have been several opportunities for greater collaboration surrounding drinking water management that have been missed in the past. Attachment 2 details.

▪ A risk exists to WDC with respect to our DWA unit as the unit is significantly understaffed. This has already resulted in delays to WSP implementation.

### 4.2.3 – Incident Response Plans

▪ *HDC failed to institutionalize learnings from previous outbreaks, investigations and transgressions* – WDC has also been poor with committing significant events to the collective memory, for instance, when answering a recent media enquiry, Council staff did not know how may boil water notices had been issued in the last five years. Similarly, there was almost no record or memory of the 1997 Cryptosporidium outbreak in the Waikato District referred to in the opening discussion of the Public Inquiry. No information about this incident was held by the Waikato Drinking Water Unit.

▪ *In their response to the August 2017 outbreak, HDC didn't consider the possibility that the cause of the outbreak may have been contamination of the supply with protozoa. No samples were taken and analysed for these organisms in the immediate response to the outbreak and were only later taken at the request of the Inquiry* – WDC response plans do not include any directed investigation of protozoa contamination. Within distribution zones, protozoa contamination could occur from a rural connection that is not backflow protected or from an unsecured reservoir.

## 4.3    COUNCIL SUPPLY AT MOST RISK OF A SIMILAR INCIDENT

The Council supply most at risk of a similar incident is the Water Treatment Plant at Raglan Spring.

Following the Kaikoura earthquake, the spring experienced a three-day period where the usually low turbidity water was disturbed and contained a high silt concentration. The Treatment Plant had no capacity to remove this high silt concentration and this resulted in the single protozoa barrier, the UV unit, being blinded. Council responded by shutting the plant down, triggering an emergency response.

However, in retrospect and when viewed alongside the Inquiry findings, the most concerning aspect of this event was the return to service processed used. The plant was brought back into service once the silt levels had abated. Despite the obvious evidence of changes to the underlying spring source and the proximity of a closed landfill, Council undertook a single chemical analysis of the spring water prior to placing the treatment plant back into service. Subsequently there has been no review of the catchment or the security from contamination of the underlying spring and no continuing monitoring. With no capacity to remove chemical contaminants or ability to provide any additional treatment, Council is over confident in the continuing quality of the source.

Since this event, Council has commissioned a catchment risk assessment, as part of BAU, and will schedule quarterly a full chemical analysis of the spring waters.

## 5.    CONCLUSION

Council has reviewed the results of the Inquiry and parallels that exist between the operation of our supplies and the operation of the Havelock North supply  As such, Council

is realistic about the risks that exist within our networks and are either putting in place effective mitigations or improving the systems currently in place.

## 6.    ATTACHMENTS

Attachment 1: Waikato District Council Emergency Operations Centre activations.

Attachment 2: Waikato District Council and Waikato Regional Council Direct Notifications / Submissions made

Attachment 1 – Waikato District Council Emergency Operations Centre activations

| Date | Location | Issue |
|------|----------|-------|
| August | Council | Gun Threat was made toward Council staff. Non-specific to any office or person. Facilities were isolated and staff asked to remain inside until resolved. |
| September | Council | On Friday 23rd a crypto virus named zepto gained access to the Waikato District network. Once on the network the virus proceeded to encrypt Word documents and Excel spreadsheets. It is thought the network was exposed to the virus for about 1 hour 37 minutes. This type of virus in also known as ransomware and the decryption key could be purchase in order to (possibly) unlock all the encrypted files.<br><br>IT was able to identify the point on the system where the virus was activated, but at this time not able to know where it came from and how it got onto the network. The most likely source could have been a url on a web page or a download attached in an email. |
| October | Huntly | Rainstorm and extensive flooding of homes and roads. Several families evacuated as a result of flooding in their homes and one landslide impacting a home. |
| December | National | National Tsunami Warning. EOC activated in preparation. No threat issued early and public messaging required only. |
| January | Council | Gun threat to the Ngaruawahia Office made by telephone to a member of the call-centre staff. IMT activated to make decision on course of action at 1110 hours. Threat result of dog seizure in Huntly of four dogs. |
| November | Raglan | A 7.5 magnitude earthquake struck the south island of NZ at approximately 12.03 on November 14. Subsequently the water spring in Raglan which supplies the town became dirty and couldn't be treated for supply. There was enough water stored in the Hills Road and Bow Street reservoir to supply the township until approximately 12.00pm. The treatment plants water was shut off. Water from the spring was sent to Hamilton for testing and resulted in the requirement to truck water into Raglan for three days until the results of the testing became available. |
| March | Tasman Tempest | Significant rain event that caused flooding across the district particularly in the north. Multiple slips and flooded properties reported. |
| April | Ex Tropical Cyclone Debbie | A further heavy rain event compounding the flooding issues from the Tasman tempest. Flooding and slips reported. Significant roading impacts and isolated communities. Large number of farms impacted and recovery operation required. |
| April | Cyclone Cook | We opened the EOC in preparation for the impact of Cyclone Cook. The impact was minimal and the EOC was closed the following day. |

Attachment 2 – Waikato District Council and Waikato Regional Council Direct Notifications / Submissions made

| Consent | Direct Notification?/Submissions Made? | NES |
|---|---|---|
| AFFCO, dairy processing effluent into Waikato River, 2700m3 per day | Y/N | There are 4 relevant drinking water supplies, the closest being Ngaruawahia, followed by Huntly, Te Kauwhata and Auckland. The levels of contaminants to be discharged and the available dilution will ensure most contaminants do not cause a breach of standard. The exception is the contribution to the risk of an algal bloom that these facilities are not equipped to sufficiently treat for. The recommended conditions provide for a level of discharge that reduces the contribution to this risk. |
| Mills Family Trust, dairy farm waste, 9.5m3/day | N/NA | A downstream treatment plant at Hopuhopu, servicing a population of in excess of 500 and utilising surface water from the Waikato River is situated approximately 11 kilometres downstream of the discharge point. |
| | | Given the proximity between the discharge point and the treatment plant, chlorine treatment of water at the plant, the proposed mitigation measures and the fact that the discharge occurs on an infrequent basis I consider that the treatment plant is able to achieve the Drinking Water Standards for New Zealand (2005). |
| | | Therefore, in my view, the proposal is consistent with the National Environmental Standard for Source of Human Drinking Water. |
| Dhaliwal Family Trust, dairy farm waste, 5.75m3/day | N/NA | A downstream treatment plant, servicing a population in excess of 500 and utilising surface water from the Waikato River is situated approximately 22.5 kilometres downstream of the discharge point. |
| | | Given the proximity between the discharge point and the treatment plant, chlorine treatment of water at the plant, the proposed mitigation measures and the fact that the individual discharge maintains the current water quality I consider that the treatment plant is able to achieve |

| | | |
|---|---|---|
| | | the Drinking Water Standards for New Zealand (2005). Therefore, in my view, the proposal is consistent with the National Environmental Standard for Source of Human Drinking Water. |
| BM & EJ Rogers, dairy farm waste, 11m3/day | N/NA | A downstream treatment plant, servicing a population in excess of 500 and utilising surface water from the Waikato River is situated at Huntly approximately 12 kilometres downstream of the discharge point. Given the proximity between the discharge point and the treatment plant, chlorine treatment of water at the plant, the proposed mitigation measures and the fact that the individual discharge maintains the current water quality I consider that the treatment plant is able to achieve the Drinking Water Standards for New Zealand (2005). Therefore, in my view, the proposal is consistent with the National Environmental Standard for Source of Human Drinking Water. |

**Waikato**
DISTRICT COUNCIL
*Te Kaunihera aa Takiwaa o Waikato*

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Gavin Ion |
| | Chief Executive |
| **Date** | 23 June 2017 |
| **Prepared by** | Kevin Lockley |
| | Zero Harm Manager |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1301 |
| **Report Title** | Zero Harm Update |

## 1. EXECUTIVE SUMMARY

The purpose of this report and its attachments is to provide an update on current health and safety performance. Council recognise that compliance is essential but they aspire to achieve best practice in health and safety performance and to develop a sustainable culture that is supported by sound policies, systems and procedures that enables best practice health and safety workplace behaviours by all workers, contractors, volunteers and visitors. Council aim for more than just compliance by observing the principle that workers and others should be given the highest level of protection against harm to ensure their health and safety and welfare.

## 2. RECOMMENDATION

**THAT the report from the Chief Executive be received.**

## 3. BACKGROUND

Managers continue to carry out Safety conversations, although the total numbers show a decline, an improved recording system has been introduced with a central repository, and this will ensure a better reflection of the activity undertaken.

The Chief Executive continues to carry out due-diligence duties through site visits and carrying out safety conversations with both staff and contractors.
Engagement conversations continue to be a strong focus for Council managers, team leaders and the Executive Leadership Team particularly with a focus on health.

All staff and management training has been undertaken for the implementation of the Council Drug & Alcohol programme which commenced on the first of April. No real time drug and alcohol tests have been undertaken since the policy was implemented; however, a

mock drug and alcohol report by a concerned member of staff was carried out to test the internal process.

Council is now signed up to the Waikato LASS Contractor pre-qualification procedure and has established the contractor information links on the Council web site for prospective contractors to engage with SHE and register.

Council has registered for updates on the progress and implementation of the ACC/ Work Safe collaborative initiative safety rating programme. (The replacement to the previous WSMP programme.) This initiative is seen as an important strategic direction for Council going forward and had been identified by the Executive Leadership Team as a key element of moving forward on the "best practice continuum".

Council has now joined the LASS occupational health monitoring group which delivers better service at a reduced overall cost.

<u>Over Speed Reporting</u>

An opportunity for improvement is the ongoing reduction of excessive speeding against Council critical risk (driving).Over speed risks continue to be a topical focus with improving signs that reductions are possible, with one week in the reporting period recording no over speeds at all. Unlike previous months and years extreme over speeds have diminished to a point that they are the exception, not the rule. A continued focus on this constant risk must remain a priority to ensure a behaviour culture of self-responsibility.

<u>Injury Statistics</u>

Near Miss reporting over the last three months has plateaued.  There is an opportunity to change the focus of just near miss reporting as a number to promoting the identification of hazards/risks associated with a near miss, also demonstrating the changes that have occurred after an event has been reported.

Over this reporting period there has been no lost time injuries, no medical injuries and there were 18 other injuries - either superficial not requiring first aid or first aid was administered. Whilst there are encouraging signs, it is recognised that there is still a significant amount of work to be done to achieve Best Practice in not only systems and processes but more importantly consistent safe and healthy behaviours across the staff and contractor work streams.

## 4. DISCUSSION AND ANALYSIS OF OPTIONS

### 4.1 DISCUSSION

This report is to assist Councillors with their due diligence requirements as Officers.  The report should start the conversation and provide opportunities for Councillors to raise questions and discuss progress. Currently there is no mechanism to capture activities that Councillors are undertaking to meet their due-diligence obligations. Whilst there is no legal consequence to Councillors not fulfilling their duties, from a leadership perspective, visibility is crucial to a well performing organisation. Councillors should:

- Acquire, and keep up to date, knowledge of work health and safety matters.
- Gain an understanding of the nature of the operations of the business, and generally of the hazards and risks associated.
- Ensure that the Person Conducting A Business and Undertaking (PCBU) has available appropriate resources to control risks.
- Ensure the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards and risks and responding in a timely way.
- Ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under the Act.
- Importantly, to verify the provisions and use of the required resources and processes required to meet the duties of the legislation.

## 4.2   OPTIONS

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

## 5.   CONSIDERATION

### 5.1   FINANCIAL

There are no direct financial requirements identified in this report.

### 5.2   LEGAL

This report is prepared as part of assisting Council with compliance with Health & Safety at Work Act 2015.

**Considerations**

The following are considerations in relation to the role of the Executive Leadership Team and Councillors as officers; these questions should be front of mind.

- Are we confident that good health and safety management is working?
- How can we improve our worker engagement and risk management to identify opportunities and improvements?
- What can we do more effectively to eliminate health risks?
- Are our health and safety reports providing sufficient insight and understanding to ensure the Executive Leadership Team and Councillors can make informed decisions?
- What further activities need to take place to ensure our practices and systems remain fit for purpose?
- Where do we currently sit on the "what does good look like" continuum?

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

Council has a Zero Harm Strategy which forms the basis of our health & safety systems and philosophy.  The Zero Harm Strategic Plan is currently being reviewed and will be updated to reflect the strategies for the next 12 months.

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

| Highest levels of engagement | Inform ☐ | Consult ☐ | Involve ✓ | Collaborate ☐ | Empower ☐ |
|---|---|---|---|---|---|
| | Councillors, as Officers under the Health & Safety at Work Act 2015 are required to undertaken due diligence to ensure appropriate health & safety systems are in place and operating. | | | | |

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

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

Council engages with our Community Boards and Community Committees to ensure they are clear on their requirements. Council also undertakes audits and safety conversations in relation to our contractors.

Hall Committees have also been engaged.

## 6. CONCLUSION

This report provides an update on progress with our Zero Harm systems and processes, and monthly statistics progress

## 7. ATTACHMENTS

Zero Harm Dashboard – Quarter four (April- June 2017)

# Zero Harm Dashboard - Quarter Four (April - June 2017)
*Dashboard as at 30/05/2017*



Near Miss Reporting



Injury Reports



Incident Reports



Injury Ratings



Total Reporting per Group (Injuries, Incidents & Near Misses)



Safe Behaviour Conversations (SBC)



Overspeed Events - Per Group



Overspeed Events - by Risk Rating



Average SBC per Manager / Team Leader
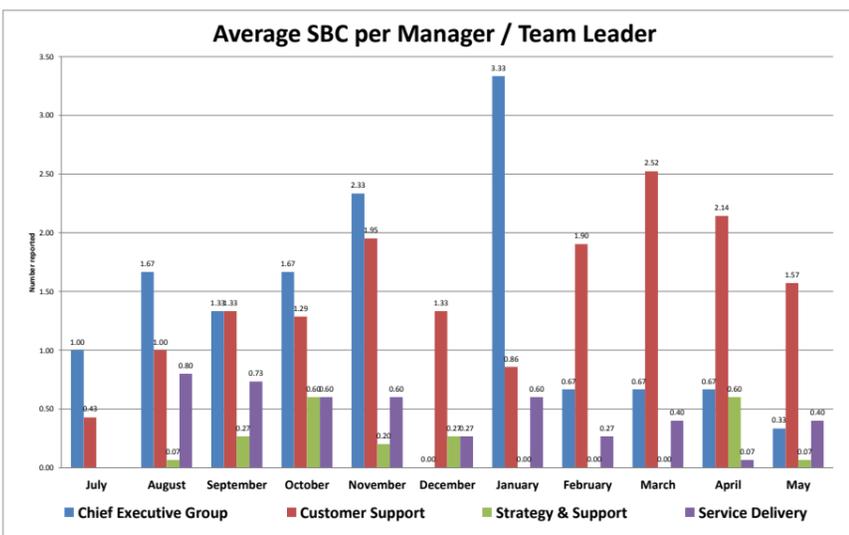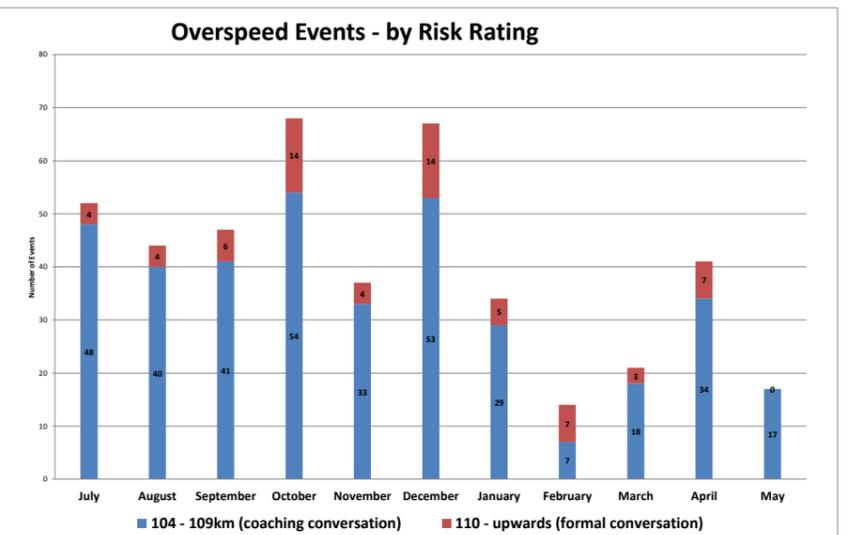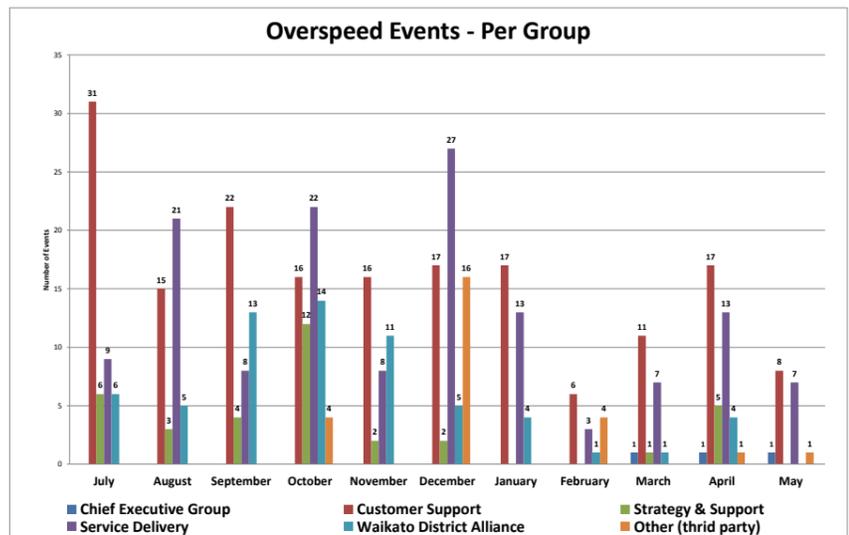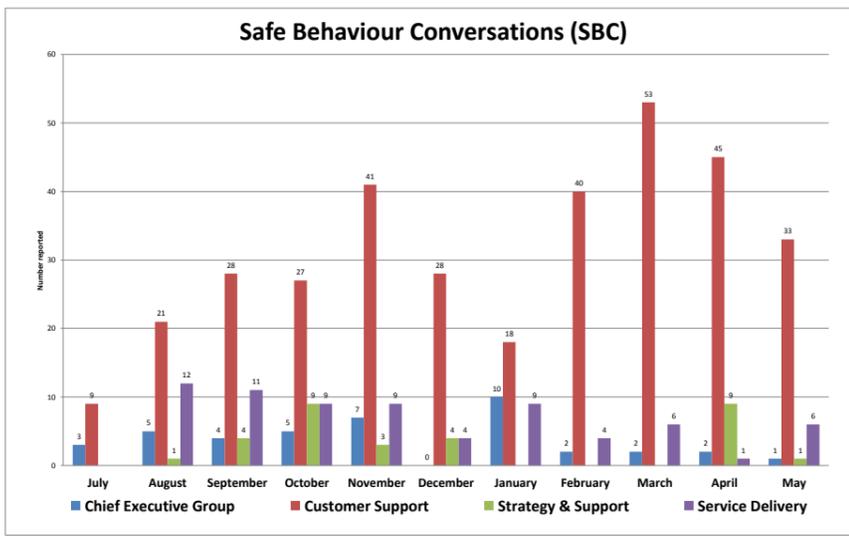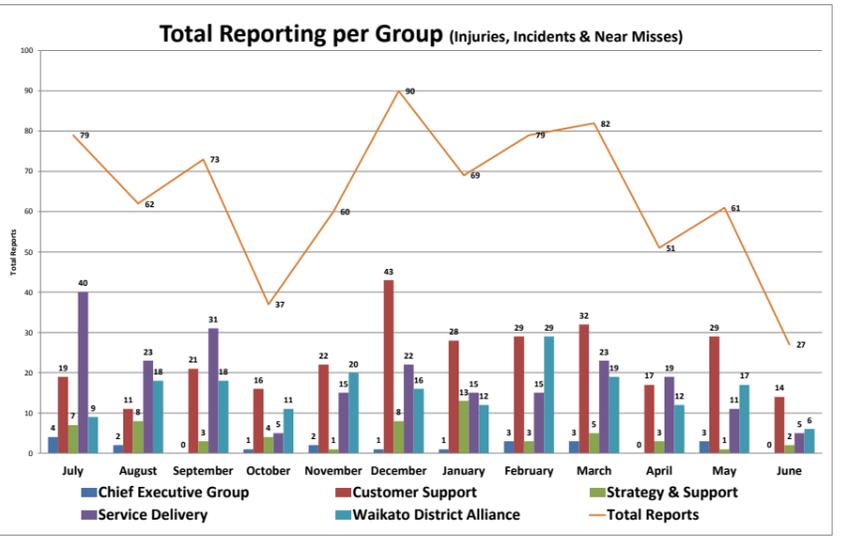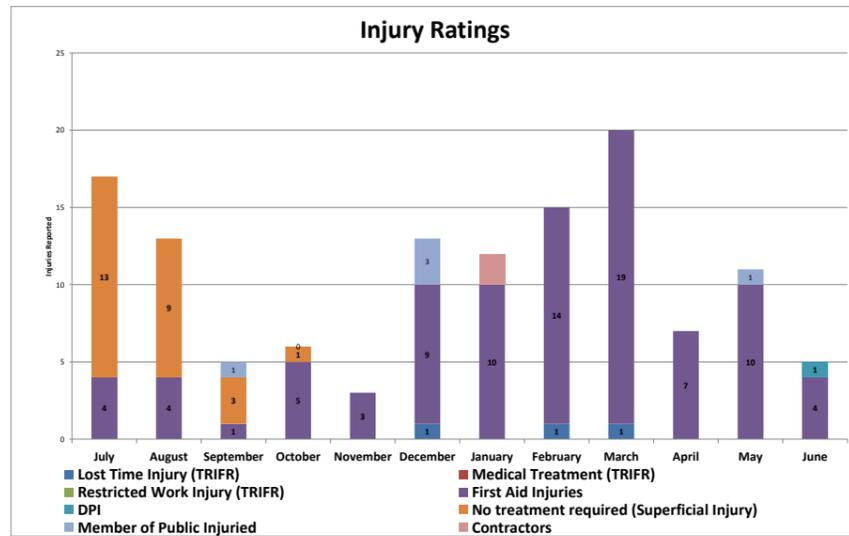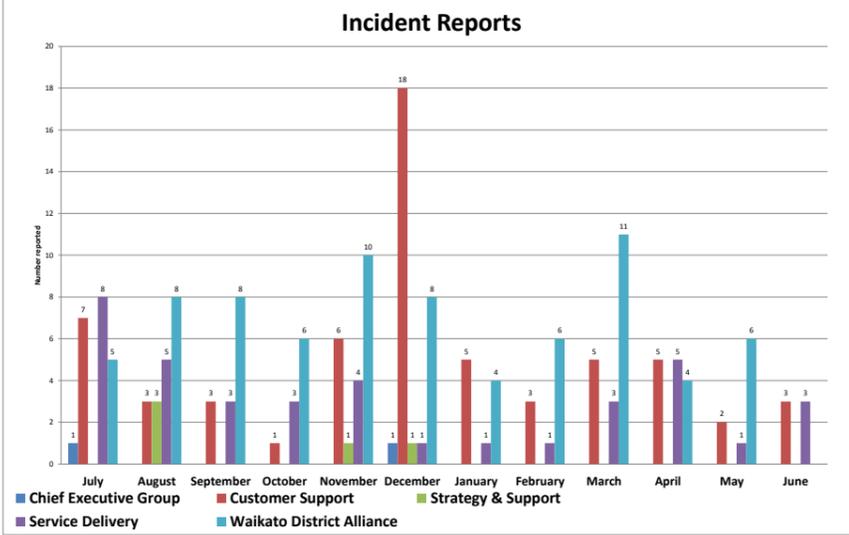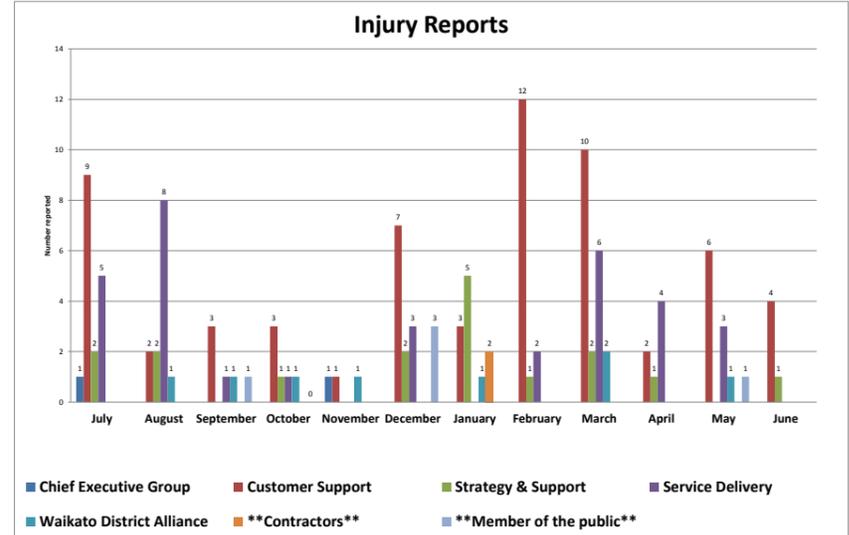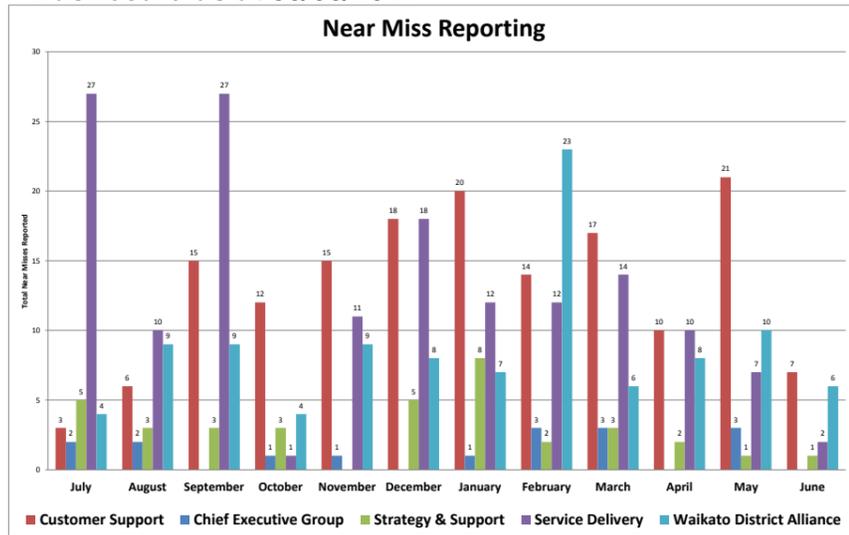
"Work safe, home safe"

*Open Meeting*

| | |
|---|---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 12 June 2017 |
| **Prepared by** | Melissa Russo |
| | Corporate Planner |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / 1736800 |
| **Report Title** | Update on progress against Audit issues |

## 1. EXECUTIVE SUMMARY

All issues raised by recent audits have been combined into one report for ease of tracking.

The purpose of this report is to provide an update on progress against issues raised through the audits. The audits included are:

- Annual Report
- Cyber security systems
- Risk management
- Project management
- Procurement and contract management
- Council's Internal audits

## 2. RECOMMENDATION

**THAT the report from the General Manager Strategy and Support be received.**

## 3. SUMMARY OF PROGRESS

The tables below outlines the areas and status of issues - either completed, in progress or pending for both June and March. Pending issues are yet to be determined if the recommendation will be actioned as the issue may be addressed through other controls. The pending actions are not a priority at this stage, however will be reviewed periodically:

**Areas of audit issues - June**

|  | Pending | Work in progress | Complete | **Total** |
|---|---|---|---|---|
| Audit New Zealand | 1 | 12 | 13 | 26 |
| Cyber security | 18 | 9 | 4 | * 31 |
| Internal audit | 0 | 4 | 1 | 5 |
| Procurement and contract management | 0 | 10 | 2 | 12 |
| Risk management | 9 | 12 | 16 | 37 |
| Project management | 3 | 15 | 15 | 33 |
| **Total** | 31 | 62 | 51 | 144 |

**Areas of audit issues - March**

|  | Pending | Work in progress | Complete | **Total** |
|---|---|---|---|---|
| Audit New Zealand | 2 | 14 | 9 | 26 |
| Cyber security | 19 | 7 | 4 | 30 |
| Internal audit | 0 | 5 | 0 | 5 |
| Procurement and contract management | 0 | 11 | 1 | 12 |
| Risk management | 12 | 14 | 11 | 37 |
| Project management | 7 | 19 | 7 | 33 |
| **Total** | 40 | 70 | 32 | 142 |

* One recommendation from the Cyber Security audit (Identify and address cases of skills dependency in Information Management team) has been split into two parts as part of the recommendation is completed while the other part is pending.

Of the 'work in progress' issues, many of these are scheduled to be completed by the end of this financial year and the remainder being scheduled to be completed by the end of the calendar year.

*Risk Management*

Change management continues to be a key contributor to deliver outcomes associated with embedding risk management in organisational culture. KPMG support has been secured. Executive support is demonstrating outcomes, particularly in achieving and maintaining engagement from Managers and staff. Continued improvement in staff engagement has been observed. Monthly progress reporting to the Executive Leadership Team is underway to monitor on-going activity and to secure leadership where required.

*Project Management*

The Project Management Forum is operating successfully to progress audit recommendations. A strategic roadmap has been created and approved. Projects to deliver

against recommendations have been identified within the strategy and project planning, including task identification is underway. A detailed engagement plan will be used to ensure cross organisational buy in to embed a consistent project management culture in the organisation.

## 4.    CONCLUSION

There is a total of 144 issues that have been raised by various audits across the organisation 51 of which are complete, an improvement of 19 in the quarter. Staff are continuing to make progress on the remaining issues.

## 5.    ATTACHMENTS

Combined audit recommendations

| Audit Area | Domain | Recommendation/Action Required | Proposed Action/Plan - March A&R Committee comment | Proposed Action/Plan - July A&R Committee comment | Who | By When | Status | Comments |
|---|---|---|---|---|---|---|---|---|
| AuditNZ | AMP's | Include assumptions - reliability of data in the Parks and Property AMP | | | Parks and Property | | Complete | |
| AuditNZ | Back Ups | Regular restores from back up tape | | | Julian | | Complete | Need to schedule these every 6 months - add to IT calendar |
| AuditNZ | BC and DR Planning | Complete the move to Tuakau | Card on Kanban | Delayed. Scheduled for June 12th 2017 | Julian | End of March 2017 | Work in progress | Delayed. Scheduled for June 12th 2017 |
| AuditNZ | BC and DR Planning | Finalise BCP work | Card on Kanban | | Julian | End of March 2017 | Complete | The applications on the DR replica have been validated against the existing BCP plans. The applicattions have been stood up on the server to test capacity. |
| AuditNZ | BC and DR Planning | Develop IM BCP process | Develop plan that outlines the processes required within the business to utilise the DR installation. | May 15 2017 - A draft plan exists. This is being reviewed with the SRT and suppoorting processes developed. | Mark | End of April 2017 | Work in progress | May 15 2017 - A draft plan exists. This is being reviewed with the SRT and suppoorting processes developed. |
| AuditNZ | BC and DR Planning | Test | Card on Kanban | Test of DR installation will be completed once move is done. May 15 2017 - this is delayed. | Julian | Jul-17 | Work in progress | Test of DR installation will be completed once move is done. May 15 2017 - this is delayed. |
| AuditNZ | Contract management | Develop and implement a contract management system | | Contract management is not yet supported by specific software so there is no single repository for information. However, the intention is to investigate options during the 2017/18 financial year | Raj Java | Jul-18 | Work in progress | Currently all procurement process are bing simplified which will be followed up with Supplier rationilisation processes and training to staff on new processes established. Contract management wwork will be undertaken in the coming financial year. |
| AuditNZ | Controls | Establish IT security and risk calendar | Draft calendar - done Review existing processes Hold first calendar review in first week of March | | Mark | End of March 2017 | Complete | May 2017 - Calendar is active and reviewed monthly. See J:\corporate\Infosys\Security Calendar |
| AuditNZ | IT Service performance | Monitoring and reporting | IM Service Performance Review (36) | Overall Service Performance Review is underway. May 15 2017 - progress is slow due to other priorities. | Mark | End of March 2017 | Work in progress | Overall Service Performance Review is underway. May 15 2017 - progress is slow. |
| AuditNZ | IT Service performance | Change Management | IM Service Performance Review (36) | Overall Service Performance Review is underway. May 15 2017 - delayed until previous item complete. | Mark | TBD | Pending | Overall Service Performance Review is underway. May 15 2017 - delayed until previous item complete. |
| AuditNZ | Segregation of duties | Establish controls for a 'one up' approach to the approval purchase orders | Incorporate, where practicable, into EPO project Design reports for audit checks | Alison to check in with Andrew re setups for A's and B's (delegation) | Alison | 30-Jun-17 | Work in progress | The current EPO setups allow for 92 staff to raise purchase orders on behalf of council. 6 of these do not have delegations so have 'write-only' access (i.e. someone will always have to approve), 16 are managers who can only approve (this forces the higher delegation levels to always have someone else in the transaction) and the remainder can raise, receipt and approve within their delegation - anything higher requires a one-up approval. It is the set up of these 70 staff that the team will review. |
| AuditNZ | Service performance reporting | Ensure reports generated from the CRM system are extracting the correct information | | | Debbie | | Complete | |
| AuditNZ | Service performance reporting | Job summary sheets that record the date and times the job started and finished | | | Martin | | Work in progress | Mobile solution is currently being implemented and will provide us with the relevant information and an audit trail. |
| AuditNZ | Systems Updates | Establish maintenance window | | | Mark | | Complete | |
| AuditNZ | Systems Updates | Create IT asset register | Device Review (work program item #22) | Register of most PCs exists in ManageEngine. This is being validated for the PC replacement this year. Other devices need a 'stocktake' to be completed. | Phil | Jun-17 | Work in progress | Register of most PCs exists in ManageEngine. This is being validated for the PC replacement this year. Other devices need a 'stocktake' to be completed. |

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|---|---|---|---|---|---|---|---|---|
| AuditNZ | Systems Updates | All devices have virus definition updates and patches applied | Item 14 on Technical Work Program | Server patching scheduled under development. Current tools for PC end points being reviewed for suitablility. | Jaysal | Jun-17 | Work in progress | Current tools being reviewed for suitablility. |
| AuditNZ | Update IT Policies | Email use policy | | | Mark | February 2017 | Complete | |
| AuditNZ | Update IT Policies | Email release policy | | | Mark | February 2017 | Complete | |
| AuditNZ | Update IT Policies | Internet use policy | | | Mark | End of March 2017 | Complete | May 2017 - complete |
| AuditNZ | Update IT Policies | Records Management policy | | | Jan | February 2017 | Complete | |
| AuditNZ | Update IT Policies | Remote access policy | Revise policy | Work in progress | Mark | End of March 2017 | Work in progress | |
| AuditNZ | User Access | Set up new user account review | User Management (29) item on the technical work program | | Niall | | Complete | New process is linked to the onbarding of new staff within Snaphire. |
| AuditNZ | User Access | Terminated user account review | User Management (29) item on the technical work program | | Niall | | Complete | A recent review was completed. Payroll now send a monthly list that is reviewed. Will be part of regular review calendar going forward. |
| AuditNZ | User Access | Review and update IM induction document / process | User Management (29) item on the technical work program | | Niall | | Complete | Induction documentation has been reviewed and is in use. Continuous improvements are underway. |
| AuditNZ | User Access | Regular review of user accounts | User Management (29) item on the technical work program Need to schedule these regularly - add to IT calendar | Currently this is done informally. Formalising process as above (terminated user account review) | Niall | End of March 2017 | Work in progress | Currently this is done informally. Formalising process as above (terminated user account review) |
| AuditNZ | User Access | Review of users who have remote access | User Management (29) item on the technical work program | AD is terminated when staff leave, this removes remote access immediately for ex-staff. Wider review who should and should not have remote access is still underway. | Niall | End of March 2017 | Work in progress | AD is terminated when staff leave, this removes remote access immediately for ex-staff. Wider review who should and should not have remote access is still underway. |
| Cyber Security | Bus Own and Direction for IT | Rec01: Formalise business owners for major information assets and information systems | 1. Develop the IM Service Catalogue, identify system / module owners as part of that and validate the ownership with ET and other organisation leaders. 2. Within the Our Plan roadmap, develop data management disciplines and ensure there are owners for all master data categories. | 1. Service Catalogue progress has been slow. | Mark | 1. End of March 2017 2. TBC | 1. Work in progress 2. TBC | 1. Service Catalogue progress has been slow. |
| Cyber Security | Bus Own and Direction for IT | Rec02: Business owners (from Rec01) formalise information security requirements for the assets owned | | Recommendation still being considered | GMs | Pending outcome of above recommendation | Pending | |
| Cyber Security | Bus Own and Direction for IT | Rec03: Integrate ICT governance in to council governance processes | Recommendation still being considered | Recommendation still being considered | ET | | Pending | |
| Cyber Security | Bus Own and Direction for IT | Rec04: Develop ICT strategy for coming financial year | | | ET | | Complete | |
| Cyber Security | Bus Own and Direction for IT | Rec05: Review and report on internet sites visited to gauge use of shadow IT and cloud | | Recommendation still being considered | IM | Jun-17 | Pending | |
| Cyber Security | Bus Own and Direction for IT | Rec06: Raise awareness on ICT strategy and use of shadow IT and cloud | ICT strategy has been presented to Leadership Forum and IM team - Dec 2016 | Part of the Our Plan work and IT strategy roadmapping. | Mark | Jun-17 | Work in progress | Part of the Our Plan work and IT strategy roadmapping. |
| Cyber Security | Bus Own and Direction for IT | Rec07: Utilise ICT strategy and resource management to identify resource gaps | | Resource model for IT function to be part of roadmap. | Mark | Jun-17 | Pending | Resource model for IT function to be part of roadmap. |
| Cyber Security | Bus Own and Direction for IT | Rec08: Improve employee engagement | This is being addressed by the 'Way we do things around here. | | ET & HR | | Work in progress | |

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|---|---|---|---|---|---|---|---|---|
| Cyber Security | Bus Own and Direction for IT | Rec09: Identify and address cases of skills dependency in IM team | 1. Additional resource approved to deliver technical work program - Oct 2016 2. Wider review of IM team make-up to be completed | Resource model for IT function to be part of roadmap. | Mark | 1. Done 2. June 2017 | 1. Complete 2. Pending | Resource model for IT function to be part of roadmap. |
| Cyber Security | Bus Own and Direction for IT | Rec10: Review, improve and periodically test Business Continuity Plans | | | OPPS/IM | | Work in progress | |
| Cyber Security | Employee and contractor practices | Rec01: Review and improve employee agreements and induction in terms of information security requirements, record keeping and outlining disciplinary processes | Recommendation still being considered | Recommendation still being considered | HR/IM | | Pending | |
| Cyber Security | Employee and contractor practices | Rec02: Improve management of disgruntled employees | Recommendation still being considered | Recommendation still being considered | HR & leaders | | Pending | |
| Cyber Security | Employee and contractor practices | Rec03: Undertake targeted training for employees who handle sensitive information and/or for instances of poor practices. | Recommendation still being considered | Recommendation still being considered | HR, IM, & Comms | | Pending | |
| Cyber Security | Employee and contractor practices | Rec04: Outline information security requirements in employees job descriptions | Recommendation still being considered | Recommendation still being considered | HR | | Pending | |
| Cyber Security | Employee and contractor practices | Rec05: Improve clarity and transparency around security roles and responsibilities | Recommendation still being considered | Recommendation still being considered | HR & ET | | Pending | |
| Cyber Security | IM practices | Rec01: Undertake periodic testing of Disaster Recovery Plans | | See earlier DR / BCP actions under Audit NZ | IM | End of March 2017 | | See earlier DR / BCP actions under Audit NZ |
| Cyber Security | IM practices | Rec02: Review and improve how privileged access is granted to improve accountability | User Management (29) item on the technical work program | Covered by item on line 26 | Niall | End of April 2017 | Work in progress | Covered by item on line 26 |
| Cyber Security | IM practices | Rec03: Review and improve removal of access for critical ICT applications following role changes | User Management (29) item on the technical work program | Covered by item on line 26 | Niall | End of April 2017 | Work in progress | Covered by item on line 26 |
| Cyber Security | IM practices | Rec04: Develop ICT strategy for coming financial year | ICT strategy has been developed - December 2016 | | ET & IM | | Complete | |
| Cyber Security | IM practices | Rec05: Undertake periodic pointwise testing of backups | Tested in November 2016 | | IM | | Complete | |
| Cyber Security | IM practices | Rec06: Review and improve asset management, monitoring and capacity planning (including for environment support systems) | 1. Device Review (22) item on technical work program       2. More will be required. | See IT Asset Register under Audit NZ | IM | Jun-17 | Work in progress | See IT Asset Register under Audit NZ |
| Cyber Security | IM practices | Rec07: Undertake periodic penetrations tests for critical systems, internal applications interfaces and internet-facing systems | 1. Arrange a pen test through external provider (perhaps Lateral Security) | | IM | Jun-17 | Pending | |
| Cyber Security | IM practices | Rec08: Review and improve communications plan for incident response | | See earlier DR / BCP actions under Audit NZ | IM & Comms | End of April 2017 | Work in progress | See earlier DR / BCP actions under Audit NZ |
| Cyber Security | IM practices | Rec09: Review and improve monitoring for security incidents, incident response plan, patch management, change control and release management processes | | | IM | Jun-17 | Pending | |
| Cyber Security | IM practices | Rec10: Undertake usability and security design review for online services and public website | | | IM | End of March 2017 | Complete | Firewall review completed by VO2. Actions in progress. |
| Cyber Security | IM practices | Rec11: Include link to scam advice on public website and in emails to members of the public | | May 15 2017 - Proposal for security awareness exercise being reviewed. | IM | End of April 2017 | Work in progress | May 15 2017 - Proposal for security awareness exercise being reviewed. |
| Cyber Security | Mngt of external suppliers | Rec01: Review and improve contracts with service providers for coverage of information security requirements, service transition and termination and right to audit | Recommendation still being considered | Recommendation still being considered | Legal & Procurement | | Pending | |
| Cyber Security | Mngt of external suppliers | Rec02: Review Service Level Agreements with service providers and include penalties where relevant | Recommendation still being considered | Recommendation still being considered | Procurement & IM | | Pending | |
| Cyber Security | Mngt of external suppliers | Rec03: Undertake service provider management including performance monitoring | Recommendation still being considered | Recommendation still being considered | Procurement & IM | | Pending | |
| Cyber Security | Mngt of external suppliers | Rec04: Perform pre-planning for cases of change to service provider and review contracts for changes required | Recommendation still being considered | Recommendation still being considered | Procurement & IM | | Pending | |

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| Cyber Security | Mngt of external suppliers | Rec05: Review contractor agreements in terms of information security requirements, record keeping and non-disclosure agreements | Recommendation still being considered | Recommendation still being considered | Legal & Procurement | | Pending | |
| Cyber Security | Mngt of external suppliers | Rec06: Require vendors to use secure development practices and vulnerability testing for applications | Recommendation still being considered | Recommendation still being considered | Legal & Procurement | | Pending | |
| Internal Audit | Business Continuity Processes | 4 major non-conformaces in the "Assess - Understand the significance and impact of the incident" process<br>* Steps 1- 4 have not been rolled out to staff and training has not been provided yet.<br>* Step 6a. During previous incidents a call centre representative has not been invited to updates<br>* Step 6b. The incident Risk Profile tool has not been used.<br>* Action Plans have not been created in the last two incidents. The current Action Plan template lacks clear direction of role specific tasks. | * The incident management process is scheduled to be rolled out to staff at Chamber Chat. Thereafter the training will be provided as part of the council induction programme (still to be discussed with HR).<br>* Process needs to be followed. Consideration will also be given on Call Centre representatives potentially participating in the IMT.<br>* Requires training and this has been included with the risk management rollout being undertaken. Training has been scheduled to show the IMT how | Actions undertaken with training currently being rolled out. Completion of training by August 2017. | Kurt Abbot / Kelly Newell | TBA | Work in progress | See proposed action/plan |
| Internal Audit | Business Continuity Processes | 2 major non-conformaces in the "Plan - Understand how we are going to resolve the incident" process.<br>* Medium to long term planning during the event has not been consistently done.<br>* No action plan documents have been created in this process. | * Can be included in the Promapp process for development of the action plan or could be a linked process. Requires templates and guidance to assist in the requirements for longer term planning and at what stage initiation should be considered. Proposed incident and emergency management framework would also improve this by having staff experts in | | Kurt Abbot / Kelly Newell | | Complete | Improvements made to process and latest events have undertaken action planning as per process. |
| Internal Audit | Business Continuity | 1 major non-conformaces in the "Resolve the Incident" process. | * To be included in IMT training | Training being rolled out. Completion of training by August 2017. | Kurt Abbot / Kelly Newell | TBA | Work in progress | See proposed action/plan |
| Internal Audit | Community Funding Processes | One minor non-conformance in relation to the documentation used in the process "Provide Funding | Process will be reviewed and documentation will be updated | | Lianne van den Bemd | 27/01/2017 | Work in progress | See proposed action/plan |
| Internal Audit | Parks and Facilities (KPI Process) | 2 Major non-conformances in the "Calculate KPI - Percentage of satisfied customers as per the council housing for the elderly survey" process<br>* Survey hasn't been carried out this year, the processes state that survey letters has to be sent on the 3rd week | | | Gavin Benseman | TBA | Work in progress | See proposed action/plan |
| KPMG review of Procurement and Contract Management | Contract management | Compliance with WDC's contract management policies and procedures needs to be strengthened.<br>1) Further investigation is required by Management to ensure that WDC's policies and procedures were followed in the above instances identified by Internal Audit through sample testing.<br>2) Reinforce WDC's procurement policies and | Noted. Staff will further investigate source of data. The upgrade to Councils document management system will involve removing access for file storage in personal drives which will address the 'perceived' lack of documentation. The balance of the | Three separate training sessions in different formats were held covering basics of procurement, our existing processes and more advanced techniques to help structure tender documents and evaluation criteria. The focus in the coming year would be | Raj Java | 30/09/2017 | Work in progress | |
| KPMG review of Procurement and Contract Management | Contract management | Develop guidelines relating to tender evaluation team and criteria.<br>1) Formalise WDC's procurement guidelines relating to the composition of the tender evaluation team and weighting of tender evaluation criteria. For example, | Noted. These recommendations will be addressed as part of the simplification review. | Some key staff are being encouraged to seek enrolment into the NZQA qualification for infrastructure procurement procedures to build internal champions of best practices. | Raj Java | 31/03/2017 | Work in progress - delay expected | The qualification process could take up to 12 months from the time the candidate is registered. |
| KPMG review of Procurement and Contract Management | Contract management | Implement a supplier performance measurement framework and strengthen supplier performance monitoring.<br>1) Develop and implement a performance management framework for measuring and monitoring contractor performance against agreed KPIs. This should form part of the Contract Management Policy. | Noted and agree to develop and implement a performance management framework for measuring and monitoring contractor performance against agreed KPIs forming part of the Contract Management Policy. | Work on processes related to contract management and reviews is yet to begin. Contract management is not yet supported by specific software so there is no single repository for information for reporting and control. However, the intention is to investigate options during the 2017/18 financial year. | Raj Java | 30/06/2018 | Work in progress | Option to use Technology One solution for contract management will be reviewed after successful implementation of ePO and the comfort level established with its adaption across the organisation. Other cloud based options may be reviewed for comparison and feasibility. |

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|---|---|---|---|---|---|---|---|---|
| KPMG review of Procurement and Contract Management | Contract management | Strengthen tracking of supplier spend. 1) Implement a regular spend analysis which should include: • Review of expenditure incurred by supplier. Where spend with a supplier is over the anticipated value, consideration should be made whether additional due diligence/checks needs to be performed in line with the policy. • Review of expenditure by category/nature of spend. Identify opportunities to consolidate spend with | Our procurement policy is based on a value for a piece of work and not annual spends. In the example cited above it appears that a number of individual jobs have been allocated through multiple purchase orders. Some steps have been undertaken to enlist Tier 2 suppliers under a main contractor like City Care to carry out smaller jobs. This needs to be further | This will get addressed in the supplier rationalisation process leading to preferred suppliers cited above. The basis of which will essentially be though consolidating spend to a smaller supplier base. | Raj Java | 31/03/2017 | Work in progress - delay expected | This will be an annual activity once the process has been established. It is expected that improvements will be visible by increasing % spend through preferred suppliers. |
| KPMG review of Procurement and Contract Management | Finance | Implement a 'one-up' approval of PO and strengthen controls to detect breach of Delegation of Authority. 1) Update WDC's procurement policies and procedures to require invoices to be approved by "one-up" level for POs raised and approved by the same staff within their DoA. 2) Ensure that manual POs and invoices are checked by the Accounts Payable team on a random basis to ensure that the approval is in line with DoA until the ePO system is rolled out throughout the WDC. | Council has a number of mitigating controls in place such as approved suppliers, management reporting against budget and delegation levels that reflect risk. However, staff acknowledge one up approvals do further reduce risk. This recommendation will be reviewed in light of further mitigation controls and ease of one up approvals available through electronic purchasing. | Electronic PO's has just been implemented across the organisation. One up approval have been addressed in the ePO workflow approvals for requisitions raised above the delegated authority limits. | Raj Java | 31/03/2017 | Completed | |
| KPMG review of Procurement and Contract Management | Finance | Implement exception reporting over key supplier Masterfile changes. 1) Implement exception reporting to identify changes to supplier bank account details. 2) Review of the exception report should be performed by an independent staff on a regular basis. | A new exception report has been created and this will be reviewed by the Financial Operations Team Leader on a daily basis. | | Stephen Thompson | Done | Complete | |
| KPMG review of Procurement and Contract Management | Finance | Implement controls to detect duplicate invoice into FinanceOne. 1) Implement the following system controls within FinanceOne: • Prevent entry of invoices with the same invoice number against the same supplier. • Prevent entry of invoices dated prior to the PO date. 2) Alternatively, implement a monitoring reporting | Our current system matches invoice number, creditor and the date to identify duplicate entries. In all the cases reported as duplicates the dates were different and specific account numbers were entered against invoice numbers to allow periodic payments. We will review the risk involved and | Reporting mechanisms around invoice dates and purchase order dates will be designed before year end. | Alison Diaz | 30/06/2017 | Work in progress | |
| KPMG review of Procurement and Contract Management | Procurement | Develop a procurement strategy and ensure consistency and clarity of procurement guidelines. 1) WDC should consider developing a procurement strategy. The strategy should set out: • procurement aims and objectives for the next 3 to 5 years • procurement vision • demonstrates the support by senior management • maps out the major initiatives to be addressed in the forthcoming 3 to 5 years • WDC's public commitment to maintain and improve | The two recommendations above are noted and supported. The Procurement work programme for 15/16 includes a simplification review which will certainly address the inconsistency issues referred to in (2). Council did have a procurement strategy but it is accepted it is dated and needs review. | Draft processes covering the major activities in the procurement processes have been completed to simplify the processes. This is currently being subject to peer reviews and will be further tweaked before being published. | Raj Java | 30/06/2017 | Work in progress - delay expected | 80% of processes would be published by 30th June. Processes relating to management and review of contracts would be deferred to Dec 2017. WDC procurement strategy would be put up for review by 30th Sept 2017. |
| KPMG review of Procurement and Contract | Procurement | Strengthen supplier vetting and improve monitoring over duplicate supplier accounts. 1) Update the new supplier form to include checks for | Noted and agree that our supplier base needs more effective vetting and control of new supplier enrolment. The | A new processes to register new suppliers and creating a preferred supplier list will be trailed during | Raj Java | 30/06/2017 | Work in progress - delay expected | The new process to be based on ECM workflow will record Conflict of Interest declaration by requestors of new supplier additions and will be reviewed by |

| Source | Category | Recommendation | Management Response | Update | Owner | Date | Status | Notes |
|---|---|---|---|---|---|---|---|---|
| KPMG review of Procurement and Contract Management | Procurement | Perform supplier rationalisation and spend monitoring. 1) Perform supplier spend monitoring on a regular basis to identify opportunities for formalising arrangements with suppliers (including invoice consolidation) for potential cost savings and ensure appropriate levels of due diligence checks are performed. 2) Consider developing a preferred supplier listing over high volume procurement areas and communicate | A number of cost savings have and are being delivered via our lead and involvement in LASS procurement initiatives and one off projects/focus within Council. There is an opportunity to make significant further savings by supplier rationalisation and invoice consolidation. This will be reviewed | Further opportunities are being explored with assistance from WLASS sponsored review by ArcBlue to generate savings through collaboration with member councils | Raj Java | 30/09/2017 | Work in progress | |
| KPMG review of Procurement and Contract Management | Procurement | Address ePO system inefficiencies and ensure controls over manual PO books in the future. 1) Ensure that system inefficiencies and other issues identified during the pilot phase are rectified before the system is rolled out to rest of WDC. | Inefficiencies in electronic purchasing (ePO) are being addressed with the suppliers and will be addressed before final roll out. All manual purchase order books will be withdrawn on roll | Inefficiencies have been addressed via one web based login and straight through processing. Manual purchase order books will be collected by Finance as training is rolled out across | Stephen Thompson | 30/06/2017 | Work in progress | |
| KPMG review of Procurement and Contract Management | Procurement | Formalise and document acceptable variation threshold between PO and invoice value. 1) Formalise and document acceptable threshold for variation between PO and invoice value. Any variations above the threshold should be reviewed and approved as per DoA. | Agreed. This will be addressed during the ePO rollout and variations permitted will be formalised. | It was decided that a variation of $50 is acceptable to council from a risk perspective. | Stephen Thompson | 30/06/2017 | Work in progress | |
| Project Management | Adoption of Framework | As part of strategy to improve culture, develop an awareness programme to educate project teams on the roles of the different components of the framework and the practical benefits. It is essential to de-couple the | Implemenation of periodic (suggested 1/4ly) project management fundamentals training (facilitated by an external party) and regular custom | Implemenation of periodic (suggested 1/4ly) project management fundamentals training (facilitated by an external party) and regular custom | PMA | 30/12/2017 | Work in progress | De-coupling of the tool from methodology has commenced in coaching sessions. To be included as part of PMF programme of works: PM |
| Project Management | Adoption of Framework | Review the valuable feedback received from project teams on IPM. Consider whether the reasons for poor adoption are in fact valid and how this can be addressed with the tool or application of it. Where there is clearly a user perception gap, address this through the training programme. | Initial review has commenced (Sept 2016). Amendments applied to tool (in progress). Further reviews to be conducted with PMF as part of ongoing programme of works. | Initial review has commenced (Sept 2016). Amendments applied to tool (in progress). Further reviews to be conducted with PMF as part of ongoing programme of works. | PMA & PMF | 30/12/2017 | Work in progress | Trail version of cloud based project maangement tool (CAMMsProject) has recently been provided by vendor. To be included as part of PMF programme of works: PM toolkit (Sept 2017). This will most likely include development of a full requirements specification. |
| Project Management | Adoption of Framework | Having addressed/identified the most suitable tool (IPM or other) to support project management, establish a roll out programme which fits with the project management training and awareness programme. | To be workshopped with PMF | To be included as part of PMF programme of works: PM toolkit (Sept 2017). This will most likely include development of a full requirements specification. | PMF & PMA | 30/12/2017 | Work in progress | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. Trail version of cloud based project maangement tool (CAMMsProject) has recently been provided by vendor. To be included as part of PMF programme of works: PM toolkit (Sept 2017). This will most likely include |
| Project Management | Adoption of Framework | Establish manadatory project management standards. This may create the perception of more administration for those who are not practicing good project management disciplines. | To be workshopped with PMF | | PMF & PMA | 30/06/2017 | Complete | first workshop 10/02/2017 PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. This body of work is agreed and will be part of the PMF prgramme of Works : PM Standards Project |
| Project Management | Adoption of Framework | Differentiate between the tool versus the framework. | De-coupling of the tool from methodology to be included as part of fundamental and custom training. | | PMA | 30/12/2017 | Complete | De-coupling of the tool from methodology has commenced in coaching sessions. This body of work is agreed and will be part of PMF programme of works: PM toolkit (Sept 2017). |
| Project Management | Adoption of Framework | Enroll project personnel to help pilot the tool to establish buy in. | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Work in progress | To be conducted with PMF as part of ongoing programme of works. |

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| Project Management | Adoption of Framework | Ensure use of tool simplifies compliance with mandatory project management standards. A fit for purpose exercise is required to ensure the tool selected match the project type (e.g. capital works outsourced project) | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Work in progress | |
| Project Management | Adoption of Framework | Ensure the tool has demonstrable benefits for the user to encourage voluntary adoption. This means targeting the pain points of project teams today. For example, the tool may integrate with finance system to track costs incurred, to avoid dual entry against budget. Another example is where the user can intelligently import an existing project plan that was externally developed | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Pending | |
| Project Management | Adoption of Framework | Win positive feedback from smaller user communities before rolling out too widely (given the diverse nature of projects at council). | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Work in progress | PMF and broader org project group established. Rocket Projects engaged to assist with project based on change management. |
| Project Management | Adoption of Framework | Ensure that the tool is not overtly prescriptive and utilises consistent terminology to the messages contained within the Guide. | Initial review has commenced (Sept 2016). Amendments applied to tool (in progress). Further reviews to be conducted with PMF as part of ongoing programme of works. | | PMA & PMF | 30/12/2017 | Complete | Note: This will be review again once new version of tool is decided and implemented. |
| Project Management | Methodology | Project Reporting - Specify information which must be included in project reports, frequency of reporting, and how reporting should differ based on the nature of the project, audience reported to etc. Link this aspect to approved templates to facilitate consistency across the | | Recommendation still being considered | PMF | TBA | Pending | Reports have been created with specific information defined in fields. These reports need to be reviewed and approved by PMF to ensure cross organisational agreement. |
| Project Management | Methodology | Resource Management - While resource allocation will differ considerably across enterprise, explain the key methods and how capacity is managed in total. Also, provide useful checklists for resource requirements and costing methods. | Recommendation to be developed by PMF and presented to ET. | Recommendation to be developed by PMF and presented to ET. | ET and PMF | | Work in progress | This body of work commenced May 2017 as part of the Project Management Forum Programme of Work: PM Enterprise Portfolio Framework |
| Project Management | Methodology | Link to Contract Management expecations - Clarify Councils project governance and project management roles where some or all parts of a project are contracted out. For example, even though a project may be contracted out from a delivery perspective Council still requires visibility of risks which it continues to own. | Recommendation to be developed by PMF and presented to ET. | Recommendation to be developed by PMF and presented to ET. | ET and PMF | | Work in progress | This body of work is scheduled to take place Sept 2017 as part of the PMF prgramme of Works : PM Standards Project |
| Project Management | Methodology | The guide appears to be a useful tool for inducting new project personnel. Consider explaining the concept of project portfolios at Council and how these fit within the organisational structure. | Workshop with PMF and key LTP contributers. First workshop 10/02/2017 | | PMA & Rocket Projects | 30/06/2017 | Complete | First workshop 10/02/2017 PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. Completed final development workshop with stakeholders 22/05/2017. Added to PMF programme of works: PM Implementation Project: PM Induction |
| Project Management | Methodology | Consider developing mandatory policies and linking the Guide to such policies as part of the overall strategy to improve project management culture. | Policies to be developed and implemented by PMF | | PMF | 30/12/2017 | Complete | The ongoing works within PMF will identify policy requirements and inform development of policy Policy to be created as part of PMF programme of works: PM Implementation Project: PM Standards (Sept 2017) |

| Project Management | Methodology | As part of the above recommendation, clarify how project stage gates are approved within the organisations delegation of authority. For certain high risk projects, stipulate the use of independent quality assurance for various parts (e.g. revalidating a business case proposal or reviewing project deliverables). | Workshop with PMF and key LTP contributers. first workshop 10/02/2017 | | PMA & Rocket Projects | 30/06/2017 | Complete | First workshop 10/02/2017 PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017.  PM Methodology to be updated as part of PMF programme of works: PM Standards (Sept 2017) |
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| Project Management | Methodology | Establishmenbt of an Entrprise Project Management Office (ePMO). Consider an ePMO's involvement in stage gate reviews to induce greater levels of quality and compliance with the Guide. | In consultation with ET and PMF this recommendation will not be applied. In line with culture incentives, a softer approach to implementation of project management methodologies and | | ET | | Complete | The PMF has instead been implemented. |
| Project Management | Methodology | Increase awareness of the Guide through training sessions that include alinging it to how it can prevent common failures. This training must go beyond the methodology and cover the soft side of effective project management, for example, how to manage a disengaged sponsor. | recommendation to be developed by PMF and presented to ET. Agreed options include implemention of periodic (suggested 1/4ly) project management fundamentals training (facilitated by an external party) and regular custom internal group training sessions that promote the awareness of the Guide and application of the | | PMF & PMA | 30/12/2017 | Complete | First workshop 10/02/2017 PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017.  Training being developed as part of PMF programme of works: PM Training Project. Training packages to be rolled out April 2018. |
| Project Management | Practices | Establish an ePMO, with ultimate accountability at the organisational ET level, which has a clear mandate to delver increased levels of project success. As part of this, decide upon the style and model of ePMO. For example, | in consultation with ET and PMF this recommendation will not be applied. In line with culture incentives, a softer approach to implementation of project | | ET | | Complete | |
| Project Management | Practices | Involve th ePMO in reviewing projects and providing support. For example, the ePMO could be involved in reviewing deliverablea at phase gates and assessing performance against project management standards. For high risk projects, deploy independent quality assurance. All insights need to be looped back to training and wareness programme. | in consultation with ET and PMF this recommendation will not be applied. In line with culture incentives, a softer approach to implementation of project management methodologies and maturity development has been selected. The selected approach | | ET | | Complete | |
| Project Management | Practices | Use a project manager accreditation process to allocate projects of varying difficulty/risk levels. This may simply involve the adoption of well-established industry qualification programmes. | To be workshopped with PMF | | PMF & PMA | 30/12/2017 | Complete | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017.  To be included as part of PMF programme of works: PM Training (Nov 2017). |
| Project Management | Practices | Establish training and awareness programme through which accreditation may be attained. The range of activities can vary and need not all be formalised. For example regular case studies of completed Council projects could provide valuable insights in terms of the importance of good project management. These should | To be workshopped with PMF Implementation of periodic (suggested 1/4ly) project management fundamentals training (facilitated by an external party) and regular custom internal group training sessions that | | PMF & PMA | 30/12/2017 | Work in progress | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017.  Training and awareness to be included as part of PMF programme of works: PM Training (Nov 2017). |
| Project Management | Practices | Encourage project managers to attend project management networking events where they can share their good and bad personal experiences for others to learn from. | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Work in progress | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. |
| Project Management | Practices | Have project managers peer review projects to reinforce the project management steps and personally experience the effects of poor quality documentation. Training can be made engaging through combining peer review reports, post audit insights and networking events. | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Work in progress | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. |

| Project Management | Practices | Regardless of project management systems used, projects should regularly report on issues and these should be visible to the ePMO. Aside from seeking help, this will facilitate root cause analysis and help to address any project management deficiencies. All projects should complete a lessons learned document at the end of the project to further uncover project management issues. New projects should be challenged at the start to | This process and documentation is currently in place. Further development is scheduled to take place with PMF to ensure cross organisational buy-in. | This process and documentation is currently in place. Further development is scheduled to take place with PMF to ensure cross organisational buy-in. | PMF & PMA | 30/12/2017 | Work in progress | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. |
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| Project Management | Practices | Specific training may be required where projects are contracted out. This is to ensure sufficient Council visibility of project mangement areas. The reporting should meet the informational needs of Council. For example, reporting on risks should align with Councils risk matrix so that projects can be measured consistently. | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Pending | |
| Project Management | Practices | Undertake prescribed audits to ensure critical project planning documentation (e.g. project plans nad business cases) are retained so that the success of the project can be measured against planned benefits and success criteria. | To be workshopped with PMF | | PMF & PMA | 30/12/2017 | Complete | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. Audit schedule to be included as part of PMF programme of works: PM Continuous Improvement (May 2018). |
| Project Management | Practices | Perform an organisation wide project management competency assessment that includes nominated project role definitions, to determine knowledge and skills gaps for the purpose of implementing targeted training. | In consultation with ET and PMF this recommendation will not be applied. In line with culture incentives, a softer approach to implementation of project management methodologies and maturity development has been selected. The selected approach applies a learning culture that aims to develop capability through training and to implement a periodic peer/managerial/PMA quality and compliance audit | | ET | | Complete | |

| Project Management | Practices | Where necessary, consider the use of fixed term project management specialists to run complex/high risk/resource intensive projects for the organisation. | To be workshopped with PMF | To be workshopped with PMF | PMF & PMA | 30/12/2017 | Work in progress | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. |
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| Project Management | Tool | Simplify IPM configuration to a basic version. It should identify the minimum requirements to manage projects across the majority of Council. Look to implement other features as user capability over project management improves, and linked to this the demands on the system functionality to keep pace with this. | Initial review has commenced (Sept 2016). Amendments applied to tool (in progress). Further reviews to be conducted with PMF as part of ongoing programme of works. | | PMA & PMF | 30/12/2017 | Complete | |
| Project Management | Tool | Explore capability of CAMMS to provide a working prototype of the enhanced solution for WDC to trail. Determine whether the prototype meets requirements and any concerns with current version. | Conversations with CAMMs have been initiated. | | PMA, CAMMS & IT | 30/06/2017 | Complete | |
| Project Management | Tool | Work through current frustrations with CAMMS and seek out quick wins (such as improving response times). | Conversations with CAMMs have been initiated. | Conversations with CAMMs have been initiated. | PMA, CAMMS & IT | 30/06/2017 | Work in progress | |
| Project Management | Tool | Increase user awareness of tool functionality including understanding of basic project management terminology and relationship with WDC project management methodology. | To be workshopped with PMF Implemenation of periodic (suggested 1/4ly) project management fundamentals training (facilitated by an external party) and regular custom internal group training sessions that promote the awareness of the Guide | To be workshopped with PMF Implemenation of periodic (suggested 1/4ly) project management fundamentals training (facilitated by an external party) and regular custom internal group training sessions that promote the awareness of the Guide | PMF & PMA | 30/12/2017 | Work in progress | PMF have developed project to create and develop workstreams to deliver against this recommendation. Work-streams to be completed by April 2017. |
| Risk Management | Data & Technology | Little awareness of Promapp as the central repository of risks. Ensure that staff are aware and use Promapp as a | Included in the Organisational Risk Awareness project. | | Risk Coordinator | 30/12/2017 | Complete | Promapp has built in risk training programme. This will be included as part of overall training package. 2/2/2017 |
| Risk Management | Risk Assessment & Measurement | The LT strategic risk register is out of date. The operational risk registers were created about 2 years ago. While there is a process to review these on a 6 monthly basis, the review by the business is more from a compliance to process perspective rather than a robust review of existing and emerging risks | Included in the Organisational Risk Awareness project. Reviews commence February 2017 | | Risk Coordinator | 30/06/2017 | Complete | All operation register reviews completed 01/03/2016. Monthly discussion and 6 monthly review to be implemented as part of ORA reporting schedule and training. |

| Risk Management | Risk Assessment & Measurement | There is a lack of understanding and clarity around the distinction between 'issue' and 'risk'. There is a combination of risks and issues reported together as risks. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. Diagram to be created to demonstrate risk, issue and continuous improvement cycle | | Risk Coordinator | 30/06/2017 | Complete | Draft created for inclsion in training to provide understanding of difference and how processes should work towards continuous improvement. Introduced to ET 2/2/2017. |
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| Risk Management | Risk Assessment & Measurement | A facilitated risk workshop to derive a top-down view of risks is important to help deliver on WDC's objectives. This will ensure that ET and the ARC focus on strategic | Discussed with KPMG. Considered as a non-requirement due to recent strategic risk review. Workshop to perform top-down view to be added to | | ET & Risk Coordinator | 30/06/2017 | Complete | To be added to RM calendar as BAU |
| Risk Management | Risk Assessment & Measurement | Annual bottom-up risk workshops facilitated by the risk team should be considered to update the current operational risk registers. This will also enable an organisational wide risk management culture and facilitation of risk insights from the front line. Any significant risks identified during this process should be included in the ORR. | To be added to annual risk calendar as part of BAU. First review included in the Organisational Risk Awareness project. Reviews commencing February 2017 | To be added to annual risk calendar as part of BAU. First review included in the Organisational Risk Awareness project. Reviews commencing February 2017 | Risk Coordinator | 30/06/2017 | Work in progress | |
| Risk Management | Risk Assessment & Measurement | Going forward, a consistent approach should be adopted for business unit/functional risk registers. A clear guidance should be provided to business units regarding developing their business unit risk registers including frequency and roles and responsibilities. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. | Risk Coordinator | 30/12/2017 | Work in progress | Framework review including scheduled requirement. Risk calendar development to provide schedule. |
| Risk Management | Risk Assessment & Measurement | The programme/projects risks should be consolidated and aggregated to ensure effective reporting of programme/project risks. A portfolio view of all programme/project risks should be developed and only top programme/project risks should be reported to the ARC. | To be raised with Project Management Forum<br><br>This has been added to the PMF workstream. | To be raised with Project Management Forum<br><br>This has been added to the PMF workstream. | Project Management Forum | 30/03/2017 | Complete | See PM work plan. |
| Risk Management | Risk Assessment & Measurement | Update and revise the risk matrix to ensure that it caters to effective assessment and measurement of strategic and operational risks of WDC. | Included in the Organisational Risk Awareness project.<br><br>Reputation/Image portfolio only one remaining to be approved. | Included in the Organisational Risk Awareness project.<br><br>Reputation/Image portfolio only one remaining to be approved. | Risk Coordinator | 30/06/2017 | Work in progress | Underway. First matrix review conducted 3/3/2017. |

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| Risk Management | Risk Culture | There was consistency among the ET in terms of WDC's risk management which was generally described as "reactive, static, mechanical, conservative". Management is good at managing risks when presented with risk information. However, a fully engaged, proactive management of risks needs to be practiced. Leadership of risk management is lacking in the business. Risk management is viewed as a "laborious' process particularly to update the operational risk register on a 6 monthly basis. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. ET to promote reviews and implement reporting requirements related to risk register development and maintainance. | | Risk Coordinator | 30/12/2017 | Complete | Requirement for 6 monthly review captured in Framework. Post ORA this will be implemented by ET and scheduled training provided as part of ORA outputs. |
| Risk Management | Risk Culture | Encourage a more open risk communication, dialogue across the organisation to embed risk management in day to day activities. | Included in the Organisational Risk Awareness project. | | Risk Coordinator | 30/12/2017 | Complete | Meetings will Unit Managers & TL's along with ET. Pokeno Growth workshops an example. Ongoing. |
| Risk Management | Risk Culture | Consider regular risk communication and updates from the CE to 'walk the talk' demonstrate good leadership, commitment and a strong tone at the top. Guidance may be taken from the current approach to Health and Safety Management which appears to be well embedded and understood across the organisation. | | | ET | | Complete | Discussions with ET 2/2/2017. Engagement plan for ORA includes schedule and mediums. ET confirmed that risk management will be prioritised as a topic. |
| Risk Management | Risk Culture | Conduct formal risk workshops at least annually to allow for an open risk discussion. Employee engagement is developed through participation in the risk identification and management process. | To be added to annual risk calendar as part of BAU<br><br>AMP workshops underway currently. | To be added to annual risk calendar as part of BAU<br><br>AMP workshops underway currently. | Risk Coordinator | 30/06/2017 | Work in progress | Calendar expected to be finalised by 01/07/2017<br><br>Calendar created. Currently having schedules added. |
| Risk Management | Risk Culture | Risk Management should be formalised as part of the team meeting agendas. Responsibility to lead the risk discussion should be rotated among the team to shift the mindset that risk management is primarily led by senior management. | Currently being promoted as part of the ORA during training sessions. | Currently being promoted as part of the ORA during training sessions. | ET | | Work in progress | Discussions with ET 2/2/2017. Monthly reporting to begin with ORA progress. Post ORA reporting schedule to be implemented. BA has created first draft of reporting format. |
| Risk Management | Risk Culture | Consider introducing risk management into employee performance plans to encourage the desired risk management culture and behaviours. | | Recommendation still being considered | ET | | Pending | |

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| Risk Management | Risk Culture | Consider enhancing the dissemination of risk management information down through business line personnel. For instance, at each ARC meeting, 4 top key risks are selected for detailed discussion and action monitoring. Management should consider sharing the information and actions arising from these discussions with the business line personnel. | | Recommendation still being considered | A&R | | Pending | |
| Risk Management | Risk Culture | Risk management awareness sessions and trainings should be considered to enhance risk management capability in the organisation. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. | Risk Coordinator | 30/12/2017 | Work in progress | Training package to be created post RMF review completed and RAS captured. Currently, knowledge gaps being identified through meetings with Business Unit Managers and Team Leaders as operational registers are being reviewed. |
| Risk Management | Risk Governance | The existing Risk Management Framework and Policy are dated February 2013 and March 2014 respectively. These need to be updated. This presents an opportunity for WDC to align the framework with the strategic objectives of the organisation and the key elements of a risk management process. | Included in the Organisational Risk Awareness project. | Included in the Organisational Risk Awareness project. | Risk Coordinator | 30/06/2017 | Work in progress | In progress as part of ORA. Reviewed policy has been drafted and approved by Continuous improvement. To CE and CWP next. |
| Risk Management | Risk Governance | Currently, risk management activities appear to be driven by the risk coordinator who has a function reporting line to the General Manager, Strategy and Support. Risk Management should be championed at the ET level. | | | ET | 30/03/2017 | Complete | Workshop with ET 02/02/2017 to establish basis for their reporting requirements & established need for ET to champion risk. This will be achieved by promotion and prioritisation of risk related activities and support of the ORA. |
| Risk Management | Risk Governance | WDC should adopt a formal risk operating structure to ensure that there is a clarity of roles, responsibilities and accountabilities for the different parties who are part of WDC's risk management framework. | Included in the Organisational Risk Awareness project. The structure is clearly defined in the existing risk management framework. | | Risk Coordinator & ET | 30/03/2017 | Complete | Request for formation of Forum approved during ET meeting 02/02/2017. ORA to develop training and launch Forum. |
| Risk Management | Risk Governance | The risk operating structure should be communicated to all staff so that they understand their roles and responsibilities and how can they contribute making WDC's risk management more robust and effective. For example risk owners responsibilities for risk treatments. | Included in the Organisational Risk Awareness project. The structure is clearly defined in the existing risk management framework and will be socialised as part of the project. This will include a request from ET to support the formation of the Risk Forum (as per the existing documentaion). | | Risk Coordinator & ET | 30/03/2017 | Complete | Request for formation of Forum approved during ET meeting 02/02/2017. ORA to develop training and launch Forum. |
| Risk Management | Risk Governance | Council level thresholds for escalation and reporting are not defined. Currently there is quarterly reporting on the organisational risk register (ORR). | Included in the Organisational Risk Awareness project as part of review. From perspective of reporting, Framework does capture reporting levels and delegations. | | Risk Coordinator & ET | 30/12/2017 | Complete | |

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| Risk Management | Risk Governance | Council level thresholds for escalation and reporting are not defined. Currently there is quarterly reporting on the organisational risk register (ORR). | Included in the Organisational Risk Awareness project. Reporting frequency is captured in Risk Management Framework. Reporting media to be defined and approved. | Included in the Organisational Risk Awareness project. Reporting frequency is captured in Risk Management Framework. Reporting media to be defined and approved. | Risk Coordinator & ET | 30/12/2017 | Work in progress | Framework clearly captures thresholds for reporting. Meeting ET on 2/2/2017 to explore reporing requirements. Meeting with BA 23/02/2017 to explore reporting formats. Draft formats ready for review. Final reporting medium to be decisded post ELT training with KPMG. Likely implementation date post October ARC. |
| Risk Management | Risk Governance | Risk management understanding and capability is limited in the business to use risk management in business as usual activities. There is a need for more guidance and coaching for the business to enable risk information to be used in day to day business and decision making. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. Training underway re application of Risk Tool. Regular session conducted fortnightly. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. Training underway re application of Risk Tool. Regular session conducted fortnightly. | Risk Coordinator | 30/12/2017 | Work in progress | Complete training package to be created post RMF review completed and RAS captured. Currently, knowledge gaps being identified through meetings with Business Unit Managers and Team Leaders as operational registers are being reviewed. |
| Risk Management | Risk Management & Monitoring | Risk treatments do not always refer to specific action plans, policies or processes. There is a lack of understanding from risk owners on the risk treatments required and any impact on BAU. | Included in the Organisational Risk Awareness project. Training to be provided to all staff involved in risk management. | | Risk Coordinator | 30/12/2017 | Complete | Included in training. |
| Risk Management | Risk Management & Monitoring | Support and assistance should be provided by the risk team to identify appropriate risk mitigations and treatment plans to manage risks | Process drafted to be added to amended framework. Risk team will not be implemented due to current resourcing. Facilitation to be conducted by risk coordinator. | Process drafted to be added to amended framework. Risk team will not be implemented due to current resourcing. Facilitation to be conducted by risk coordinator. | ET | | Complete | Risk Forum not yet implemented although is part of risk structure. Current practice is for Risk Coordinator to arrange, facilite and promote all risk management associate with risk tool and to coach/assist in the identification and documentation of risks and treatments. Draft process being developed to provided guidance on how to seek support. |
| Risk Management | Risk Management & Monitoring | Management should be report on the effectiveness of the treatment plans particularly those relating to the key strategic risks | Training. Create templates for action plans. | | ET | | Complete | Templates being drafted. To be trialed with Pokeno Growth Forum 7/3/2017. To be included in training. Templates created and rolled out in pilot as part of risk tool training. |
| Risk Management | Risk Management & Monitoring | A process to test or validate the effectiveness of management's current activities to mitigate or reduce risk to acceptable levels should be considered (i.e. Internal Audit). These processes are relied upon by Council, ET, and external parties to gain confidence in the appropriateness and effectiveness of risk mitigation, responses, and action plans. | | Recommendation still being considered | ET | | Pending | |

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| Risk Management | Risk Reporting & Insight | Review the current risk reporting to ARC and ensure there is a consistent criteria based on which key risks are selected for quarterly reporting. The criteria should be discussed and approved by the ARC. | | Recommendation still being considered | ARC, ET and Risk Coordinator | | Pending | |
| Risk Management | Risk Reporting & Insight | Council and ET reporting processes need to be defined so that there is alignment with Council expectations and risk appetites. Council and ET's risk reporting requirements are vital to the effective discharge of their risk oversight responsibilities. It is also focused on supporting decision making. | Included in the Organisational Risk Awareness project. | Included in the Organisational Risk Awareness project. | ET & Risk Coordinator | | Pending | |
| Risk Management | Risk Reporting & Insight | The number of key controls reported to the ARC should be reviewed. Management may want to report key risks identified as a result of the top down risk identification and assessment once implemented. | | Recommendation still being considered | ET | | Pending | |
| Risk Management | Risk Reporting & Insight | A process has not yet been identified for monitoring or reporting incidents. An incident monitoring process for all risk areas of the organisation, including reporting processes needs to be implemented. | Included in the Organisational Risk Awareness project. | Included in the Organisational Risk Awareness project. | Risk Coordinator | 30/12/2017 | Work in progress | Formal incident reporting processes have recently been implemented within the organisation. ORA to include a process review to identify if incidents relate identified risks and how to engage the evaluation process with risk/incident management in the context of CI. This will also require a process for evaluating if the possibility of incident recurrance requires escalation onto the risk register. |
| Risk Management | Risk Reporting & Insight | Opportunities to improve include greater focus on future risk issues (i.e. forward-looking key risk indicators, scenario analysis, etc.) and a comprehensive single view of risks. | | | | | Complete | This will be added to future works programme as the organisational maturity evolves |
| Risk Management | Risk Strategy & Appetite | Create a clear linkage to WDC's strategic objectives and/or community outcomes to ensure that all risks associated with strategic objectives have been completely considered and are being mitigated appropriately. We recommend that risks are considered as key aspects of the annual planning and discussed by the Executive Team (ET) and the Council when setting up strategic objectives and/or community outcomes. Other opportunities include framing key planning activities such as asset management and district plan development such that risk discussions become more | This workshop is planned for April.  This workshop has been delayed to accomodated ELT training with KPMG (delay associated with change GM). Expected to take place late August/early September. The links have been drafted. | This workshop is planned for Aug/sept. | ET & Risk Coordinator | | Pending | Delayed to accomodated ELT training with KPMG |

| Risk Management | Risk Strategy & Appetite | Establish and document a Risk Appetite Statement (RAS) for key areas of risks which are approved by the Council. | Engage KPMG to facilitate workshop with ET and produce RAS<br><br>KPMG to run workshop with ELT and facilitate discussion with A&R. This work has been delayed to accommodate the change in ELT to ensure all GMs are involved in workshop and discussions. | Engage KPMG to facilitate workshop with ET and produce RAS<br><br>KPMG to run workshop with ELT and facilitate discussion with A&R. This work has been delayed to accommodate the change in ELT to ensure all GMs are involved in workshop and discussions. | ET & Risk Coordinator | 31/08/2017 | Work in progress | KPMG to be engaged for this process. Discussed with ET 02/02/2017 & confirmed with Tony 27/02/2017 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Risk Management | Risk Strategy & Appetite | Ensure alignment between the documented risk appetite levels and relevant Council policies. | | Recommendation still being considered | Risk Coordinator | 31/09/2017 | Pending | This piece of work cannot commence until WDC RAS has been agreed (Aug 2017). |
| Risk Management | Risk Strategy & Appetite | Communicate the RAS to the wider organisation, or at least mid tier management levels. | | Recommendation still being considered | ET | 31/09/2017 | Pending | This piece of work cannot commence until WDC RAS has been agreed (Aug 2017). |
| Risk Management | Risk Strategy & Appetite | Ensure that the RAS is reviewed at least annually or updated for any significant change. | To be added to annual risk calendar as part of BAU<br><br>Calendar is currently under-development. | To be added to annual risk calendar as part of BAU<br><br>Calendar is currently under-development. | Risk Coordinator | 30/06/2017 | Work in progress | |

**Waikato DISTRICT COUNCIL**
*Te Kaunihera aa Takiwaa o Waikato*

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 06 June 2017 |
| **Prepared by** | Katja Jenkins |
| | Project Management Advisor |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / 1733509 |
| **Report Title** | Organisational Risk Direction |

## 1. EXECUTIVE SUMMARY

This report provides an overview of organisational risk direction demonstrated through:

- A progress update on the Organisational Risk Awareness project; and
- Organisational risk activities.

## 2. RECOMMENDATION

**THAT the report from the General Manager Strategy & Support be received.**

## 3. DISCUSSION

Organisational Risk Awareness Project

The project is currently on track.

The following items demonstrate the progress of the Organisational Risk Awareness Project ("ORA") since the last Executive Leadership Team ("ELT") update. Activities completed:

- Ten (10) Promapp Risk Tool Training sessions
- Agreement on KPMG support scope – ELT Risk Training and Risk Appetite Statement (RAS) workshop
- Project engagement plan
- Corporate & Community Objectives aligned with current strategic risk register (document capture); for development of future top down risk approach
- Promapp Summit; best practice risk tool application.

Activities underway:

- Alignment of risk terminology (to simplify the language with consideration to Promapp tool limitations)
- Benchmarking against other Councils BOPLASS and LASS
- Updated Risk Framework drafted
- Updated Risk Matrix drafted
- Updated Policy drafted
- Risk Management Calendar being created (scheduled organisational risk activities).

Upcoming activities:

- Continued risk tool training
- Develop risk management process training
- Develop risk management induction package
- Develop ELT training and RAS workshop with KPMG
- ELT communication to organisation re Risk Awareness Project (Appendix 1)

Issues identified:

- Risk training prioritization (low attendance)
    - Communicated to ELT 25 May 2017. Attendance increase demonstrated post ELT meeting.
    - More individual and ad-hoc sessions also scheduled to accommodate availability.
- Lack of proactive risk management (overdue sign off)
    - Improving as training is rolled out. Some follow up still required.
- Existing and inflexible terminology and definitions
    - Glossary being created.
- Change General Manager
    - Some deliverables delayed to accommodate on-board of new Customer Support General Manager (not likely to impact project deliverables.
- Risk portfolio managers finding risk tool complex due to different roles
    - Role removed temporarily (Risk Coordinator has assumed all portfolio management) to accommodate learning and development phase.
- Low engagement when benchmarking against other Councils BOPLASS and LASS
    - Utilised available to prevent project delays and found network opportunity through Promapp User Summit with other organisations.

Change management continues to be a key contributor to deliver project outcomes. Executive support is demonstrating outcomes, particularly in achieving and maintaining engagement from Managers and staff.

<u>Organisational Risk Activities</u>

Risk identification and assessment workshops are currently being conducted with business units in both the Service Delivery and Customer Support areas for inclusion in the Activity Management Plans ("AMPs"). Two (2) workshops and four (4) planning meetings have been held so far. These are proving a successful engagement opportunity.

Monthly meetings focusing on identified risks associated with Pokeno Growth continue. These meetings are demonstrating a possible requirement of a strategic risk associated with the speed and impact of growth.

## 4. CONCLUSION

Continued improvement in staff engagement has been observed. Monthly progress reporting to ELT is underway to monitor on-going activity.

A continued focus on change management is required to embed risk management into business activity.

## 5. ATTACHMENTS

NIL

**DISTRICT COUNCIL**
*Te Kaunihera aa Takiwaa o Waikato*

*Open Meeting*

| | |
|---|---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 09 June 2017 |
| **Prepared by** | Alan Kuyper and Katja Jenkins |
| | Project Management Advisors |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / 1735305 |
| **Report Title** | Project Lessons Learnt Summary |

## 1. EXECUTIVE SUMMARY

The Waikato District Council Project Management Framework includes Close Project Reports that are required to be completed at the end of projects. During the Close Project stage the Project Steering Group reflects on how the project played out, identify what went well, what did not and highlight any innovations made. The Steering Group also considers what could have been done better and produces a lessons learnt document that can be utilised by new projects starting up across the organisation.

The purpose of the Close Project Report is for Council to learn from and improve the planning and successful delivery of projects.

It is proposed that Council publish a quarterly Project Lessons Learnt Summary.

Please find attached examples of recent project lessons learnt.

## 2. RECOMMENDATION

**THAT the report from the General Manager Strategy & Support be accepted.**

## 3. ATTACHMENTS

This attachment contains examples of Lessons Learnt from recent projects

## IT Backup and Disaster Recovery Systems

- Identify assumptions in planning stages.

- Ensure critical assumptions are captured as risks and have appropriate mitigation strategies in place.

- Regular meetings with project sponsor ensures no surprises should assumptions prove unfounded.

## Electronic Purchase Order Pilot Project

- Determine the experience, quality and communication skills of the supplier project manager before you start the project.

- Key staff resourcing for the project needs to be clearly identified and the number of estimated hours required from the start. This is to ensure that BAU can continue unaffected.

- Be aware of other system upgrades within the organisation happening at the same time as the implementation of your project software. It could impact on the functionality of your new product.

- Don't always rely on the recommendation of the experts. Debate the case sensibly to ensure you get the right outcome for Council. This may not be the same as the recommendation from the experts.

## Electronic District Plan

- Regular meetings helps everyone stay in touch.

- A good team of on-to-it people working together can achieve good change.

- Support from above helps with business involvement and participation.

- Understand what support to expect from the software vendor.

- Fully understand the effort required for every piece of work.

## Online Forms Project

- With future forms careful business analysis should be undertaken to ensure all aspects of the backend processes are analysed. For the Direct Debits there are specific requirements from BNZ for the confirmation letter that is sent to customers. This required an overhaul of the letter templates and the SQL statement that draws the source data out of the database to enable all the required fields to be included in the mail merge, this was not identified earlier on.

- More analysis to capture the requirements for the ECM Metadata file should be taken into account. Assumptions were made over what was required which did not capture all the requirements, this resulted in more work later on in the project.

- A good team of knowledgeable 'subject matter experts' makes a huge difference in adding more value with innovations suggested and added on the way.

*Open Meeting*

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|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | General Manager Strategy & Support |
| **Date** | 06 June 2017 |
| **Prepared by** | Madelina Baena-Escamilla |
| | Continuous Improvement Analyst |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 / 1735074 |
| **Report Title** | Update on Process Audit and Quality Improvement |

## 1. EXECUTIVE SUMMARY

This report outlines work planned and undertaken to support quality improvement throughout the business. It covers the process audit programme, policy review and process improvement.

## 2. DISCUSSION

### 2.1. Process Audit Programme

The process audit programme for 2016/2017 has been completed; 15 audits were scheduled to audit 34 business processes. During the last quarter, a total of three audits (covering 8 Processes) have been carried out. The outcome of the three completed audits is four major non-conformance, no minor non-conformance, and 13 recommendations for improvement. One Audit wasn't carried out and will be included in the next audit schedule (See attached Process Audit Status (2016-2017) Activity Report).

Auditor training has been scheduled to be undertaken in July. This will increase the number of trained auditors from 18 to 30, and allow more audits to be undertaken for the 2017/2018 audit schedule.

### 2.2. Policy

The work programme for reviewing internal and external Council policies is progressing as planned.

Two policies have been reviewed:

- Safe Use of Council Vehicles Policy
- Zero Harm Policy 2017

New policies being created are:

- Child Protection Policy
- Disability Policy

Other policies being reviewed are:

- Business Continuity Policy
- Lone Worker Policy
- 'Long Long' (long sleeve/long pants) Policy
- Harassment and Bullying Policy
- Corporate Uniform Policy
- Community Engagement
- Internet Use Policy
- Email Use Policy
- Email Release Policy
- Remote Access Policy

## 2.3. Process Improvement Forum

Excellent progress in the Waters team has been achieved including process capture and improvement over the past quarter. 60 new processes have been finalised and published in the water operations and treatment plant teams and another 67 are being drafted to be finalised soon.

The main focus in the other groups has been to review and re-publish out of date processes (processes that haven't been reviewed in the past 12 months). There are currently 997 published processes mapped (an additional 56 since March 2017) and 120 processes in draft status (20 more than in March 2016).

The Improvement Forum meets on a monthly basis to drive our quality management system and encourage process mapping and continuous improvement. Process champions have been delivering training to new staff and helping process experts to finalise and publish their processes focussing on Business Continuity processes.

The Promapp World initiative to inform all staff about new processes and policies has continued in the past quarter. How to manage customer complaints and recognise a vexatious customer, and how to apply different types of leave (Jury duty, Sports/Art and Culture leave, etc.) have been amongst the recent processes that have been featured.

Process champions attended the Promapp User Summit in Auckland; this was an opportunity to share our Business Process Management and Risk Management experience with different business process experts from several organizations. New features are coming into Promapp that will help to strengthen our process and improvement culture.

For the last couple of years, Waikato District Council has proven to be an industry leader in the improvement of business processes and the management /use of integrated management systems (Quality, Risk, etc.).  The existence of these management systems has allowed us to achieve outstanding results in different areas of the organization.  For this reason, Waikato District Council staff have been invited to speak at the next Promapp Regional User Group about our corporate management systems (Quality, Risk, and Complaints).  The Promapp Regional User Group is a hub of excellence where process experts from various organizations discuss case studies and share ideas to achieve continuous improvement.

## 3. RECOMMENDATIONS

**THAT the report from the General Manager Strategy & Support be received.**

## 4. ATTACHMENTS

Process Audit Status (2016-2017)

**Process Audit Programme 2016-2017 - Audit Status @ 06-06-2017**
**Status of agreed actions following Process Audit recommendations**

| Macro process | Processes | owners and experts | Auditors | Date of Audit/ Status | Outcome | | | Progress update |
|---|---|---|---|---|---|---|---|---|
| | | | | | Major NC (high) | Minor NC (medium) | Rec (Low) | |
| Community Funding | • Manage WDC Heritage Fund<br>• Provide Funding Accountability Report for all Grants Received | Lianne Van Den Bemd Vishal Ramduny | Pam Osborne Elijah Tamati | 14th Nov 2016 | 0 | 1 | 7 | Audit was carried out, and owners have made changes in the process. Audit is closed |
| Human Resources | • Apply for Parental leave | Vanessa Jenkins Hayleigh Evett | Phyllis Hefang and Ross Bartley | 25 & 30 August 2016 | 0 | 0 | 4 | Audit was carried out, and owners have made changes in the process. Audit is closed |
| Zero Harm | • Report and Investigate a Near Miss Work Event (Non Injury)<br>• Report and Investigate a Work Incident or Injury<br>• Manage Lone Workers | Kevin Lockley Kylie Anderson | Helen Geddes Kay Warren | Due to staff time availability this audit wasn't carried out. | | | | This audit has been included in the 2017/2018 schedule. |
| | • Report a Notifiable Incident or Event - Injury, Illness or Incident | Kevin Lockley | Debbie Dalbeth Madelina Baena-Escamilla | 18 & 20 July 2016 | 0 | 0 | 8 | Audit was carried out. Report has been sent to Process owner and experts. Audit is closed |
| Water Compliance and Income | • Raise a New Water Connection Application<br>• Application for Restrictor Removal<br>• Manage Water Relief Application | Rosemary Towl Karl Pavlovich | Claude Shaw Phyllis Hefang | 24 & 31 January 2017 | 0 | 0 | 8 | Audit was carried out. Report has been sent to Process owner and experts. Audit is closed |
| Roading | • Review Crash Analysis | Nathan Hancock Wayne Furlong Paul Harrison | Adam Van Niekerk Deidre MacDonald | 31st January & 08 March 2017 | 2 | 0 | 2 | Audit was carried out. Report has been sent to Process owner and experts. Audit is closed |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Business Continuity** | • Assess - Understand the significance and impact of the incident<br>• Plan - Understand how we are going to resolve the incident<br>• Resolve the incident | Kelly Newell Kurt Abbot | Debbie Dalbeth Reece Turner | **30 November 2016** | **7** | **0** | **14** | **Audit was carried out, and owners have made changes in the process. Audit is closed** |
| **Contractor Zero Harm** | • Carry out Contractor H&S Induction<br>• Carry out Initial Contractor Health & Safety Assessment<br>• Inspect/Audit Contract Health & Safety<br>• Record Contractor's H&S performance | Reuben Rink Kevin Lockley | Sandra Kelly Susan Toogood | **22 February 2017** | **2** | **0** | **3** | **Audit was carried out. Report has been sent to Process owner and experts. Audit is closed** |
| **Parks and Facilities** | • Calculate KPI - Percentage of satisfied customers as per the council housing for the elderly survey | Stephanie Courtney Gavin Benseman | Madelina Baena-Escamilla | **10/02/2017** | **2** | **2** | **6** | **Audit was carried out. Report has been sent to Process owner and experts. Audit is closed** |
| | • Calculate KPI - Percentage progress of the Playground Strategy implementation plan | Duncan MacDougall Mark Janssen | Madelina Baena-Escamilla | **13/02/2017** | **0** | **0** | **3** | **Audit was carried out. Report has been sent to Process owner and experts. Audit is closed** |
| | • Calculate KPI - Percentage of customers who are satisfied with the pool facility<br>• Calculate KPI - Percentage of natural areas (categorised in parks strategy) which have had restoration efforts undertaken<br>• Calculate KPI - Percentage of time that pool water meets the NZS5826 Part 1 Water Standards : 2000 code of practice for the operation of swimming pools | Elton Parata Annetta Purdy Ben Wolf | Madelina Baena-Escamilla | **14/02/2017** | **2** | **1** | **8** | **Audit was carried out. Report has been sent to Process owner and experts. Audit is closed** |
| **Housing for the Elderly** | • Housing for the Elderly - Application Process | Gavin Benseman | Beryl McAuley Christine | **20/02/2017** | **0** | **0** | **12** | **Audit was carried out. Report has been** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | • Housing for the Elderly - Tenant Unit <br> • Housing for the Elderly - Terminate Tenancy | Samantha Frederick Stephanie Courtney | Cunningham | | | | | **sent to Process owner and experts. Audit is closed** |
| **Front Counter** | • Manage Front Counter Customers <br> • Create a Visitor in the Visitor Management System <br> • Create a Visit in the Visitor Management System | Elizabeth Saunders Jenna I. Smith Sally Clark Reece Turner | Sarfraz Hapuku Sharlene Jenkins | **16 Jan 2017** | **2** | **2** | **5** | **Audit was carried out. Awaiting for report to be sent to process owner and expert.** |
| **Environmental Health** | Manage certificate Processes: <br> • Process Application for Manager's Certificate <br> • Issue Manager's Certificate <br> • Process Manager's Certificate Renewal <br> • Issue Manager's Certificate Renewal | Sudhir Kumar Alan Parkes Christine J. Cunningham | Annetta Purdy Teressa Howe | **20/02/2017** | **0** | **0** | **2** | **Audit was carried out. Report has been sent to Process owner and experts. Audit is closed** |
| **Total** | | | | | **15** | **6** | **82** | |

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Tony Whittaker |
| | Acting Chief Executive |
| **Date** | 12 June 2017 |
| **Prepared by** | Sharlene Jenkins |
| | PA General Manager Strategy & Support |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1318 |
| **Report Title** | Updated Future Workplan |

## 1.   EXECUTIVE SUMMARY

The purpose of this report is to present an updated Future Work Plan for the Committee's information.

## 2.   RECOMMENDATION

**THAT the report from the General Manager Strategy & Support be received.**

## 3.   ATTACHMENTS

Updated Future Work Plan

**AUDIT & RISK COMMITTEE**
**Updated Future Work Plan**

| Date | Key meeting topic | Standing items for all meetings |
|------|-------------------|----------------------------------|
| 05 July 2017 | ▪ Risk Management framework<br>▪ Internal Audit Programme (deferred)<br>▪ Annual Report Programme Compliance<br>▪ External contracts | ▪ H&S update on H&S performance against agreed targets, systemic issues identified which can be fed into the risk control framework<br>▪ Rolling review of bylaw & policies – schedule to be agreed<br>▪ Post project appraisals on key investments.<br>▪ Update on progress against Audit management report<br>▪ Update on risk management actions, progress on mitigations and direction of travel of risk |
| 27 September 2017 | ▪ Review of Audit & Risk Committee performance against Terms of Reference<br>▪ Annual Report<br>▪ Insurance review | |
| 13 December 2017 | ▪ H&S Management framework<br>▪ Audit Management Report | |
| March 2018<br>Date to be confirmed | ▪ Review of CCO Statements of Intent<br>▪ Annual Report Programme | |

*Open Meeting*

| | |
|---:|:---|
| **To** | Audit & Risk Committee |
| **From** | Gavin Ion |
| | Chief Executive |
| **Date** | 10 April 2017 |
| **Prepared by** | Rose Gray |
| | Council Support Manager |
| **Chief Executive Approved** | Y |
| **Reference #** | GOV1301 |
| **Report Title** | Exclusion of the Public |

## 1.  EXECUTIVE SUMMARY

To exclude the public from the whole or part of the proceedings of the meeting to enable the Audit & Risk Committee to deliberate and make decisions in private on public excluded items.

## 2.  RECOMMENDATION

**THAT the report of the Chief Executive be received;**

**AND THAT the public be excluded from the meeting to enable the Audit & Risk Committee to deliberate and make decisions on the following items of business:**

**Confirmation of Minutes dated 22 March 2017**

**REPORTS**

a.      **Raglan Kopua Holiday Camp Park Internal Controls Review**

*The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:*

| **Reason for passing this resolution to withhold exists under:** | **Ground(s) under section 48(1) for the passing of this resolution is:** |
|:---|:---|
| **Section 7(2)(a)** | **Section 48(1)(a)(d)** |

**b.** **Professional Negligence and Weathertight Homes Claims – Six Month Report**

*The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:*

Reason for passing this resolution to withhold exists under:

Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(a)

Section 48(1)(a)(i)

**c.** **Register of Members' Interests Elected Members & Senior Staff**

*The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:*

Reason for passing this resolution to withhold exists under:

Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(f)(i)(ii)(h)(i)(j)

Section 48(1)(a)(d)

**d.** **Contract and Procurement Issues**

*The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:*

Reason for passing this resolution to withhold exists under:

Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(b)(ii)(i)

Section 48(1)(d)

**e.** **Fraud Declaration**

*The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:*

Reason for passing this resolution to withhold exists under:

Ground(s) under section 48(1) for the passing of this resolution is:

Section 7(2)(a)

Section 48(1)(a)(d)

**f.      Committee Time with Audit New Zealand**

*The general subject of the matter to be considered while the public is excluded, the reason, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 are as follows:*

| Reason for passing this resolution to withhold exists under: | Ground(s) under section 48(1) for the passing of this resolution is: |
|---|---|
| Section 7(2)(f)(g)(h)(i)(j) | Section 48(1)(a)(d) |

**AND FURTHER THAT Ms Devlin (Chair), Mr Kotze and Ms Procter (Audit New Zealand) remain in the meeting after the public has been excluded to facilitate the discussion on item PEX 7** *[Public excluded items]* **in the public excluded section of the meeting;**

**AND FURTHER THAT representatives for agenda item 2.1** *[Raglan Kopua Holiday Camp Park Internal Controls Review]* **remain in the meeting to facilitate discussion on this item.**

## 3.      ATTACHMENTS

Nil