

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 **FRIDAY 22 SEPTEMBER 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.

3. DISCLOSURES OF INTEREST

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GJ Ion

CHIEF EXECUTIVE

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Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	13 July 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 5 July 2017.

2. RECOMMENDATION

THAT the minutes of the Audit & Risk Committee held on Wednesday 5 July 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 held on **WEDNESDAY 5 JULY 2017** commencing at **9.10am**.

Present:

Ms M Devlin (Chairperson)
Cr AD Bech
Cr DW Fulton (Acting for His Worship the Mayor)
Cr JM Gibb
Cr BL Main
Cr JD Sedgwick

Attending:

Cr NMD Smith
Mr GJ Ion (Chief Executive)
Mr TG Whittaker (General Manager Strategy & Support)
Mr T Harty (General Manager Service Delivery)
Ms A Parquist (Acting General Manager Customer Delivery)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Mrs K Jenkins (Project Management Advisor)
Ms M Russo (Corporate Planner)
Mr A Marais (GIS Team Leader)
Ms M Proctor (Audit Manager Audit New Zealand)
Mr L Pieterse (Director Audit New Zealand)
Ms M Baena-Escamilla (Continuous Improvement Analyst)
Mr K Lockley (Zero Harm Manager)
Mrs G Jones (Legal Counsel)
Mr S Pandey (Asset Management Team Leader, Waters)
Ms J Remihana (Programme Delivery Manager)
Mrs V Jenkins (HR Manager)
Mr K Pavlovich (Compliance and Income Team Leader)
Mr P Storey (Raglan Kopua Holiday Park Board Member)
Ms L Wilkins (Bizworx Consultancy Ltd)
Mr B MacLeod (Raglan Kopua Holiday Park Board Member)
Mr D Sutton (KPMG)
Mr B Nand (KPMG)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Sedgwick/Main)

THAT an apology be received from His Worship the Mayor, Mr Sanson.

CARRIED

A&R1707/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Gibb)

THAT the agenda for a meeting of the Audit & Risk Committee held on Wednesday 5 July 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;

AND THAT all reports be received;

AND FURTHER THAT in accordance with Standing Order 9.4 the order of business be changed with agenda item 7, Exclusion of the Public being considered following agenda item 4 and agenda item 5.4 be considered when appropriate.

CARRIED

A&R1707/02

DISCLOSURES OF INTEREST

The Chair, Ms Devlin, advised members of the Committee that there were references to City Care in reports in the agenda. She declared an interest as a Director of City Care. It was also noted that there were no decisions required in respect of City Care.

Cr Gibb advised members of the Committee that she declared a non-financial conflict of interest in item PEX 2.4 [*Contract and Procurement Issues*].

CONFIRMATION OF MINUTES

Resolved: (Crs Bech/Main)

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

CARRIED

A&R1707/03

EXCLUSION OF THE PUBLIC

Agenda Item 7

Resolved: (Crs Gibb/Bech)**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 22 March 2017**

REPORTS

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

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

Section 7(2)(a)

Section 48(1)(a)(d)

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

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

Section 7(2)(a)

Section 48(1)(a)(i)

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

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)(i)(ii)(h)(i)(j)

Section 48(1)(a)(d)

d. Contract and Procurement Issues

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)(ii)

Section 48(1)(d)

e. 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)

f. 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 THAT Ms Devlin (Chair), Mr Pieterse 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 Mr Storey, Mr MacLeod and Ms Wilkins remain in the meeting after the public have been excluded for agenda item 2.1 [*Raglan Kopua Holiday Camp Park Internal Controls Review*] with speaking rights given to Mr Storey.

CARRIED

A&R1707/04

Resolutions A&R1707/05 – A&R1706/06 are contained in the public excluded section of these minutes.

Having resumed open meeting, the meeting adjourned at 11.15am and resumed at 11.31am.

REPORTS

Waikato District Council's Approach to the Impact of Disruptive Technology – Progress Report

Agenda Item 5.1

The report was received [*A&R1707/02 refers*].

The Asset Management Team Leader, Waters took the report as read and spoke of the workshops that had been held on disruptive technology.

Strategic Risk Update

Agenda Item 5.2

The report was received [*A&R1707/02 refers*].

The Project Management Advisor took the report as read and spoke of reviewing the inherent risk level for cyber security.

A request was made for the impact on Council reputation be considered as part of all the strategic risks.

Procurement and Contract Management Review

Agenda Item 5.3

The report was received [*A&R1707/02 refers*].

The Procurement Manager took the report as read and highlighted the following key issues:

- reviewed and reduced a lot of processes

- improved contract management and contract management systems
- workshops being held for training.

2016/17 Annual Report Risk Assessment

Agenda Item 5.5

The report was received [A&R1 707/02 refers].

The Finance Manager took the report as read and highlighted the following key issues:

- timing risk element for audit of Strada Corporation Limited
- timing of valuation report from the Valuers for parks and reserves assets – this may be delayed owing to health issues of the Valuer. There may be some slippage in our own internal timing but this should not affect the overall final audit process.

Audit Arrangement Letters

Agenda Item 5.6

Tabled:

Audit NZ's letter to His Worship the Mayor regarding the Proposal to conduct the audit of Waikato District Council on behalf of the Auditor-General for the 2017, 2018 and 2019 financial years

The report was received [A&R1 707/02 refers].

The Finance Manager took the report as read and discussion was held.

In response to a question raised, Mr Pieterse confirmed that in conjunction with Council staff, Audit NZ agreed to continue to explore options for further efficiencies. However, the fees proposed were a reasonable reflection of the work required.

WannaCry Cyber Threat Update

Agenda Item 5.4

The report was received [A&R1 707/02 refers].

The GIS Team Leader took the report as read and discussion was held on the following issues:

- prioritising of fire walls etc and communication with staff to be aware of incoming spikes
- patching programme implemented recently giving technical staff appropriate windows and timings to ensure work is carried out
- discussion has been held with security companies. It was agreed that penetration testing would be considered to provide greater insight into the integrity of the system.
- level of engagement with the external environment in which we operate in. Business continuity plan in place. Downer and City Care are aware of challenges and issues.

- risk register – residual risk for cyber security may need to increase to moderate rather than low.
- backup system in place and tests on recovery carried out.

Drinking Water Agenda Item 5.7

The report was received [A&R1707/02 refers].

The Compliance Income Team Leader took the report as read. The following issues were discussed:

- basic contingency plans
- emergency management process
- use of social media as part of emergency communications processes
- tracking of maintenance tasks for auditing
- gaps in processes and procedures
- DWA unit – staffing resource

It was noted that Water NZ had published a report, which had been passed on to our Councillors from the first stage of the Havelock North report.

Zero Harm Update Agenda Item 6.1

The report was received [A&R1707/02 refers].

The Zero Harm Manager took the report as read and highlighted the following key points:

- positive aspects of report in relation to council being fully subscribed to the Waikato Bay of Plenty LASS contractor prequalification schedule
- replacement of the ACC work practices safety programme that has been trialled under a star safety ranking system
- quarterly report required trends/improvements categorised
- recent staff survey shows increase in confidence in staff with zero harm and welfare and making this a high priority.

Update on Progress Against Audit issues

Agenda Item 6.2

The report was received [A&R1707/02 refers].

The Corporate Planner took the report as read and highlighted the following key points:

- completed a further 19 issues from the last quarter
- significant progress has been made in the areas of risk management and project management
- progress in procurement and contract management work to move to completed.

Organisational Risk Direction

Agenda Item 6.3

The report was received [A&R1707/02 refers] and discussion was held.

The Project Management Advisor took the report as read and highlighted the following key points:

- communication being carried out on TedEx Talks regarding risk, gap between tiers and the impact on the organisation
- conversations being held on treatments and risks that staff are responsible for.

The Chair acknowledged that embedding risk as part of day to day business, owned by the business.

Project Lessons Learnt Summary

Agenda Item 6.4

The report was received [A&R1707/02 refers].

The Project Management Advisor took the report as read and provided a brief overview.

The Chair congratulated management on the report.

The Chair requested that future reports should include the following criteria:

- Delivery against the budget
- Timeline
- Objectives.

Update on Process Audit and Quality Improvement
Agenda Item 6.5

The report was received [A&R/1707/02 refers] and discussion was held.

The Continuous Improvement Analyst took the report as read and provided a brief overview.

Updated Future Workplan
Agenda Item 6.6

The report was received [A&R/1707/02 refers].

There being no further business the meeting was declared closed at 1.01pm.

Minutes approved and confirmed this day of 2017.

Margaret Devlin
CHAIRPERSON
Minutes/170705A&R

Open Meeting

To	Audit & Risk Committee
From	Margaret Devlin Chair Audit & Risk Committee
Date	12 September 2017
Chief Executive Approved	Y
Reference #	GOV1318 / 1804359
Report Title	Audit & Risk Committee Key Achievements

1. EXECUTIVE SUMMARY

The objective of the Audit & Risk Committee (“the Committee”) is to provide independent assurance and assistance on Council’s risk, control and compliance framework, and its external accountability responsibilities.

This report provides a summary of the key achievements of the Committee in accordance with its terms of reference and reports on progress made against its programme of works.

2. RECOMMENDATION

THAT the report from the Chair Audit & Risk Committee be received.

3. DISCUSSION

The following provides a summary of the key achievements of the Committee in accordance with their terms of reference and the work programme established for the year. The Committee’s annual work programme addresses key risk items and planned topics in addition to standing items where updates are provided at each meeting.

Risk Management

The Committee reviews whether Council has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of Council’s strategic risks. The strategic risks identified by the Committee are:

- **Zero Harm** – Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, noncompliance with legislative requirements and reforms, and or inadequate governance of contractual health and safety requirements and management.

- **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.
- **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.
- **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.
- **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.
- **Business Resilience** – Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.
- **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.
- **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.
- **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.
- **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.
- **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.
- **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.

The following initiatives have contributed to progress in embedding a risk management culture at Council.

Completed

- Conduct a risk maturity review (facilitated by KPMG)
- Executive risk management training

- Executive risk appetite workshop
- All organisation Risk Management training (Promapp tool)
- Implementation of a Project Management Forum
- Development of a Project Management Strategic Road-Map
- Update of the strategic risk register with the support of KPMG
- Launch of the BWare hazard management system
- Cross organisational distribution of the Zero Harm Critical Risk Register (Promapp)
- Annual Insurance renewal programme was completed in November. This included a review of all current policies.

In Progress

- The Organisational Risk Awareness project – The project will review, assess and update the existing Risk Management Framework, associated processes and tools and deliver a functional training plan that includes structured support processes to improve Risk Management awareness across the organisation.
- Development of a Project Management Forum programme of works – The programme consists of six project workstreams:
 - Implement an Enterprise Portfolio Framework
 - Develop updated and agreed cross organisational Project Management Standards
 - Update the Project Management Tool Kit
 - Design and deliver Project Management Training
 - Implement a Project Management Continuous Improvement Framework
 - Engage organisation in Project Management requirements
- Relationship development between Zero Harm team and Risk Coordinator to refine risk activity and remove duplication of hazard management activity.
- Organisational Leadership and workplace culture project work-stream – An internal project work-stream associated with organisational culture and leadership. Activities include workshops, leadership development courses and online resources to support the development of People leaders to encourage a healthy workplace culture including the adoption of required work place practice.

Control Framework

The Committee has responsibility for reviewing the effectiveness of the internal control framework. The following summarises key achievements in this area:

- Zero Harm – review of Council’s Health and Safety dashboard progress and performance and a review of Council’s Health and Safety Framework. This remains a standing item for all Committee meetings.
- Internal Audit – the Committee has developed an internal audit programme, of which two audits are independently undertaken each year. However, this year additional audit work has been undertaken, including Procurement Management, Contract Management, Payroll System and Drinking Water reviews. The Committee also reviews the key

process compliance audits with the results and recommendations reported to the Committee at each meeting.

- Policies – Updates and creation of new policies are included as a standing agenda item at each meeting. This provides the Committee an opportunity to input from a risk perspective and to ensure policies are being appropriately reviewed and updated.
- Risk Framework – A risk awareness project has been initiated that will look to increase staff skill, awareness and compliance with the risk management framework. An independent Risk Maturity assessment is being undertaken by KPMG as part of this project.
- Business continuity – A business continuity framework has been implemented. Policy is being reviewed and the creation of related processes is ongoing. Key business continuity process however have been completed.
- Strategy – A draft Anti-Fraud and Corruption Strategy was reviewed and recommended to Council for adoption.
- Post Project Reviews – Crypto Virus Attack, WannaCry Cyber Threat, Solid Waste Project Review, IT backup and disaster recovery systems, Electronic Purchase Ordering System and District Plan online forms project.

Internal Audit

The following summarises key achievements in this area:

- A Procurement and Contract Management internal audit was undertaken. The implementation of actions from this audit is ongoing with progress updates provided to the Committee at each meeting.
- The internal audit assurance programme (undertaken by staff) has been reviewed and structured to complement the external internal audit programme to avoid duplication. This audit programme is a standing item for all Committee meetings.

External Audit

The following summarises key achievements in this area:

- Audit NZ is invited to all Committee meetings. Audit NZ and Management have worked together to identify and implement improvements to the external audit process. There has been considerable progress made in addressing the efficiency of this process. The Committee reviewed the Annual Report from a risk perspective and provided support to Council for adoption.
- NZ Transport Agency undertook an Investment Audit. NZ Transport Agency and Management have worked together to identify and implement improvements. The audit outcome was positive with a number of improvements noted.
- In line with recognised best practice governance the Committee meetings incorporate a session with Audit NZ only (excluding management).

4. CONCLUSION

The Audit & Risk Committee considers that good progress has been made in a number of areas in the 2016/17 financial year. The Committee will continue to monitor progress and implement measures to enhance the control, compliance and risk framework within Council.

5. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	12 September 2017
Prepared by	Alison Diaz Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 1805755
Report Title	2016/17 Annual Report Audit

I. EXECUTIVE SUMMARY

The key issues identified as potential areas of risk for the delivery of the 2016/17 Annual Report audit were presented to the committee in July. The final audit is complete, subject to final review and staff expect verbal clearance to be received at the Audit & Risk Committee meeting.

The identified risks were well managed and enabled staff and Audit New Zealand to complete the final audit within the overall timeframe. Despite delays with the Strada Corporation Limited (“Strada”) audit and an unforeseen issue relating to the treatment of council’s investment in the Waikato Regional Airport Limited (“WRAL”). A valuation error for three waters has resulted in a difference, that while not material, is noted in our audit error schedule as it remains unadjusted.

An update from Audit New Zealand is attached to this report.

2. RECOMMENDATION

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

AND THAT from a risk assessment perspective the Audit & Risk Committee recommend to Council that the 2016/17 Annual Report be adopted.

3. BACKGROUND

The audit arrangements letter outlined the key issues for the 2016/17 audit. The related audit requirements and mitigation measures to be employed to deliver the Annual Report were presented to the Audit & Risk Committee in July.

Audit New Zealand have indicated that they expect to issue an unmodified opinion once final reviews have taken place.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 AUDIT NEW ZEALAND

The Audit Arrangements letter identified 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.

As noted all infrastructural assets were revalued. Land and Building (operational and restricted assets) were also revalued. A three waters valuation error was identified by staff at the commencement of the audit relating to the spreadsheets submitted to support the final valuation. As audit were already on site and the error was deemed to be immaterial, this error has remained unadjusted. A lot of effort went into agreeing scope including review of valuer files at the draft stage. The valuer's peer review before submission of final documents needs further attention for next year's process.

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.

Processes were reviewed over the past year to ensure successful implementation of Councils new policy. The activity is supported by a dedicated Development Contributions Coordinator role and a new software module which supports the assessment and invoicing of development contributions. Use of development contributions is linked directly to funding of individual projects. The process to manage development contribution related assets vested to council as part of a subdivision is working well and no issues were identified.

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.

Contract management is not currently supported by software or single repository for information. A number of other internal audit recommendations are complete and others in progress. Options are being investigated for implementation during the 2017/18 financial year, subject to any resource constraints.

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.

LTP performance measures, new or otherwise, have been accurately reported and the overall story is supported by these results.

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.

Despite a budgeted amount, no assets were vested in the 2016/17 financial year or immediately following 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.

Changes to address recent internal audit recommendations, including those from externally conducted internal audits, are yet to be completed. Work will continue during 2017/18 in this space. The actions will be included in the regular progress report for Audit & Risk Committee monitoring.

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 item was identified as a possible timing risk 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. Staff will make contact to agree overall timeframes.

Deloitte's have prepared annual accounts, however, council's understanding is that the process was delayed as book-keeping had not been kept up to date. This has had a flow-on effect for councils audit timings.

4.3 WRAL INVESTMENT

The valuation basis for Council's investment in WRAL became a key issue which required involvement of Audit New Zealand's technical team. Council has always valued this investment at cost as there is no active market and the increase in value was always considered to be negligible.

The latest balance sheet based on fair value has shown a significant increase in net equity. It is considered that the share of this increase needed to be reflected in Council's balance sheet as the amount was significant. This adjustment has been made.

5. ATTACHMENTS

Audit New Zealand Update to the Audit & Risk Committee – 14 September 2017

Waikato District Council

Update to the Audit and Risk Committee - 22 September 2017

Date of this update: 14 September 2017

Audit update

We expect to issue unmodified audit reports (opinions) on the adopted annual report and summary annual report once our final audit reviews have been completed and on receipt of signed representation letters.

We will provide a verbal update at the meeting.

We have discussed our detailed findings with management during the audit and these will be reported in greater detail as part of our final management report.

Please consider the items under “General Discussion” below and update us on anything that we should be aware of in relation to Subsequent Events, Fraud, Related Parties (disclosure) and Legislative Compliance.

Areas of audit emphasis

Subject to final reviews, we are comfortable that there are no material errors or issues with the following areas of focus which were reported in our Audit Arrangements Letter dated 28 April 2017:

- plant, property and equipment;
- development contributions; and
- contract management.

Audit progress

- We are pleased to report we noted better delivery of the draft annual report and summary annual report – this allowed for a smooth audit process and queries were able to be addressed quickly. A good audit substantiation file was provided that allowed work to progress better than in prior years.
- The revaluation process at Council also improved significantly and most of the questions raised by us have already been raised by management.
- The audit of Strada has been delayed. It is unlikely that the Strada audit opinion will be signed before the statutory deadline (30 September). We do not expect this to have a significant impact on the group figures in the annual report.
- The Waikato District Community Wellbeing Trust audit has gone well. The audit report will not be signed before the statutory deadline due to the outstanding GMI report (as in prior years). As in the prior years, we do not expect this to have a significant impact on the group figures in the annual report.

Independence

- We confirm that we have complied with the independence requirements of the Auditor-General which include the requirements of the International Standards of Auditing and, where necessary, have ensured audit staff have been restricted from certain areas of the audit to avoid potential conflicts.

Progress against key deliverables

Detail	Agreed	Actual / Estimated
Draft annual report and summary annual report available to Audit	23 August 2017	23 August 2017
Final annual report and summary annual report available to Audit	18 September 2017	18 September 2017
Verbal audit clearance	27 September 2017	27 September 2017
Adoption of the Annual Report (and audit opinion issued)	9 October 2017	9 October 2017
Management Report:		
• Draft	27 September 2017	27 September 2017
• Final	9 October 2017	9 October 2017

General discussion (based on our Engagement Letter)

Subsequent events

Please let us know if you are aware of any circumstances that could impact on, or should be disclosed in, the Annual Report that happened since year end up to the adoption of the Annual Report.

Fraud

- Please let us know if you are aware of any actual or suspected frauds.
- We have received fraud questionnaires and will include specific representations in the letter of representation about your responsibility to ensure systems and controls are in place to mitigate or detect fraud.

Related parties

Please ensure you are comfortable with the Related Party disclosure in the Financial Statements. If not, please inform us.

Legislative compliance

It is the responsibility of the Council to ensure compliance with legislation.

We only look at, and report against, legislative compliance that could impact on our opinion.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	11 September 2017
Chief Executive Approved	Y
Reference #	GOV1318 / 1801493
Report Title	Raglan Kopua Holiday Camp Charter

I. EXECUTIVE SUMMARY

The Audit & Risk Committee (“the Committee”) received a report on the internal controls review undertaken by KPMG at the last meeting on 05 July 2017. One of the key recommendations was to review the current responsibilities of the Raglan Kopua Holiday Camp Board (“Camp Board”) and ensure there is adequate segregation between governance and management. The Committee requested this issue be given some urgency and reported to its next meeting.

A Charter has been prepared which clarifies the role of the Camp Board using best practice guidance from an Institute of Directors framework. This Charter has now been discussed and confirmed with the Camp Board. The Charter is attached for the Committee’s information. It will also be presented to Council for adoption.

2. RECOMMENDATION

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

3. ATTACHMENTS

Raglan Kopua Holiday Camp Charter

Raglan Kopua Holiday Park Board Charter

Part I – Interpretation

In this charter:

- *Act* means the Local Government Act 2002
- *Board* means the Board of the Camp
- *Business* means the business of the Camp
- *Camp goals* means the goals of the Camp as set out in part 2
- *Management* means the management personnel of the Camp, including the senior management representative appointed by the Council Chief Executive
- *Management limitations* means the limitations on the actions of management as set out in Part 4
- *Stakeholders* mean the Raglan Community and Council.

Part 1a – Legislative Framework

The Raglan Kopua Holiday Park (“the Camp”) Board is established pursuant to Clause 30 of Schedule 7 of the Act. Pursuant to Clause 32 of Schedule 7 of the Act the Board shall act according to this Charter.

Part 2 – Camp goals

General

The purpose of the Board is to ensure an efficient, effective and sustainable Raglan Camp operation which is in the long term interests of the Raglan Community and Council, at no direct cost to ratepayers.

The capital and resources of the Camp will be allocated to those assets and activities which will enable it to achieve the Camp goals in a manner that best serves the interests of the stakeholders as a whole.

The Council has appointed the Board to also assist with responsibilities under the Deed of Gift.

Part 3 – Board governance process

Role of the Board

The role of the Board is to effectively represent, and promote the interests of, Council and other stakeholders, with a view to adding long-term value to the Camp and Community. Having regard to its role the Board will oversee the business and affairs of the Camp including, in particular:

- ensuring that the Camp goals are clearly established, and strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from management)
- establishing policies for strengthening the performance of the Camp including ensuring that management is proactively seeking to build the business through innovation, initiative, technology and new products as required
- monitoring the performance of management
- in conjunction with Council, both appointing the Camp Manager, and where necessary, terminating the Camp Manager’s employment (*the terms of employment contract are set by Council*).
- deciding on whatever steps are necessary to protect the Camp’s financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken

- ensuring the Camp's financial statements are true and fair and otherwise conform with law
- ensuring the Camp adheres to high standards of ethics and corporate behaviour
- ensuring the Camp has appropriate risk management and regulatory compliance policies in place, including effective Health and Safety policies and procedures
- ensuring recommendations highlighted in internal audit reports are actioned by management
- ensuring adherence to Council's policies and procedures
- providing reports to the Raglan Community Board and Infrastructure Committee of Council (or its successor)
- ensuring adherence to Council's Code of Conduct.

In the normal course of events, day-to-day management of the Camp will be in the hands of council management.

The Board will satisfy itself that the Camp is achieving the Camp goals.

The Board's relationship with Council

The Council has delegated responsibility for governance of the Camp to the Board in accordance with this Charter and specific delegations included in part 5.

The Board will use its best endeavours to familiarise itself with issues of concern to Council. The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of Council and, if thought appropriate, will take outside expert advice on these matters.

The Board's relationship with other stakeholders

The Board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders. The Board recognises that the Camp's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which the Camp is seen as a responsible corporate and community citizen.

Board procedures

The conduct of members will be consistent with their duties and responsibilities to the Camp and, indirectly, to stakeholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues, policy and Camp performance. Members will always act within any limitations imposed by the Board on its activities.

Members will use their best endeavours to attend Board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the table. Members unable to attend a meeting will advise the chair at the earliest date possible.

Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The chair will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will be open to the public unless there is a specific legislative reason not to.

Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.

Subject to the requirements of this Charter, the Board has sole authority over its agenda and exercises this through the chair. Any member may, through the chair, request the addition of an item to the agenda. The agenda will be set by the chair in consultation with Council Management.

The Board will normally hold meetings in each month of the year except January and will hold additional meetings as required. At each normal meeting the interests register will be updated as necessary and the Board will consider:

- an operational report from the Camp Manager
- a financial report
- specific proposals for capital expenditure
- major issues and opportunities for the Camp.

In addition the Board will, at intervals of not more than one year:

- review the Camp goals
- review the strategies and operating plans for achieving the Camp goals
- approve the annual business plan and budget for submitting to Council
- approve the annual and half-yearly financial statements and reports to Council
- in conjunction with Council management, review the Camp Manager's performance
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements
- confirm the following year's work plan.

Members are entitled to have access, at all reasonable times, to all relevant information and to management.

Members are expected to strictly observe the provisions of the Act applicable to the use and confidentiality of Camp and Council information. In making policy, the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.

Chair, Deputy Chair and Board Members

Each year, the Board will appoint from among the members a chair and deputy chair. The deputy chair will deputise for the chair in his or her absence or at his or her request.

The chair is responsible for:

- representing the Board to stakeholders
- ensuring the integrity and effectiveness of the governance process of the Board as set out in Part 3
- maintaining regular dialogue with Council Management over all operational matters and consulting with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

The chair will act as facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming.

The chair will ensure that discussions result in logical and understandable outcomes.

Board Committees

Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making. Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise. Board committees will only speak or

act for the Board when so authorised. The authority conferred on a Board committee will not detract from the authority delegated to Council Management.

Board composition and mix

The composition of the Board will reflect its duties and responsibilities as representative of the interests of stakeholders. The Board will need experience in setting the Camp's strategy and seeing that it is implemented. The Board currently includes representatives of the Raglan community, Iwi and business. Generally, the qualifications for Board membership are the ability and acumen to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of stakeholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of stakeholders and the achievement of the Camp goals. Members will be active in areas which enable them to make a meaningful contribution, addressing the goals and aspirations of the Camp.

Members will be independent of management and free from any business or other relationships which could materially interfere with the exercise of their independent judgement.

Subject to any limitations imposed by Council, it is anticipated that members will hold office initially for three years following their first appointment by Council and retire by rotation.

Members' remuneration

The Council will determine the level of remuneration paid to members. Members will be paid a basic fee as ordinary remuneration in addition to a meeting allowance as detailed in part 5.

Provision of business or professional services by members

Because a conflict of interest (actual or perceived) may be created, members should not, generally, provide business or professional services of an ongoing nature to the Camp.

Other Board appointments

Any member is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the Camp business and does not detrimentally affect the member's performance in respect of the Camp. All appointments must first be discussed with the chair before being accepted.

Board and member evaluations

Each year, the Board will critically evaluate its own performance and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role. Changes will be made where necessary.

Indemnities and insurance

Members of the Board are insured through Council's insurers, while acting in their capacities as members.

Part 4 Council – Board – Management Relationship

Council Responsibilities

Council delegates to the Board responsibility to achieve the Camp goals, as set out in this Charter. The Charter is reviewed and updated every three years by the Council, as custodian of the land upon which the Camp operates, on behalf of the Crown.

The Council:

- will determine the interpretation of this Charter if there is a dispute
- can, at its sole discretion, support Camp funding by either loan or guarantee upon approving a business plan provided by the Board
- will consider requests for Camp development financial assistance as part of Council's annual budgeting process
- will employ all Camp employees and ensure any liability incurred is met.

The Board will link the Camp's governance and management functions through Council's Chief Executive, who will delegate this to the appropriate Council General Manager ('General Manager').

The Council's Chief Executive agrees the levels of staff delegation following consultation with the Board. The Board will agree with the General Manager to achieve specific results directed towards the Camp goals. This will usually take the form of an annual business plan under which the General Manager is authorised to make any decision and take any action within the management limitations, directed at achieving the Camp goals. Appropriate delegations are given to the Camp Manager.

Between Board meetings the chair maintains an informal link between the Board and the General Manager, expects to be kept informed by the General Manager on all important matters, and is available to the General Manager to provide advice where appropriate. Only decisions of the Board acting as a body are binding on the General Manager. Decisions or instructions of individual members, officers or committees should not be given to the General Manager and are not binding in any event except in those instances where specific authorisation is given by the Board.

Accountability of General Manager to the Board

The General Manager, in conjunction with the Chair of the Board, are accountable to the Board for the achievement of the Camp goals, and the General Manager is accountable for the observance of the management limitations. At each of its normal monthly meetings the Board should expect to receive from or through the General Manager:

- the operational and other reports and proposals referred to above
- such assurances as the Board considers necessary to confirm that the management limitations are being observed.

The Camp Manager reports through the General Manager to the Board.

Management limitations

The General Manager is expected to act within all specific authorities delegated to him or her by the Board. The Council may provide direction to the Board as part of the Board's strategic plan. The General Manager is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Camp the General Manager is expected to adhere to the Camp goals. The General Manager is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term stakeholder value.

The General Manager is expected to not cause or permit any action that is likely to result in the Camp becoming financially embarrassed. The assets of the Camp are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Camp must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum,

are sufficient to meet standards acceptable to the Council's external auditors. One of the tools used as a framework is an asset management plan for both on and off balance sheet assets.

In managing the risks of the Camp, the General Manager is expected to not cause or permit anyone to substitute their own risk preferences for those of the stakeholders as a whole (for example, as expressed through a Board approved risk management plan). The General Manager is expected to not permit employees and other parties working for the Camp to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

Part 5 – Specific Delegations

Duties and Powers

The duties and powers of the Board are:

- a) To manage, maintain and develop the Camp in accordance with this Charter
- b) To manage leases, licences or tenancies of any part of the property or any rights or privileges or concessions over or in relationship to the property in accordance with above objectives in conjunction with the Council Officer responsible for property. All leases, licences or tenancies shall be executed by the Council.
- c) To obtain all funds from leases, licences and tenancies and to seek funds from other sources by appropriate means in line with Council policy.
- d) To place funds in investments approved by the Council.
- e) To accumulate and use funds as the Board may consider necessary and proper to carry out the Camp goals provided that it is in accordance with an annual budget and work programme approved by the Infrastructure Committee of Council (or its successor).
- f) The Council Chief Executive is responsible for all employment related matters (including remuneration) in relation to staff employed at the Camp. Any such matters are to be referred to the Council Chief Executive for resolution
- g) To ensure appropriate health and safety systems are in place and operating for any works undertaken at the direction of the Board.
- h) To do other such lawful acts as are incidental to or conducive to the objectives of the Board.
- i) To advise the Council of insurance and other requirements such as administrative support and negotiate with the Council a fee for the provision of such services as the Board requires the Council to provide.
- j) To fund any remuneration costs, including payments to Board members, from Camp operations
- k) To report to the Council and Community on the following basis:
 - (i) To the March meeting of the Infrastructure Committee (or its successor):
 - i. Chairperson's Report
 - ii. Detailed Financial Report for the period 1 July - 31 January
 - iii. Draft budget for next financial year outlining significant works
 - (ii) To the September meeting of the Infrastructure Committee (or its successor):
 - i. Chairperson's Annual Report
 - ii. Annual Financial Report.
 - (iii) To the March meeting of the Raglan Community Board:

- i. Chairperson's Report
 - ii. Summary Financial Statement for 1 July-31 January
- (iv) To the September meeting of the Raglan Community Board:
 - i. Chairperson's Annual Report
 - ii. Summary of Annual Financial Report
- l) To set up and operate a bank account in the name of the Camp.
- m) To set Campground fees and charges.
- n) Cheques can be signed by either:
 - (i) any two Board Members; or
 - (ii) one Board Member and the Camp Manager.
- o) To exercise discretion to determine Camp expenditure in a prudent manner. To undertake procurement in accordance with the Council's procedure for procurement of goods and services.

Membership

- (a) The Board shall consist of:
 - a. The Chairperson of the Raglan Community Board
 - b. One representative of Raglan businesses
 - c. Two Iwi representatives
 - d. One community representative
 - e. Raglan Ward Councillor
 (Appointments confirmed 1 November 2016)
- (b) The business, Iwi and community representatives may not be members of the Raglan Community Board or the Council.
- (c) The term of office of the Camp Board members shall be three years and members shall retire by rotation three yearly with a right to stand for reappointment.
- (d) A member may resign from office or be removed from office on the unanimous resolution of other members and the endorsement of that resolution by the Council.
- (e) The Council may discharge the Board if it considers that the Board is inadequately performing its duties.
- (f) The Council shall appoint new members to fill vacancies

Member Remuneration

- (a) The chair will be paid a 50 per cent premium over the basic honorarium paid to other members to reflect the additional responsibilities.
- (b) No honorarium or meeting allowance will be paid to the Chairperson of the Raglan Community Board or the Raglan Ward Councillor.
- (c) Board member basic honorarium is \$500 per annum.
- (d) An allowance of \$40 per meeting is paid for authorised meetings.

Accountability

- (a) The Board shall:
 - a. Present its proposed Annual Budget and Programme of Works to the Council for endorsement by the date specified by the Council Chief Executive

- b. Present its Annual Report and Annual Accounts to the September meeting of the Infrastructure Committee (or its successor).
 - c. Present to the Council any other report it is requested to provide.
 - d. Keep clear and accurate accounts and records of all transactions and make them available to the Council on request.
 - e. Advise the Chief Executive of its meeting schedule.
- (b) Members of the Board shall not be personally liable for any act done or omitted to be done in good faith in the course of operations of the Board or for any debt or other liability lawfully incurred by the Board.

Procedural Matters

- (a) The Board shall hold such meetings as are necessary for good governance of the Camp.
 - (b) The Annual General meeting shall be held at a time suitable for interested parties to make submissions to the Board on the annual operation and budget of the Camp or to discuss other matters as appropriate.
 - (c) Special General Meetings shall be held if the Chairperson receives a written request from two or more Board Members or as the Council considers appropriate.
 - (d) Minutes of each Board meeting shall be kept, signed by the Chairperson, and forwarded to the Council as soon as practicable.
 - (e) Meetings shall be held in the manner acceptable to the Board but in the event of any dispute the Council's approved standing orders shall apply.
- When a Board member stands to gain personal profit either directly or indirectly from any activity carried out in relationship to the Camp, that member shall not be able to determine or materially influence, in any way, the Board's decision with regards to that activity.

Cessation of Board

- (a) This Board may be terminated by resolution of the Council.
- (b) If the Board is terminated, any money raised by the Board shall be spent on the Camp as the Council sees fit.

Attachment

- Deed of Gift (To be attached)

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy and Support
Date	13 September 2017
Prepared by	Melissa Russo Corporate Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 1803794
Report Title	Interim Management Report for Year Ended 30 June 2017

1. EXECUTIVE SUMMARY

The purpose of this report is to highlight the issues that arose during the interim audits of the Annual Report which occurred in March and June. This audit was undertaken by our independent auditors, Audit New Zealand.

Following the interim audits, Audit New Zealand produce a draft Audit Management report which highlights issues that arose during the two interim audits. Management has an opportunity to provide comment on each of the issues specified, based on management's understanding of the issues and whether they require further action or have already been addressed.

The Interim Management Report for the Year Ended 30 June 2017 is attached to this report.

Going forward, these issues will be included in the report, *Update on progress against audit issues* which is a standing item on the Audit & Risk Committee agenda.

2. RECOMMENDATION

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

3. ATTACHMENTS

Interim Management Report for the Year Ended 30 June 2017

Report to Council on the interim audit of
Waikato District Council
for the year ended 30 June 2017

Key messages

Summary

We have completed our interim audit for the Waikato District Council (the District Council) for the year ended 30 June 2017. The primary purpose of our interim audit was to update our understanding of the District Council's control environment and to gain a better understanding of the issues facing the District Council and how these are being addressed.

We performed a high level review of the District Council's control environment. We considered the overall attitude, awareness, and actions of management in establishing and maintaining effective internal controls. Overall we are satisfied the control environment is effective for the purposes of undertaking an efficient and effective audit.

In the prior year our assurance team collated all the completed contract management risk assessments from across the Local Government sector. These assessed the inherent risk and controls risk of each entity and the results were populated in a scatter graph. We assessed the District Council as having medium inherent risk and medium control risk. This means that overall the District Council has a medium contract management risk rating. The risk assessment also showed some areas for improvement and these are explained further in section 2.1.

Our assurance team also reviewed asset management processes across the Local Government sector. The review identified ten questions that should be given priority consideration for every senior manager and members of the governing body. These questions can be found in Appendix 3.

We also followed up on the status of issues raised in previous audits. Management has made good progress in addressing our recommendations. This is detailed further in Appendix 1.

Issue identified during the audit

The following table summarises our recommendation and its priority:

Recommendation	Section	Priority
<p>Process of approving card access to the computer room</p> <p>A review of who has access to the computer room to be performed and procedures implemented to ensure formal approval is given by the Chief Information Officer before access is provided to the computer room. Exit procedures for staff leaving the District Council should incorporate the return of the card and cancelling access rights.</p>	3.1	Necessary

There is an explanation of the priority rating system in Appendix 4.

Thank you

We would like to thank the District Council and management for their assistance during the interim audit.



Leon Pieterse
Director
24 July 2017

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1 Assessment of your control environment

We have performed a high level assessment of the District Council's control environment. We have also performed an assessment of controls in place within key financial and non-financial systems.

Our assessment of internal control was performed for the purpose of planning the most effective and efficient audit approach, to enable us express an audit opinion on the District Council's financial statements and performance information. It is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

When assessing the control environment we considered the overall attitude, awareness, and actions of the District Council and management in establishing and maintaining effective entity level management procedures and internal controls, as well as ensuring compliance with significant legislative requirements.

When assessing controls in place within key financial and non-financial systems, we considered the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting.

In performing this assessment we considered both the "design effectiveness"¹ and "operational effectiveness"² of internal control. Both "design effective" and "operationally effective" internal control is important in minimising the risk of either fraud or misstatement occurring.

The responsibility for the effective design, implementation and maintenance of internal control rests with the District Council.

In performing this assessment we have identified areas where we believe internal control can be enhanced. These matters are detailed in the following sections of this report.

This is in addition to recommendations we have made in previous years which remain open. The details of these recommendations and progress made in response are included in Appendix 1 of this report.

2 Our areas of audit focus

The areas which we are giving particular attention to this year are outlined in our audit arrangements letter dated 28 April 2017. We will comment in full on these matters in our final management report. However, based on our work to date, we are able to comment on the following:

¹ The control is effective to either prevent or detect a material error in either the financial statements and/or performance information and the control is "fit for purpose".

² The control has operated effectively throughout the period tested.

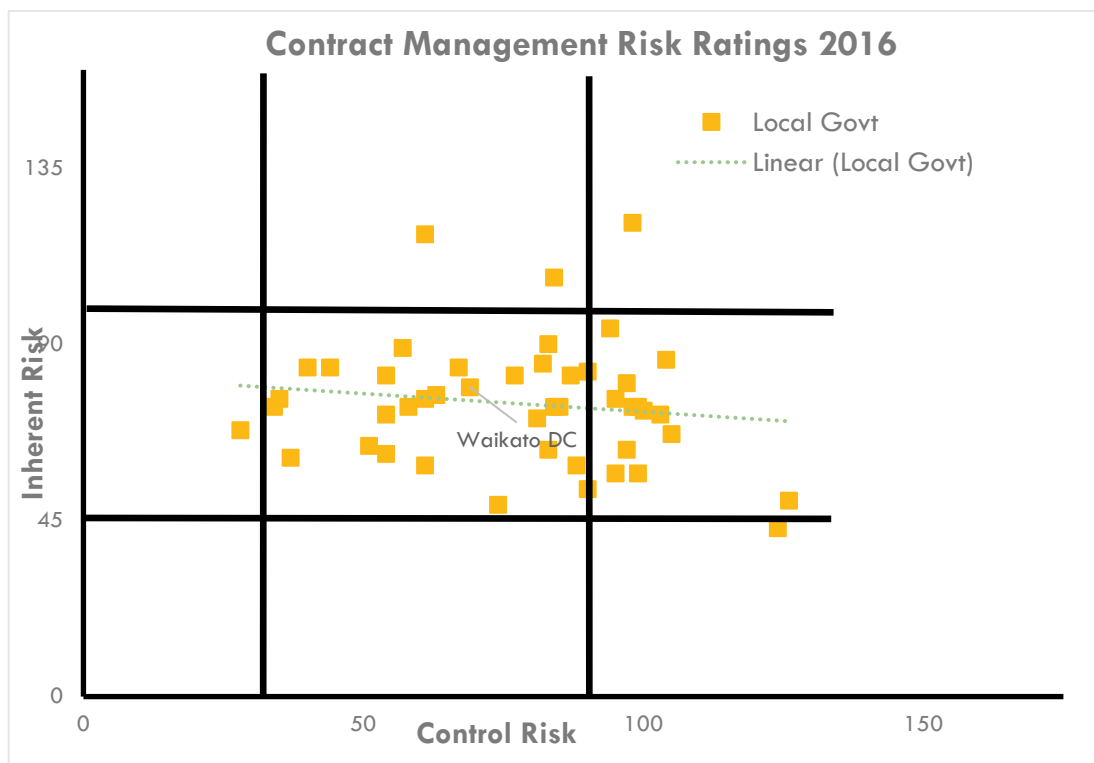
2.1 Contract management

Last year our assurance team collated all the completed contract management risk assessments from across the Local Government sector. These assessed the inherent risk and controls risk of each entity and the results were populated in a scatter graph.

Considerations for assessing inherent risk included the number of contracts in place, the total value of those contracts, their criticality, and the types of contracts. Control risk considered what policies and guidance were in place, who was responsible for contract management, and the robustness of any contract management system.

The combination of inherent and control risks resulted in an overall risk rating for each entity. We have plotted these results on the graph below. Each segment of this graph represents a different risk level. It allows us to see the risk level positioning of each Local Government entity in relation to the rest of the sector.

Answers to the risk assessments are based on our understanding of your entity, documents which you have provided to us, and results from contract management reviews completed in previous audit years.



The District Council has a medium inherent risk and medium control risk. This means that overall the District Council has a medium contract management risk.

The risk assessment has also identified areas for improvement:

- Ensuring the District Council has an up to date policy and guidance documents covering contract management activities. This should include comprehensive procedures and standardised templates which allow for consistency in how contracts are managed throughout the District Council. The

policy should also provide clarity in relation to scope management of the contract. This includes expectations around variations, approach to the use of contingencies, and requirements around budget management.

- Having a dedicated individual or team in place with responsibility for oversight of contract management activities. This person or team should be experienced in the management of contracts. To ensure they are also up to date with changes in contract management requirements, they should also be receiving regular training/development to maintain the currency of their knowledge.
- To put in place a centralised contract management system which captures all contract information. Ideally, this system should also link to the FMIS/payment system. Data captured on this system should include contract performance against expectations, budget against actual financial forecasts, and payment information.

Good contract management ensures that resources are efficiently and effectively used. Based on our review of contract management processes across the sector, we identified ten questions that senior management and members of the governing body should give priority consideration to when considering contract management. These questions can be found in Appendix 2.

We followed up our recommendations raised in previous management reports. We continue to recommend the District Council implement a fully functional contract management system. Such a system would manage the contract life cycle, from identification of need through negotiation, agreement, monitoring and completion – including all associated documentation, reporting and monitoring.

We have raised concerns about the procurement and contract management process in the past. This year the District Council engaged KPMG to perform a detailed review of the District Council's procurement and contract management processes. We reviewed the report prepared by KPMG and noted the findings were largely consistent with ours. We will follow up on the progress the District Council has made against KPMG's recommendations as part of the 2017/18 annual report process.

Management comment

Our focus shifted from providing training to our staff to simplifying our processes that would make them simple to understand and implement across the organisation. This has been completed and we will now roll out a training schedule to cover all staff involved in any procurement activity.

A few staff members have been nominated to gain certification to NZS qualification in infrastructure Procurement Procedure which would only help in building the teams capability and bring in good practices.

We agree that management of contracts is an area for improvement. Staff will look for a suitable system to help us manage our contracts in a better way. We will be working closely with Technology One to evaluate their system and configure it in the most cost effective way for our purpose. We have also recently undertaken a review of the

Programme Delivery Team to ensure the skill base reflects good contract management practice.

2.2 Asset management

Our assurance team also reviewed asset management processes across the Local Government sector. Their review identified ten questions that should be given priority consideration by senior managers and members of the governing body.

As the District Council owns and operates a significant asset base, and service delivery is highly reliant on assets, we recommend the District Council considers the questions that can be found in Appendix 3.

3 Issue arising from the interim audit

3.1 Process of approving card access to the computer room

We identified there are 18 cards with access to the computer room. This includes multiple cards under one name and cards issued to staff who have left. Access to this room should be restricted to approved individuals only and access should be removed when these individuals leave.

We recommend a review of who has access to the computer room is performed and procedures are implemented to ensure formal approval is given by the Chief Information Officer before access is provided to the computer room. Exit procedures for staff leaving the District Council should incorporate the return of the card and cancelling access rights.

Management comment

We will review the list of current access and revise the procedure for granting access before the end of August. Exit procedures for staff already require that cards are returned to Service Delivery.

4 Summary of prior year recommendations

Summary of action taken against previous years' recommendations:

	Priority			
	Urgent	Necessary	Beneficial	Total
Open – no progress made at time of the interim audit	3	3	-	6
Partially resolved – progress is being made, but not yet fully resolved	-	4	-	4
Matters to be followed up during our final audit visit	-	3	-	3
Cleared – matters that have been resolved	-	3	-	3
Total	3	13	-	16

This summary needs to be read in conjunction with the status of recommendations raised in previous years' management reports as detailed at Appendix 1.

Appendix 1: Status of recommendations

Outstanding matters – matters followed up as part of the interim audit

Recommendation	Current status	Priority	Management's proposed action
Contract management			
<p>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 levels. It is essential to ensuring the District Council obtains value for money from the contracts its procurement processes have put in place.</p> <p>A good contract management system should also, for example, provide functions to control recurring service delivery and periodic billing cycles. It should also enable analysis of overall and categories of spend.</p> <p>We recommended the District Council develop and implement a fully functional contract management system; that will manage the contracts life cycle, from identification of need through negotiation, agreement, monitoring and completion - including all associated documentation, reporting and monitoring.</p>	<p>Open</p> <p>A fully functional contract management system has not been implemented. We understand the District Council is planning to investigate options in the 2017/18 financial year.</p>	<p>Urgent</p>	<p><i>Staff agree that this is an area for improvement and a suitable contract management system is required.</i></p> <p><i>We will be working closely with Technology One to evaluate their system and configure it in the most cost effective way for our purpose.</i></p>

Recommendation	Current status	Priority	Management's proposed action
Information systems policies			
<p>Our review of information system policies identified a number of policies that are out of date. These policies are:</p> <ul style="list-style-type: none"> • email Use Policy – approved November 2011 due for review November 2014; • email Release Policy – approved November 2011 due for review November 2014; • internet Use Policy – approved September 2009 due for review September 2012; • records Management Policy – approved April 2009 due for review April 2010; and • remote Access Policy – approved July 2009 due for review July 2012. <p>We recommended the District Council review and update these IS polices to meet current acceptable practices to safeguard the District Council's IT systems and data.</p>	<p>Open</p> <p>A review and update of these policies has started. No policies have been adopted.</p>	<p>Urgent</p>	<p><i>The Records Management Policy has been approved by ELT.</i></p> <p><i>The Email Use, Email Release and Internet Use policies have been through the Staff Engagement Group for review and will go to ELT for approval in August.</i></p> <p><i>The Remote Access Policy is in draft and will be completed before the end of July.</i></p>
Assumptions – reliability of data			
<p>Assumptions in the Asset Management Plans (AMPs) do not include the reliability of data.</p> <p>We recommended that information on the reliability of data used for assumptions is included in AMPs.</p>	<p>Open</p> <p>The District Council is in the process of updating their AMPs. It is planning to have this data completed for the 2018/28 Long Term Plan.</p>	<p>Urgent</p>	<p><i>Staff understand that this related to the Parks and Facilities AMP specifically.</i></p> <p><i>This has now been amended.</i></p>

Recommendation	Current status	Priority	Management's proposed action
Expenditure – segregation of duties			
<p>The District Council's purchasing system allows staff who have financial delegations to raise and authorise a purchase order and approve the invoice for payment, provided the expenditure is within their delegated authority threshold.</p> <p>In our view, the individual who raises and authorises a purchase order should not also be able to approve the invoice for payment. (Ideally there should also be segregation in the receipting of goods and services however, as a minimum, there should be "one up" approval of all expenditure transactions by invoices being approved by a more senior officer than the officer who authorised the order).</p>	<p>Partially resolved</p> <p>The District Council is still in the process of rolling out the Electronic Purchase Order system. It is planned that the system will be fully implemented by the end of the June 2017.</p>	<p>Necessary</p>	<p><i>EPO is now live and there is one-up approval for all second and third tier managers (cost prohibitive in terms of licensing otherwise). Monthly reports have been developed for manager review of all purchase orders raised during the period.</i></p> <p><i>This will help identify any one-up approval issues at the fourth tier and below.</i></p> <p><i>Accounts Payable will also escalate payment approvals to managers on an ad-hoc (audit) basis where there was no segregation in the purchase/receipting process.</i></p>

Recommendation	Current status	Priority	Management's proposed action
Service performance reporting: Customer Relationship Management (CRM) system			
<p>Our review of the CRM system identified there are no controls in place to ensure the correct dates and times have been recorded in the CRM system. We also noted there is a lack of independent review or other supporting documentation.</p> <p>We recommended the District Council ensure additional supporting documentation is used by staff such as job summary sheets that record the dates and times the job started and finished. This will allow an independent review to be performed to confirm information has been entered correctly into the CRM system.</p>	<p>Open</p> <p>The District Council was planning to use iPads to record this data. However due to system compatibility issues the District Council is looking at other options to record this information.</p>	<p>Necessary</p>	<p><i>An automated works order system at this point in time remains unrealised. The District Council will fall back on its current paper/email/service request system.</i></p> <p><i>This system relies upon the completion of paper worksheets and this is where the accountability and auditability exists in this system.</i></p> <p><i>This paper system is not ideal and the District Council will continue to look forward in finding a solution to replace the current system.</i></p>
All devices have virus definition updates and patches applied			
<p>The systems which are used for updating virus definitions and Microsoft patches are recording widely varying numbers of PCs and servers, raising the risk that not all of the District Council's infrastructure is being protected from virus and malware attack.</p> <p>We also noted there is no detailed IT asset register to confirm the number of devices owned by the District Council.</p>	<p>Partially resolved</p> <p>A review of Antivirus has been done by an external company and changes to Antivirus management are planned. Patching of servers is not being done on a regular basis. No formal reporting is in place.</p>	<p>Necessary</p>	<p><i>The District Council's Windows Server Update Services (WSUS) instance has recently been upgraded and is operational. We are also creating groups of servers to regularly patch together.</i></p> <p><i>The first group under this new process is being patched on 23 July. The intention is to ensure every server is patched on a given schedule.</i></p> <p><i>WSUS will also update the schedule for all PCs and provide the reporting on all of the above.</i></p>

Recommendation	Current status	Priority	Management's proposed action
Business continuity and IT Disaster Recover planning			
<p>The District Council does not have a Business Plan and IT Disaster Recovery Plan.</p> <p>We recommended the District Council develop and test organisational business continuity plans. This planning should drive the development of an IT Disaster Recovery Plan. Plans should be tested on a regular basis to ensure they are still meeting the organisations objectives for acceptable risk and levels of services to its customers.</p>	<p>Open</p> <p>Development of the Business Continuity and IT Disaster Recovery plans is in progress. The Tuakau datacentre development is also still in progress.</p>	<p>Necessary</p>	<p><i>This work is well underway. A peer review of the draft IT business continuity plan has been completed.</i></p> <p><i>There have been delays in moving the DR server to Tuakau. This is currently scheduled for 31 July.</i></p>
Monitoring and reporting on IT service performance			
<p>The District Council has systems in place for recording problems and incidents, and for monitoring systems. However there is no formal monitoring and reporting on IT service performance and Key Performance Indicators (KPIs). We recommended reporting on IT KPIs should be developed, including problem and incident resolutions and system performance.</p>	<p>Partially resolved</p> <p>Formal reporting on IT performance has been developed by the Chief Information Officer (CIO). A review and improvement of problem and incident management to align with ITIL industry best practice is starting.</p>	<p>Necessary</p>	<p><i>New processes and reporting will be developed progressively over the next 6 months to be completed by the end of December 2017.</i></p>
Change management			
<p>We noted that formal change management policies and processes are not in place for IT infrastructure and software changes.</p> <p>We recommended change management procedures are implemented and all changes are logged and approved before they are made to live systems.</p>	<p>Partially resolved</p> <p>Change management processes have been developed and starting to be used, however not all infrastructure changes are being logged. The CIO is planning a full review and update of the Change Management process to comply with ITIL industry practice.</p>	<p>Necessary</p>	<p><i>A maintenance window has been confirmed with the business.</i></p> <p><i>This will be progressively improved and completed before December 2017.</i></p>

Recommendation	Current status	Priority	Management's proposed action
Review of users who have remote access			
<p>District Council staff are able to access the District Council's systems from their own devices. Formal application is required for this to be set up. However, we noted there have been no reviews of individuals who still have this level of access. This raises the risk that access may have been left open after it should have been removed.</p> <p>We recommended a review is performed over who has remote access to the District Council's systems, to ensure access is limited to approved staff and contractors only.</p>	<p>Open</p> <p>No reviews have been performed.</p>	<p>Necessary</p>	<p><i>Mobile device management does require improvement. This includes BYOD and is on the work program. This will require the implementation of updated procurement and provisioning processes and use of a mobile device management system.</i></p> <p><i>The remote access policy and process is currently under review and expected to be approved by ELT in September.</i></p>

Outstanding matters – matters to be followed up at the final audit

Recommendation	Current status	Priority	Management's proposed action
Work in progress			
<p>Our review of the work in progress (WIP) balance identified a number of projects where there had been no activity during the year, i.e. no capitalisation or additional costs. We understand this was due to projects not being monitored on a regular basis. There were also some projects that should have been capitalised as at 30 June 2016.</p> <p>We recommended the District Council improve the monitoring of WIP balances to ensure all projects that are capitalised in a timely manner.</p>	<p>Open</p> <p>To be followed up as part of the final audit.</p>	<p>Necessary</p>	<p><i>Resolved.</i></p> <p><i>We have improved the monitoring of WIP balances and ensured those projects with no activity during the year have a valid explanation as to why they remain as current WIP.</i></p> <p><i>Due to timing, sometimes a project recently completed is still in WIP awaiting the database to be updated and capitalisation.</i></p>

Recommendation	Current status	Priority	Management's proposed action
Approval for capitalisation of assets			
<p>Our testing of roading assets identified that approval for some assets to be capitalised was done via email or verbal discussions between finance staff and asset managers. Therefore we were unable to sight appropriate approval that assets were ready to be capitalised.</p> <p>We understand that asset managers are required to complete the Asset Addition Header Form to advise finance that assets are ready to be capitalised.</p> <p>We recommended the District Council remind staff the Asset Addition Header is to be signed by the appropriate Asset Manager when approving assets to be capitalised. This provides clear evidence of the review and approval process for capitalised assets.</p>	<p>Open</p> <p>To be followed up as part of the final audit.</p>	<p>Necessary</p>	<p><i>The recommendation was implemented.</i></p> <p><i>The standard capitalisation instruction form is now used by roading in the capitalisation process and the instruction to capitalise is signed by the Asset Information Officer for roading.</i></p>

Recommendation	Current status	Priority	Management's proposed action
Reimbursement of elected members expense claims			
<p>We performed testing over elected member's expense claims to ensure the claims are in line with the District Council's Reimbursement of mileage expenses policy – elected members.</p> <p>Our review identified that the policy states that elected members are entitled to a vehicle mileage allowance for travel. We noted these claims are approved by the Council Secretary as the policy does not state who has authority to approve these expense claims. Claims should be approved by someone with appropriate delegated authority to ensure that claims are reasonable and costs incurred are consistent with the policy.</p> <p>We recommended the "Reimbursement of mileage expenses policy – elected members" is updated to reflect the individual who will be responsible for approving elected members expense claims.</p>	<p>Open</p> <p>To be followed up as part of the final audit.</p>	<p>Necessary</p>	<p><i>This policy will be reviewed and recommendation incorporated.</i></p> <p><i>This policy is scheduled to be approved by ELT in August.</i></p>

Matters that have been resolved

Recommendation	Outcome
Regular restores from backup tapes	
<p>The District Council performs data restores from disc copy. However, there are no formal regular test restores being performed from backup tapes. This raises the risk that data may not be able to be recovered in a major disaster.</p> <p>We recommended formalised regular data restore tests be performed from backup tapes.</p>	<p>Matter resolved</p> <p>Formal testing to restore data from backup tapes is now occurring.</p>
User access	
<p>Our testing of the user termination process found 13 people still had access after they had left the District Council. We also identified a high number of users who had not logged into the network over the past five years.</p> <p>We recommended the procedures for terminating users be improved to ensure all access is terminated as soon as the user has left. This should include third parties and temporary users.</p>	<p>Matter resolved</p> <p>The procedure for adding and removing users is working effectively.</p>
Regular review of user accounts	
<p>There is no formal process to review user accounts at the network level and in the applications systems.</p> <p>We recommended a review of users and their access levels be carried out on a regular basis (perhaps annually) to ensure no inappropriate access to systems.</p>	<p>Matter resolved</p> <p>Regular reviews of users on the network are now being performed.</p>

Appendix 2: Contract management considerations

Good contract management ensures that resources are efficiently and effectively used. Based on our review of contract management process across the sector, the following ten questions should be priority considerations for every senior manager and member of a governing body.

Key questions to ask on policy and guidance

1 Have you got policy, procedures, or guidance covering Contract Management activities?

Ideally, there should be a single source of policy and guidance. It should cover the use of contract management plans; guidance on what to do when performance obligations and expectations are not being met; requirement to complete contract risk assessments; the process for negotiating and approving contract variations; and the process for the close-out of a contract.

2 Do you regularly review and update your policy and guidance?

The Policy should clearly assign an “owner” who has the responsibility to ensure it is regularly reviewed and updated.

Key questions to ask on contract management planning

3 Do you require contract management plans for all contracts?

Plans should be appropriate for size, value, and risk of the contract. They should cover appointments for management of the contract, obligations under the contract, reporting requirements, key performance indicators or expectations, monitoring and inspection arrangements, and a risk assessment.

4 Do you have guidance in relation to scope management of the contract?

The Policy should cover considerations relating to contingencies, expectations around variations, approaches to penalty clauses, damages, and requirements around budget management.

Key questions to ask on contract management responsibility

5 Is there an experienced individual or team with responsibility for oversight of contract management activities?

You should be assured that you have appropriately qualified and experienced staff responsible for contract management activities. There should be a dedicated individual or team responsible for ensuring compliance with policy, providing templates and monitoring activities.

6 Are you committed to on-going training and development of contract management staff?

You should be committed to the professional development of your staff to ensure the currency of their contract management knowledge. Ideally, there should be comprehensive training programmes in place with clear evidence of development planning.

Key questions to ask on contract management records

7 Do you have a contract management system in place?

Your system should capture all contracts that your organisation has. It should be electronic, linked to the FMIS/payment system, and materially complete. It should provide information on performance throughout the contract, linked to payments throughout the contract, and used to assist contract renewal decisions.

8 Do you maintain comprehensive filing for contracts and essential records related to it?

Your records should contain a copy of the original agreement, a record of contract progress claims and payments, monitoring and inspection or meeting records, any relevant correspondence, records of any variations or claims, producer statements, and completion certificates. There should also be appropriate physical security and disaster recovery arrangements in place for the file/information.

Key questions to ask on monitoring of contract management activities

9 Do you review your contract management activities?

You should have a comprehensive programme of review in place. Review may be through internal audit. There should be evidence of action in response to review findings/recommendations.

10 Is there reporting to senior management and governance?

Reporting should be regular and should cover performance against expectations, actual expenditure against financial forecasts, and risk.

Appendix 3: Asset management considerations for senior managers and governing bodies

Based on our reviews of asset management processes across the sector, the following ten questions should be priority considerations for every senior manager and member of a governing body.

If your organisation owns and operates a significant asset base, or your service delivery is highly reliant on assets, you should be considering the following:

Key questions to ask on strategy and policy

1 **Have you got a strategy for the long term sustainability of your assets?**

This should set out your approach to owning and managing assets in support of service delivery. The levels of service you have committed to should be clear. The strategy should match the work that the assets require to meet these service levels and a funding strategy that ensures that this work is affordable.

2 **Have you set an asset management policy?**

This should cover what you are trying to achieve; who is responsible; what you need in order to be successful; the appropriate level of sophistication for your planning; an assessment of whether you are already there or need to improve some things; a clear definition of when plans should be updated, by whom, and who approves them.

3 **Do you have good quality up-to-date asset management plans for achieving your strategy?**

The plans should cover all assets, detail their life cycle management strategies and explain how to put these into practice. They should include detailed financial forecasts and budgets.

Key questions to ask on asset management responsibilities

4 **Does your organisation have appropriate asset management skills and experience?**

You should be assured that you have appropriately qualified and experienced staff responsible for all asset categories. Staff should have access to continuing professional development. You should access external expertise when needed.

Key questions to ask on asset information

5 **Do you know the reliability of your asset information?**

You should have formally assessed the reliability of asset information so that you understand the implications for your planning. With less reliable information you may make less well-informed decisions and face more unplanned work. You should be working to improve the reliability of your data.

6 **Do you have a structured approach to assessing the condition and performance of your assets?**

This information should be up-to-date, reliable, and captured in an asset information system.

7 **Have you defined a clear and comprehensive set of service levels to be delivered or supported by the assets?**

They should be clearly expressed and cover technical standards and levels of performance as well as customer expectations of service delivery.

8 **How well do you forecast future demand for the services that are delivered or supported by your assets?**

Current and future demand for your assets should be clear, including an assessment of alternatives and substitutes that people can choose, as well as changes in demographics and patterns of use.

9 **Do you have a backlog of repairs, maintenance, and asset renewals? And what are you doing about it?**

You should be aware of any deferred work, and have made a well-informed decision to defer it. You should understand the risks and knock-on implications. You should have a strategy of divesting assets that cannot be maintained, or catching up with the backlog for assets you need to keep.

10 **Do you report, and get reports on, achievement of your asset management plan(s)?**

Reporting should cover performance against service levels, delivery of planned work and actual expenditure against financial forecasts.

Appendix 4: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short the District Council is from a standard that is appropriate for the size, nature, and complexity of its business. We have developed the following ratings for our recommendations:

Urgent Major improvements required	Needs to be addressed <i>urgently</i> These recommendations relate to a serious deficiency that exposes the District Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.
Necessary Improvements are necessary	Address at the earliest reasonable opportunity, <i>generally within 6 months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.
Beneficial Some improvement required	Address, <i>generally within 6 to 12 months</i> These recommendations relate to deficiencies that result in the District Council falling short of best practice. These include weakness that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	11 September 2017
Prepared by	Kevin Lockley Zero Harm Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 1802816
Report Title	Zero Harm Update

I. 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 those 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. UPDATE

Managers continue to carry out Safety conversations.

The Chief Executive continues to carry out due-diligence duties through site visits and carrying out safety conversations with both staff and contractors.

Incidents and near-miss reporting is increasing across the business after some slow months. A concerted effort by managers to advise staff on the importance of reporting is starting to show benefit.

Over Speed Reporting

Numbers of events for the reporting period have fluctuated; high speed risk behaviour events have continued to be high compared to the number of events occurring for the

balance of the year. An opportunity for improvement is the ongoing reduction of excessive speeding against Council's critical risk (driving). Currently managers carry out safety conversations with drivers who exceed 104km/hr and up to 109km/hr. Where speeds of over 110km/hr General Managers discuss the circumstances around the speeding events in a formal manner.

Over speed reports are discussed at the Executive Leadership Team meeting each week, and the Chief Executive has been communicating the risk of speeding and the need to exercise personal responsibility through a Friday Feedback blog.

Injury Statistics

Near miss reporting over the last three months has shown an increase. 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. The change in focus may assist to clarify the actual definition of a near miss and the presence or absence of a defence mechanism which would culminate in a damage or injury event or not. Council currently records and reports on the Alliance statistics. City Care contract statistics are now also included in monthly dashboard reports to the Executive Leadership Team and Councillors.

To further assist staff to understand the importance of near miss reporting and to advance the culture it is important that the person who reported is given feedback on the results of their report.

Over this reporting period there have been two lost time injuries: a fractured toe when a heavy object was dropped on the employee's foot; and a temporary threshold shift to hearing when a skill saw was operated in a working environment. All other injuries were 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.

The Zero Harm team meet regularly with General Managers and their HR representative to discuss the zero harm programme and its influences across their area of responsibility.

Council are monitoring the ACC / Work safe NZ initiative that will take the place of the discontinued Workplace Safety Management Practices (WSMP) and Workplace Safety Discount (WSD) programmes.

A number of post incident drug and alcohol tests have taken place over the reporting period as well as a well-functioning pre-employment Drug & Alcohol testing programme.

4. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	11 September 2017
Prepared by	Melissa Russo Corporate Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 1801708
Report Title	September update on progress against Audit issues

I. 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 March, June and September.

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

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	52	145

Areas of audit issues - September

	Pending	Work in progress	Complete	Total
Audit New Zealand	4	5	17	26
Cyber security	21	5	8	*34
Internal audit	0	2	3	5
Procurement and contract management	0	8	7	*15
Risk management	9	6	22	37
Project management	2	8	23	33
Total	36	34	80	150

* Some recommendations in the Cyber Security Audit and the Procurement and Contract Management audit have been separated out as two actions, hence the difference in the number of issues between March, June and September.

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.

Of the 'work in progress' issues, many of these are scheduled to be completed by the end of 2017 or early 2018.

Risk Management

Executive training facilitated by KPMG is complete and has been well received. All current staff have been trained in the application of the organisational risk management tool. Internal process training is under development and on track for roll-out in the New Year. From a change management perspective advancement can be demonstrated in organisational awareness, desire and knowledge of risk management practice; proactive engagement continues. Current improvements will be supported by the development and implementation of the organisational risk appetite statements (underway) and on-going support and promotion from the Executive Leadership Team.

Project Management

The Project Management Forum (PMF) has been moderately inactive as a collective due to resourcing issues and prioritised business requirements; however progress continues to be made on audit recommendations. In response to the strategic roadmap a business case is being developed by the PMF to request external resources to deliver the associated programme of works.

Information Management – Audit New Zealand

The major IT items under this audit have all received some attention, we now need to finalise work on some areas. The DR server has been moved to Tuakau, this is a significant step. A test of the set up will be planned. The team have recently updated the Windows Server Update Services (WSUS) server. This means PCs are automatically receiving the most recent security patches, and a planned maintenance program for server updates is in place. The main items remaining to be progressed are IT service performance monitoring and reporting, and change management.

4. CONCLUSION

There is a total of 150 issues that have been raised by various audits across the organisation 80 of which are complete, an improvement of 28 in the quarter. Staff are continuing to make progress on the remaining issues, many of which are to be completed by early 2018.

5. ATTACHMENTS

Combined audit recommendations

Audit Area	Domain	Recommendation/Action Required	Proposed Action/Plan - September A&R Committee comment	Who	By When	Status	Comments
AuditNZ	AMP's	Include assumptions - reliability of data in the Parks and Property AMP	Complete	Parks and Property	Complete	Complete	
AuditNZ	Back Ups	Regular restores from back up tape	Complete	Julian	Complete	Complete	Need to schedule these every 6 months - add to IT calendar
AuditNZ	BC and DR Planning	Complete the move to Tuakau	Complete	Julian	Complete	Complete	
AuditNZ	BC and DR Planning	Finalise BCP work	Complete	Julian	Complete	Complete	The applications on the DR replica have been validated against the existing BCP plans. The applications have been stood up on the server to test capacity.
AuditNZ	BC and DR Planning	Develop IM BCP process	Complete	Mark	Complete	Complete	
AuditNZ	BC and DR Planning	Test	This is not complete and requires a lot of planning as a full test could create risk for the organisation. We have not progressed this due to other priorities and workload.	Julian	TBC	Pending	
AuditNZ	Contract management	Develop and implement a contract management system	Review TechOne solution, arrange demo and evaluate proposal to put up a business case. Detailed requirements to be incorporated in business case with options provided by TechOne.	Raj Java	Dec-17	Work in progress	Contract management software would be critical to help support the simplified processes established. Once requirements are finalised and communicated to TechOne, a proposal for configuration of their solution would need to be incorporated in a business case.
AuditNZ	Controls	Establish IT security and risk calendar	Complete	Mark	Complete	Complete	May 2017 - Calendar is active and reviewed monthly. See J:\corporate\Infosys\Security Calendar
AuditNZ	IT Service performance	Monitoring and reporting	We have not progressed this due to other priorities and workload.	Mark	TBC	Pending	
AuditNZ	IT Service performance	Change Management	We have not progressed Change Management due to other work.	Mark	TBC	Pending	
AuditNZ	Segregation of duties	Establish controls for a 'one up' approach to the approval purchase orders	The team are still in the process of working through the set-up of 70 users(staff) of EPO that can raise, receipt and approve within their delegation.	Alison	Dec-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	Complete	Debbie	Complete	Complete	
AuditNZ	Service performance reporting	Job summary sheets that record the date and times the job started and finished	A mobile solution is currently being implemented and will provide us with the relevant information and an audit trail. We are in discussions with Downer and City Care about how their systems work and whether we can implement a similar system.	Karl	TBC	Work in progress	
AuditNZ	Systems Updates	Establish maintenance window	Complete	Mark	Complete	Complete	
AuditNZ	Systems Updates	Create IT asset register	See item on line 48.	Phil	Oct-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.
AuditNZ	Systems Updates	All devices have virus definition updates and patches applied	WSUS server has been refreshed and updated. All Windows PCs now have key security updates applied automatically. Further work on Antivirus is in progress.	Wade	Dec-17	Work in progress	Current tools being reviewed for suitability.
AuditNZ	Update IT Policies	Email use policy	Complete	Mark	Complete	Complete	
AuditNZ	Update IT Policies	Email release policy	Complete	Mark	Complete	Complete	
AuditNZ	Update IT Policies	Internet use policy	Complete	Mark	Complete	Complete	May 2017 - complete
AuditNZ	Update IT Policies	Records Management policy	Complete	Jan	Complete	Complete	
AuditNZ	Update IT Policies	Remote access policy	Complete	Mark	Complete	Complete	
AuditNZ	User Access	Set up new user account review	Complete	Niall	Complete	Complete	New process is linked to the onboarding of new staff within Snaphire.
AuditNZ	User Access	Terminated user account review	Complete	Niall	Complete	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	Complete	Niall	Complete	Complete	Induction documentation has been reviewed and is in use. Continuous improvements are underway.
AuditNZ	User Access	Regular review of user accounts	Complete	Niall	Complete	Complete	This is now completed regularly by the Service Desk.
AuditNZ	User Access	Review of users who have remote access	The policy has been reviewed. A full review of staff with remote access has not been completed due to priorities and workload.	Niall	TBC	Pending	Active Directory 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	The IM Service Catalogue is complete.	Mark	Complete	Complete	
Cyber Security	Bus Own and Direction for IT	Rec01: Formalise business owners for major information assets and information systems	The IM team are now working on the implementation of the Service Catalogue within our Helpdesk system and starting business relationship meetings with key business units to identify the system owners.	Mark	TBC	Work in progress	Completing this is not the exclusive responsibility of IM and requires commitment from across the council.
Cyber Security	Bus Own and Direction for IT	Rec02: Business owners (from Rec01) formalise information security requirements for the assets owned		ELT	Pending outcome of above recommendation	Pending	
Cyber Security	Bus Own and Direction for IT	Rec03: Integrate ICT governance in to council governance processes		ELT		Pending	
Cyber Security	Bus Own and Direction for IT	Rec04: Develop ICT strategy for coming financial year	Complete	ELT	Complete	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	TBC	Pending	
Cyber Security	Bus Own and Direction for IT	Rec06: Raise awareness on ICT strategy and use of shadow IT and cloud	We have not progressed this due to other priorities and workload.	Mark	TBC	Pending	
Cyber Security	Bus Own and Direction for IT	Rec07: Utilise ICT strategy and resource management to identify resource gaps	See item on line 38	Mark	TBC	Pending	
Cyber Security	Bus Own and Direction for IT	Rec08: Improve employee engagement	Connections leadership training almost complete, llume team coaching programme 50% complete. ELT to consider next steps in terms of People leader development.	ELT & HR	llume due to finish prior to Christmas	Work in progress	Connections leadership training almost complete, llume team coaching programme 50% complete
Cyber Security	Bus Own and Direction for IT	Rec09: Identify and address cases of skills dependency in IM team	Identification of skill dependencies in IM have been completed.	Mark	Complete	Complete	
Cyber Security	Bus Own and Direction for IT	Rec09: Identify and address cases of skills dependency in IM team	A request for additional positions and a small structure change to IM was submitted to ELT in June. Further options were requested. This work has not been completed.	Mark	Submitted	Work in progress	
Cyber Security	Bus Own and Direction for IT	Rec10: Review, improve and periodically test Business Continuity Plans		IM	TBC	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	Snaphire the new recruitment system allows for secure document management which is being utilised.	HR & IM		Pending	

Cyber Security	Employee and contractor practices	Rec02: Improve management of disgruntled employees		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	HR, IM & Comms	TBC	Pending	
Cyber Security	Employee and contractor practices	Rec04: Outline information security requirements in employees job descriptions		IM/ HR		Pending	
Cyber Security	Employee and contractor practices	Rec05: Improve clarity and transparency around security roles and responsibilities		IM / HR & ELT		Pending	
Cyber Security	IM practices	Rec01: Undertake periodic testing of Disaster Recovery Plans	We have not progressed this due to other priorities and workload.	IM	TBC	Pending	
Cyber Security	IM practices	Rec02: Review and improve how privileged access is granted to improve accountability	Complete	Niall	Complete	Complete	
Cyber Security	IM practices	Rec03: Review and improve removal of access for critical ICT applications following role changes	Complete	Niall	Complete	Complete	
Cyber Security	IM practices	Rec04: Develop ICT strategy for coming financial year	Complete	ELT & IM	Complete	Complete	
Cyber Security	IM practices	Rec05: Undertake periodic pointwise testing of backups	Complete	IM	Complete	Complete	
Cyber Security	IM practices	Rec06: Review and improve asset management, monitoring and capacity planning (including for environment support systems)	Device Registers are under development, especially for PCs with the current roll out of new PCs	IM	Oct-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	We have not progressed this due to other priorities and workload.	IM	TBC	Pending	
Cyber Security	IM practices	Rec08: Review and improve communications plan for incident response	We have not progressed this due to other priorities and workload.	IM & Comms	TBC	Pending	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	Aspects of this are underway, for example, we now have a regular server patching program in place. The full range of the items in the recommendation have not been completed.	IM	TBC	Pending	
Cyber Security	IM practices	Rec10: Undertake usability and security design review for online services and public website	Complete	IM	Mar-17	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	We have not progressed this due to other priorities and workload.	IM	TBC	Pending	
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		Legal & Procurement		Pending	
Cyber Security	Mngt of external suppliers	Rec02: Review Service Level Agreements with service providers and include penalties where relevant		Procurement & IM		Pending	
Cyber Security	Mngt of external suppliers	Rec03: Undertake service provider management including performance monitoring		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		Procurement & IM		Pending	

Cyber Security	Mngt of external suppliers	Rec05: Review contractor agreements in terms of information security requirements, record keeping and non-disclosure agreements		Legal & Procurement		Pending	
Cyber Security	Mngt of external suppliers	Rec06: Require vendors to use secure development practices and vulnerability testing for applications		Legal & Procurement		Pending	
Internal Audit	Business Continuity Processes	4 major non-conformances in the "Assess - Understand the significance and impact of the incident" process * Steps 1- 4 have not been rolled out to staff and training has not been provided yet. * Step 6a. During previous incidents a call centre representative has not been invited to updates * Step 6b. The incident Risk Profile tool has not been used. * Action Plans have not been created in the last two incidents. The current Action Plan template lacks clear direction of role specific tasks.	All Managers trained, Key staff trained. Some general staff still to be trained Approx 30% outstanding. Completion of training by end Sept 2017	Kurt Abbot / Kelly Newell	TBC	Work in progress	Training has not yet been delivered to staff. This is intended to be done at Team briefs and will be booked in with the administrators. 6a and 6b have been addressed and the processes updated. We recently undertook a training/exercise for staff to better understand the action planning process and this is also included in CDEM training. See proposed action/plan
Internal Audit	Business Continuity Processes	2 major non-conformances in the "Plan - Understand how we are going to resolve the incident" process. * Medium to long term planning during the event has not been consistently done. * No action plan documents have been created in this process.	Complete	Kurt Abbot / Kelly Newell		Complete	Improvements made to process and latest events have undertaken action planning as per process.
Internal Audit	Business Continuity Processes	1 major non-conformances in the "Resolve the Incident" process. *No documented action plans were created or executed	Complete	Kurt Abbot / Kelly Newell	Complete	Complete	See proposed action/plan. Action plan exercise/training was completed in July 2017.
Internal Audit	Community Funding Processes	One minor non-conformance in relation to the documentation used in the process "Provide Funding Accountability Report for all Grants Received". * The 'Funding Project Accountability' document references the old public email address. This should be updated with the new 'info@waidc.govt.nz' email address. * Clarify any Escalations Within Processes and Update Staff Responsibility within Process.	The form has been updated and the new version has been added to promapp and ECM	Lianne van den Bemd	27/01/2017	Complete	See proposed action/plan

Internal Audit	Parks and Facilities (KPI Process)	<p>2 Major non-conformances in the "Calculate KPI - Percentage of satisfied customers as per the council housing for the elderly survey" process</p> <p>* Survey hasn't been carried out this year, the processes state that survey letters has to be sent on the 3rd week of January but at the date of audit (10/02/2017) this hasn't been done. In 2016 this was done in June instead in the first quarter.</p> <p>* Completed surveys from 2016 weren't saved in ECM as per the processed state.</p> <p>2 Minor non-conformances</p> <p>* Roles responsible for the activities are not correct.</p> <p>*Forms and template are no easily identifiable and located.</p>	In future survey letters will be sent out in the 3rd week of January . All documents will be saved in ECM . Roles and responsibilities have now been up dated .	Gavin Benseman		Complete	
KPMG review of Procurement and Contract Management	Contract management	<p>Compliance with WDC's contract management policies and procedures needs to be strengthened.</p> <p>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.</p> <p>2) Reinforce WDC's procurement policies and procedures to staff. In particular, consider revising the one-page summary of the procurement requirements to clearly set out all procurement requirements</p>	A simple procurement selection tool has been provided that takes staff to the correct procurement process that needs to be adopted. 6 training sessions held so far with further sessions planned every quarter to cover new staff.	Raj Java	Complete	Complete	Procurement selection tool with an additional process for RFQ's to cover purchases under \$125K will cover 90% of the procurement activity within the council. A more detailed set of 8 processes cover the entire procurement cycle for procurement that requires open tenders.
KPMG review of Procurement and Contract Management	Contract management	<p>3) Perform a sample-based check of all newly created contracts on a six-monthly basis to identify and reinforce compliance.</p> <p>4) Ensure that adequate documentation and evidence of due processes followed by WDC staff is maintained to support WDC's decision relating to supplier contracts.</p>	Audit on contracts process during the first quarter of the year will be conducted to check compliance to new processes.	Raj Java	Oct-17	work in progress	Audits commenced on sample basis.
KPMG review of Procurement and Contract Management	Contract management	<p>Develop guidelines relating to tender evaluation team and criteria.</p> <p>1) Formalise WDC's procurement guidelines relating to the composition of the tender evaluation team and weighting of tender evaluation criteria. For example, consider the following: • Specify the minimum number of tender evaluation members depending on the value and risk of the procurement. • Specify a default weighting to be applied for the tender evaluation criteria. Deviation from the default</p>	Guideline have been provided in the new procedures and specialised training	Raj Java		Complete	Guides & templates have been added to relevant process steps for clarity

KPMG review of Procurement and Contract Management	Contract management	Specify whether a finance team member and/or the Procurement Manager should be part of the tender evaluation team where the procurement reaches a certain value or risk threshold.	Lack of certified evaluators has been addressed. Four staff are enrolled in the Infrastructure Purchasing qualification which will support internal capabilities and add credibility to evaluations done.	Raj Java	Mar-18	Work in progress	The qualification process could take between 9 to 12 months.
KPMG review of Procurement and Contract Management	Contract management	Implement a supplier performance measurement framework and strengthen supplier performance monitoring. 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.	Performance measurement guidelines have been provided in the new procedures that needs to be supported by supporting a contract management system to capture and report performance. Manual monitoring will be adopted in the interim to monitor supplier performance by measuring against NZTA's PACE scoring templates.	Raj Java	Jul-18	Work in progress	Option to use Technology One solution for contract management will be need to reviewed against our requirements. Demo evaluation planned in September/October to support business case.
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 suppliers. • Review of expenditure by contracted and non-contracted suppliers. Where spend with non-contracted expenditure exceeds a predetermined threshold (e.g. \$50K), consider entering into negotiations with the respective supplier to formalise a contract and agree better trading terms.	This is being done manually but a better approach is to use Data Analytics tools. ArcBlue and KPMG have demonstrated what can be achieved through this capability and based on this review, suitable process will be defined and resources arranged.	Raj Java	Dec-17	Work in progress	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.	Complete	Raj Java	Complete	Complete	One up approvals through ePO are only for requisitions above the requestors delegation limits. Other controls will be used to mitigate risks of not having the one up approvals if purchases are within delegated limits.

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.	Complete	Stephen Thompson	Complete	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 function to highlight all invoices dated prior to the purchase order date.	1) The AP module will not allow you to enter the same invoice number for the same supplier with the same date. However, if anyone of these details are mis-keyed or are different, it will be accepted by the system. Staff have a report to identify possible duplicate invoice numbers which is reviewed. However, under the EPO system, if duplicate invoices are entered happens, there will be nothing to match this invoice against. This is no longer an issue as we are fully electronic in raising purchase orders. If an invoice is received without a Purchase order quoted, it is immediately returned to the supplier - unpaid. 2) No longer applicable – per above	Stephen Thompson	Jul-17	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 day-to-day procurement work within WDC and emphasises a determination to make continual improvements in that work • framework upon which WDC's procurement policy and procedures are based • objectives against which progress can be measured and reported 2) Review procurement guidelines to ensure there is consistency between procurement policy, the manual and ProMapp process descriptions.	With the completion of the process simplification exercise, the balance work of integrating our strategy, policy and manual to the new defined processes needs to be completed.	Raj Java	Dec-17	Work in progress	Procurement Policy and Manual to be approved by Council by 31/03/2018

KPMG review of Procurement and Contract Management	Procurement	Strengthen supplier vetting and improve monitoring over duplicate supplier accounts. 1) Update the new supplier form to include checks for conflict of interest declaration by staff involved in the procurement and approval by the Zero Harm team where applicable. 2) Instruct staff to complete new supplier form before committing WDC to procure goods/services from a new supplier.	A manual process to create new supplier request has been put in place which include Conflict of Interest Declaration. However requires some work to automate this through CiAnywhere which will be possible only after the upgrades are completed by TechOne later this year.	Raj Java	Dec-17	Work in progress	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 procurement manager before approval is granted.
KPMG review of Procurement and Contract Management	Procurement	3) Management should consider validation controls in the new ePO system to restrict entry of duplicate vendor records. Duplicate vendor records should be allowed in exceptional circumstances.	Duplicate vendor records are created only for specific reasons and there is adequate control over this activity.	Alison		Complete	
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 across the organisation to consolidate supplier spend for potential cost savings.	Currently a manual process is being used to monitor spend across all suppliers. ArcBlue and KPMG have presented options for procurement data analytics which can facilitate easy to monitor trends and outliers. Need to review and finalise best option to consider.	Raj Java	Dec-17	Work in progress	Using Data Analytics and procurement dashboards improves visibility and would provide signals of abnormal or process deviations in a timely manner to introduce controls to mitigate risks.
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. 2) Ensure that adequate controls are in place to limit the use of manual PO only in exceptional circumstances.	Complete	Stephen Thompson	30/06/2017	Complete	
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. 2) Ensure that the threshold consist of lesser of a percentage and a hard cap number.	Complete	Stephen Thompson	30/06/2017	Complete	

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 negative sentiments associated with the IPM from the rest of the framework and its significant benefits to Council.	Complete	PMA	Complete	Complete	<p>De-coupling of the tool from methodology has commenced in coaching sessions.</p> <p>To be included as part of PMF programme of works: PM toolkit (Sept 2017).</p> <p>Two separate work streams are outlined in the PMF Programme. The PMF group have full understanding of the two work streams and the relationships between the framework and tool and are tasked to communicate this information as required across their teams and business units.</p>
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.	Complete	PMA & PMF	Complete	Complete	<p>Trail version of cloud based project management tool (CAMMsProject) has recently been provided by vendor.</p> <p>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.</p> <p>An upgrade of the tool has been completed to facilitate a better user experience. The total functionality of the tool will be reviewed as part of the PMF work stream detailed above.</p>
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.	Complete	PMF & PMA	Complete	Complete	<p>PMF have developed project to create and develop work streams to deliver against this recommendation. Work-streams to be completed by April 2017.</p> <p>Trail version of cloud based project management tool (CAMMsProject) has recently been provided by vendor.</p> <p>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.</p>

Project Management	Adoption of Framework	Establish mandatory project management standards. This may create the perception of more administration for those who are not practicing good project management disciplines.	Complete	PMF & PMA	Complete	Complete	first workshop 10/02/2017 PMF have developed project to create and develop work streams 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 programme of Works : PM Standards Project
Project Management	Adoption of Framework	Differentiate between the tool versus the framework.	Complete	PMA	Complete	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	Enrol project personnel to help pilot the tool to establish buy in.	To be workshopped with PMF	PMF & PMA	Jan-18	Work in progress	To be conducted with PMF as part of ongoing programme of works. Work on this will commence after the upgrade 31/08/2017)
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)	Complete	PMF & PMA	Complete	Complete	Appropriate workflows have been created in consultation with business units and rolled out with the recent upgrade. These will be further developed as part of BAU as necessary and as the organisational maturity improves.
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	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	PMF & PMA	Jan-18	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 overly prescriptive and utilises consistent terminology to the messages contained within the Guide.	Complete	PMA & PMF	Complete	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 organisation.	Recommendation to be developed by PMF .	PMF	Jan-18	Work in progress	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. This work will take place starting October 2017
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.	Scheduled as part of the Project Management Forum Programme of Work: PM Enterprise Portfolio Framework. Detailed timeline expected Nov 2017 (BC required)	ELT & 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 expectations - 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.	Scheduled as part of the Project Management Forum Programme of Work: PM Standards. Detailed timeline expected Nov 2017 (BC required)	ELT & PMF		Work in progress	This body of work is scheduled to take place Sept 2017 as part of the PMF programme 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.	Complete	PMA & Rocket Projects	Complete	Complete	First workshop 10/02/2017 PMF have developed project to create and develop work streams 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 package (April 2018)
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.	Complete	PMF	Complete	Complete	The on-going 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).	Complete	PMA & Rocket Projects	Complete	Complete	First workshop 10/02/2017 PMF have developed project to create and develop work streams 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)

Project Management	Methodology	Establishment of an Enterprise Project Management Office (ePMO). Consider an ePMO's involvement in stage gate reviews to induce greater levels of quality and compliance with the Guide.	Complete	ELT	Complete	Complete	The PMF has instead been implemented.
Project Management	Methodology	Increase awareness of the Guide through training sessions that include aligning 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.	Complete	PMF & PMA	Complete	Complete	First workshop 10/02/2017 PMF have developed project to create and develop work streams 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 2017.
Project Management	Practices	Establish an ePMO, with ultimate accountability at the organisational ET level, which has a clear mandate to deliver increased levels of project success. As part of this, decide upon the style and model of ePMO. For example, a 'weather station' ePMO acts as a central information collector, analyser and reporter of enterprise activity. A 'control tower' ePMO adds high level direction to projects (i.e. recommends critical decisions to a governing body). A 'wind commander' ePMO also controls/owns resources.	Complete	ELT	Complete	Complete	
Project Management	Practices	Involve the ePMO in reviewing projects and providing support. For example, the ePMO could be involved in reviewing deliverable 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 awareness programme.	Complete	ELT	Complete	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.	Complete	PMF & PMA	Complete	Complete	PMF have developed project to create and develop work streams 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 include risk management, stakeholder management, reporting, forecasting, contract negotiation and management.	Complete	PMF & PMA	Complete	Work in progress	PMF have developed project to create and develop work streams 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). Audit schedule to be included as part of PMF programme of works: PM Continuous Improvement (May 2018).
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.	Scheduled as part of the Project Management Forum Programme of Work: PM Continuous Improvement. Detailed timeline expected Nov 2017 (BC required)	PMF & PMA	Jan-18	Work in progress	PMF have developed project to create and develop work streams 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.	Scheduled as part of the Project Management Forum Programme of Work: PM Continuous Improvement. Detailed timeline expected Nov 2017 (BC required)	PMF & PMA	Jan-18	Work in progress	PMF have developed project to create and develop work streams 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 see how they have prepared to utilise prior lessons learned.	Upgraded tool have lessons learned report capability.	PMF & PMA	Complete	Complete	PMF have developed project to create and develop work streams to deliver against this recommendation. Work-streams to be completed by April 2017. Upgraded tool facilitates this approach. Development of the functionality of this report will continue as part of BAU and the PMF Programme work streams.
Project Management	Practices	Specific training may be required where projects are contracted out. This is to ensure sufficient Council visibility of project management 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.	Scheduled as part of the Project Management Forum Programme of Work: PM tools. Detailed timeline expected Nov 2017 (BC required)	PMF & PMA	30/12/2017	Pending	
Project Management	Practices	Undertake prescribed audits to ensure critical project planning documentation (e.g. project plans and business cases) are retained so that the success of the project can be measured against planned benefits and success criteria.	Complete	PMF & PMA	Complete	Complete	PMF have developed project to create and develop work streams 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.	Complete	ELT	Complete	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.	Complete	PMF & PMA	Complete	Complete	PMF have developed project to create and develop work streams to deliver against this recommendation. Work-streams to be completed by April 2017. This recommendation is in effect. Further, the PMF is currently developing a BC to resource the PMF programme work streams.
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.	Complete	PMA & PMF	Complete	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.	Complete	PMA, CAMMS & IT	Complete	Complete	
Project Management	Tool	Work through current frustrations with CAMMS and seek out quick wins (such as improving response times).	Complete	PMA, CAMMS & IT	Complete	Complete	Upgrade has been installed.
Project Management	Tool	Increase user awareness of tool functionality including understanding of basic project management terminology and relationship with WDC project management methodology.	Complete	PMF & PMA	Complete	Complete	PMF have developed project to create and develop work streams to deliver against this recommendation. Work-streams to be completed by April 2017. A training work stream has been added to the PMF programme of works.

Risk Management	Data & Technology	Little awareness of Promapp as the central repository of risks. Ensure that staff are aware and use Promapp as a central repository rather than maintaining their own repositories of risk information.	Complete	Risk Coordinator	Complete	Complete	Promapp has built in risk training programme. This will be included as part of overall training package. 2/2/2017 ET agreed that Promapp will be used by them and the organisation for the purpose of capturing risks and that they will support use through reporting requirements and non-acceptance of other formats.
Risk Management	Risk Assessment & Measurement	The ET 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.	Complete	Risk Coordinator	Complete	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.	Complete	Risk Coordinator	Complete	Complete	Draft created for inclusion in training to provide understanding of difference and how processes should work towards continuous improvement. Introduced to ET 2/2/2017.
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 risks and provide monitoring and guidance for risks which matter the most to organisation's strategy.	Complete	ELT & Risk Coordinator	Complete	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.	Complete	Risk Coordinator	Complete	Complete	As part of the Activity Management Plans inc; Libraries Parks & Facilities Waters As BAU; CDEM Regulatory Programme Delivery All others will continue to be regularly reviewed as part of the Risk Calendar schedule.

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.	Complete	Risk Coordinator	Complete	Complete	Framework review including scheduled requirement. Risk calendar development to provide schedule. Initial risk tool training complete. Scheduled training to take place regularly (through Waisite training and as new employees are inducted). Risk Calendar has been developed and will be used by Risk Coordinator as part of BAU risk planning.
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.	Complete	Project Management Forum	Complete	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.	Complete	Risk Coordinator	Complete	Complete	Underway. First matrix review conducted 3/3/2017. Pending approval from ELT (scheduled 28/09/2017) and for addition to updated Risk Management Framework)
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.	Complete	Risk Coordinator	Complete	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.	Complete	Risk Coordinator	Complete	Complete	Meetings will Unit Managers & TL's along with ET. Pokeno Growth workshops an example. On-going.
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.	Complete	ELT	Complete	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.	Complete	Risk Coordinator	Complete	Complete	Calendar expected to be finalised by 01/07/2017 Calendar created. Currently having schedules added. Annual workshops for Business Units/Team as part of BAU (facilitated by Risk Coordinator and or external as deemed necessary).
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 mind-set that risk management is primarily led by senior management.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	ELT		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.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	ELT		Pending	
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.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	A&R		Pending	
Risk Management	Risk Culture	Risk management awareness sessions and trainings should be considered to enhance risk management capability in the organisation.	This item is on track. RAS workshop scheduled for 07/09/2017.	Risk Coordinator	Jan-18	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. All initial Risk Tool Training has been completed.
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.	Policy pending approval from ELT scheduled 28/07/2017. This item is on track. To be completed post RAS workshop (scheduled for 07/09/2017).	Risk Coordinator	Jul-17	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.	Complete	ELT	Complete	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.	Complete	Risk Coordinator & ET	Complete	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.	Complete	Risk Coordinator & ET	Complete	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).	Complete	Risk Coordinator & ET	Complete	Complete	
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).	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	Risk Coordinator & ET	Jan-18	Work in progress	Framework clearly captures thresholds for reporting. Meeting ET on 2/2/2017 to explore reporting requirements. Meeting with BA 23/02/2017 to explore reporting formats. Draft formats ready for review. Final reporting medium to be decided 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.	On track - to be completed post ELT Risk Management Training (31/08/2017) and RAS workshop (07/09/2017).	Risk Coordinator	Jan-18	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. All Risk Tool training completed.

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.	Complete	Risk Coordinator	Complete	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	Complete	ELT	Complete	Complete	Risk Forum not yet implemented although is part of risk structure. Current practice is for Risk Coordinator to arrange, facilitate 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 provide guidance on how to seek support.
Risk Management	Risk Management & Monitoring	Management should report on the effectiveness of the treatment plans particularly those relating to the key strategic risks	Complete	ELT	Complete	Complete	Templates being drafted. To be trailed 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	ELT		Pending	
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.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	A&R, ELT 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.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	ELT & 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.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	ELT		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.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will referene process.	Risk Coordinator	Jan-18	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 recurrence 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		Complete	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 live and visible.	On track - scheduled for October 2017 (to allow KPMG training and RAS workshop to be conducted, September)	ELT & Risk Coordinator		Pending	Delayed to accommodated 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.	Complete	ELT & Risk Coordinator	Complete	Complete	KPMG to be engaged for this process. Discussed with ET 02/02/2017 & confirmed with Tony 27/02/2017 Conducted 07/09/2017. To ARC 22/09/2017.
Risk Management	Risk Strategy & Appetite	Ensure alignment between the documented risk appetite levels and relevant Council policies.	On track. To be completed post RAS workshop (07/09/2017). Updated framework will clearly capture report requirements and expectations.	Risk Coordinator	Sep-17	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.	To be provided as an organisational communication through the project engagement plan post workshop 07/09/2017 and ARC 22/09/2017.	ELT	Sep-17	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.	Complete	Risk Coordinator	Complete	Complete	Added to risk calendar as part of BAU (managed by Risk Coordinator)
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Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	12 September 2017
Prepared by	Katja Jenkins Project Management Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 1804059
Report Title	KPMG Waikato LASS Internal Audit Insights Panel Session

1. EXECUTIVE SUMMARY

This report provides the Audit & Risk Committee an overview of the KPMG Waikato LASS Internal Audit Insights Panel Session held on Wednesday, 06 September 2017.

2. RECOMMENDATION

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

3. BACKGROUND

As part of the commitment to the LASS internal audit objectives, KPMG agreed to conduct an annual insights session on common areas of internal audit activity and focus within the sector. On Wednesday 06 September KPMG shared their insights and experience at a session held at the Waikato Regional Council offices. The session agenda included:

- Internal Audit Reflects
- General Internal Audit Trends
- WLASS Internal Audit Progress Update
 - Risk Management
 - Fraud Related Reviews
 - Asset management
 - Contract Management
 - Procurement
- Local Government Common Challenges

- Continuous Improvement Initiative
- Enabling Continuous Improvement Through Data Analytics
- Digital Labour & Automation
- Opportunity in IT Strategy & Shared Services For WLASS

Audits conducted at Waikato District Council in common areas of focus include: Contract Management; Procurement; and Risk Management. Work continues to progress recommendations from these audits.

4. ATTACHMENTS

KPMG Waikato LASS Internal Audit Insights Panel Session presentation



Internal Audit Insights Panel Session

Waikato LASS

KPMG Auckland

Advisory

September 2017





FUELLING PROSPERITY

We passionately believe that the flow-on effect from focusing on helping **fuel the prosperity** of our clients significantly contributes to ensuring that our communities, and ultimately our country and all New Zealanders, will enjoy a more prosperous future.

Fuelling prosperity in our communities

Play Video



Agenda

1. Internal Audit Reflections

**2. Digital Labour and
Automation**

Morning tea

**3. Opportunities in IT strategy
and shared services**



Internal Audit Reflections

**Recent trends, common challenges and continuous
improvement initiatives**

David Sutton and Bineeta Nand
Partner, Advisory and Director, Advisory

6 September 2017

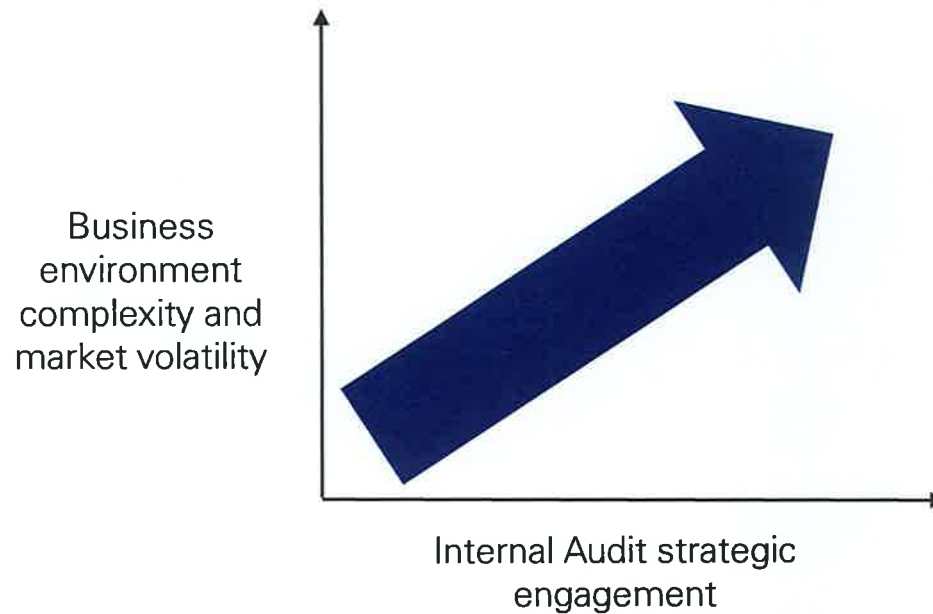


1.

General Internal Audit Trends

Internal Audit trend

Internal Audit evolution



“Internal auditors are not just responsible for overseeing the financial and operational aspects, but are asked to provide strategic advice for more effective decisions within the company”

Top 10 Internal Audit Considerations for 2017/18

Survey results from Internal Audit departments across multiple industries conducted by KPMG



Integrated Assurance

Assurance functions to work together to provide an integrated view of the organisation's risk profile.



Cybersecurity

It is critical that all companies remain vigilant and up to date regarding recent protection criteria.



Emerging Technologies

New evolution in technology bring risks that companies need to stay on top of to optimise the impact of technology.



Strategic Alignment

Often efforts to bring strategic change can sometimes neglect to revise internal controls to conform to new business models.



Regulatory Compliance

Companies, regardless of industry, are being inundated with new regulatory requirements, both domestically and abroad.



Third-party Relationships

Companies are increasingly relying on third parties to carry out vital business functions. This involves numerous risks and failures.



Data Analytics and Continuous Auditing

Today's method involves repeatable and sustainable data analytics that provide a more thorough and risk-based approach.



Anti-bribery/Anti-corruption

An effective anti-bribery and corruption compliance programme will reduce the risk of costly and disruptive enforcement activity.



Performance Risk

Shareholders' expectations of business performance and the risk of not performing are growing increasingly more important.



Culture Risk

Culture can be observed, monitored and changed over time to mitigate misconduct and encourage strategic behaviour.

Future of Internal Audit in local government sector

Poll Time

Q:What areas do you foresee Internal Audit playing a role in the future?



Poll



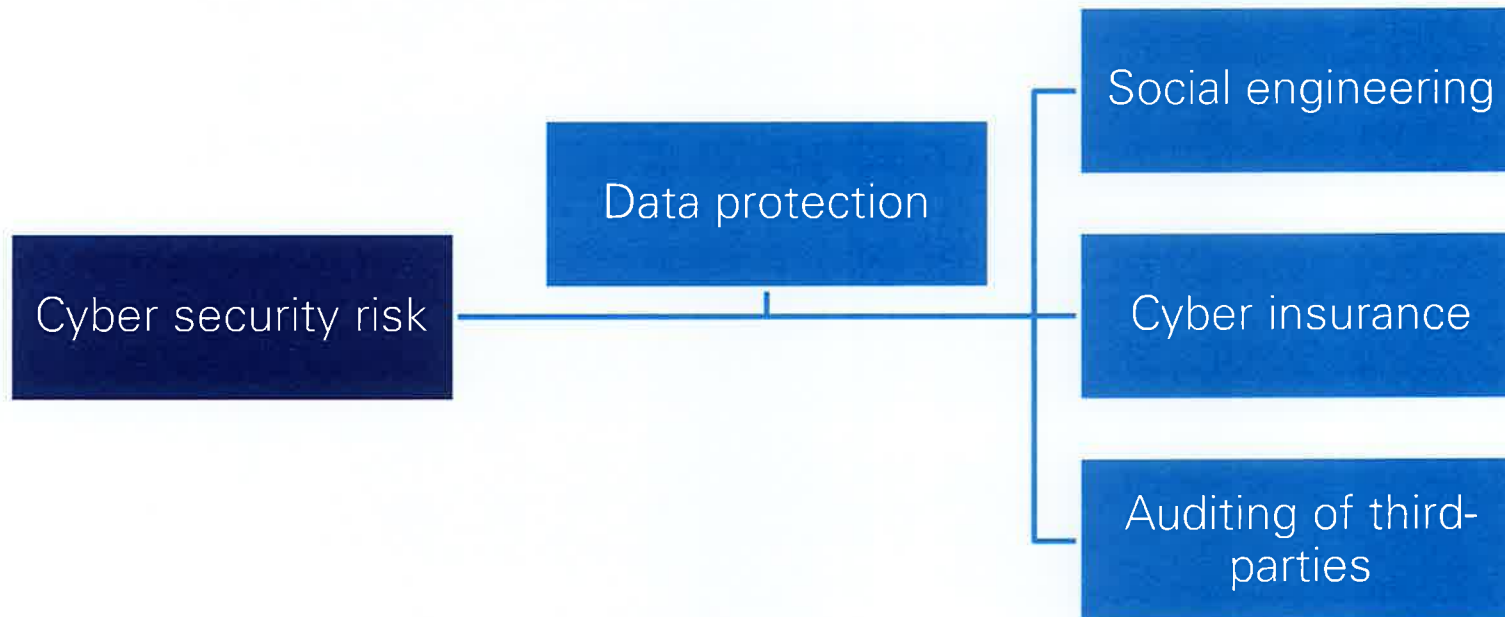
Discuss



Ideas

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Information Technology risks





2.

WLASS Internal Audit Progress Update

Recent Internal Audit Activities



Local Government sector common challenges





3. Continuous Improvement Initiative

Implementation of internal audit recommendations

Poll Time

Q: How would you rate the level of progress made on internal audit recommendations?



Poll



Discuss



Ideas

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Implementation of internal audit recommendations

Poll Time

Q:What is the key challenge you face or have faced in implementing internal audit recommendations?



Poll



Discuss



Ideas

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4.

Enabling continuous
auditing through
data analytics

Utilisation of data analytics

Poll Time

Q: Are you actively using data analytics to review your processes and information?



Poll



Discuss



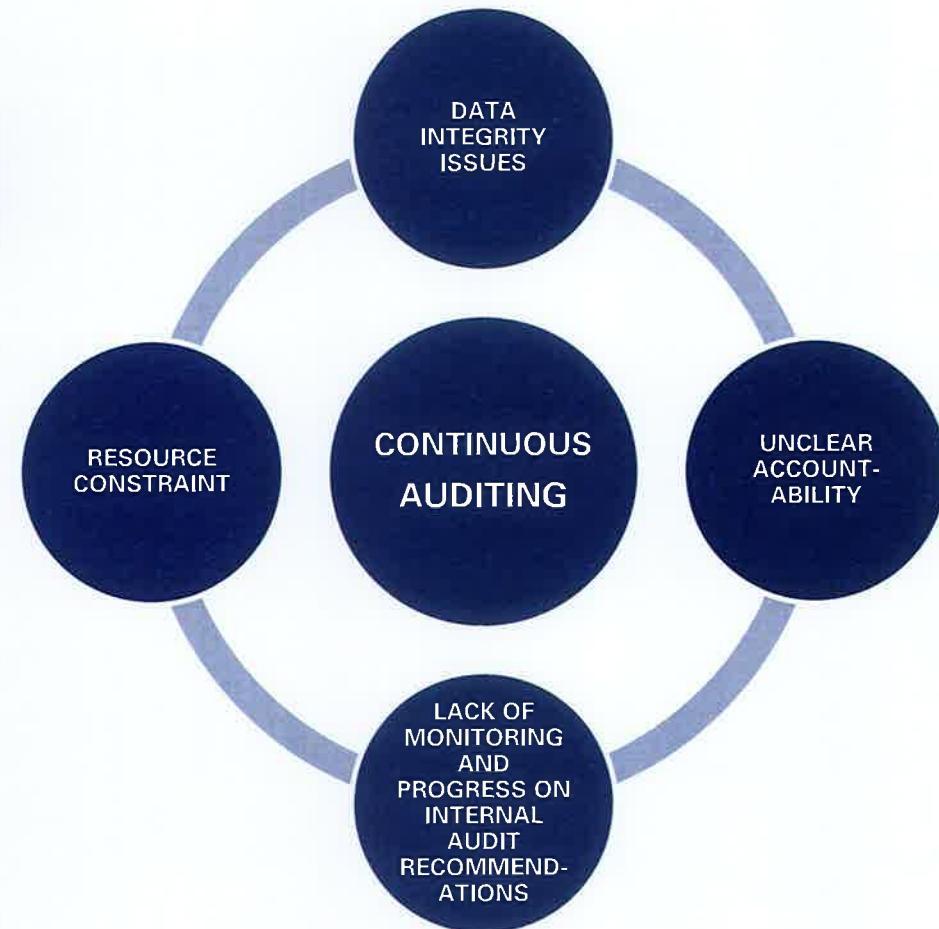
Ideas

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Data analytics enabled internal auditing

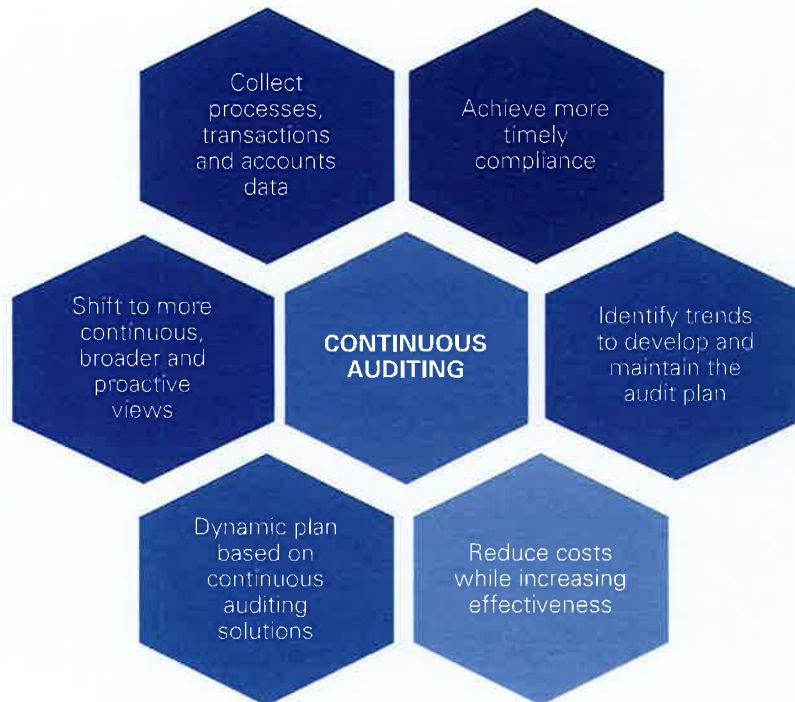
Enabling continuous auditing

Areas data analytics have been used	Findings from data analytics
Payroll	<ul style="list-style-type: none"> — Ghost employees — Excessive overtime
Procurement	<ul style="list-style-type: none"> — Duplicate payments — Conflicts of interest — Payments inconsistent with terms
Contract Management	<ul style="list-style-type: none"> — Overpayments beyond contract term — Conflicts of interest — Payments made outside of contract terms
Sensitive Expenditure	<ul style="list-style-type: none"> — Purchases for personal use — Unauthorised expenditures — Split payments/PO to circumvent delegations
Accounts Payable	<ul style="list-style-type: none"> — Inadequate segregation of duties — Delegation of authority breaches

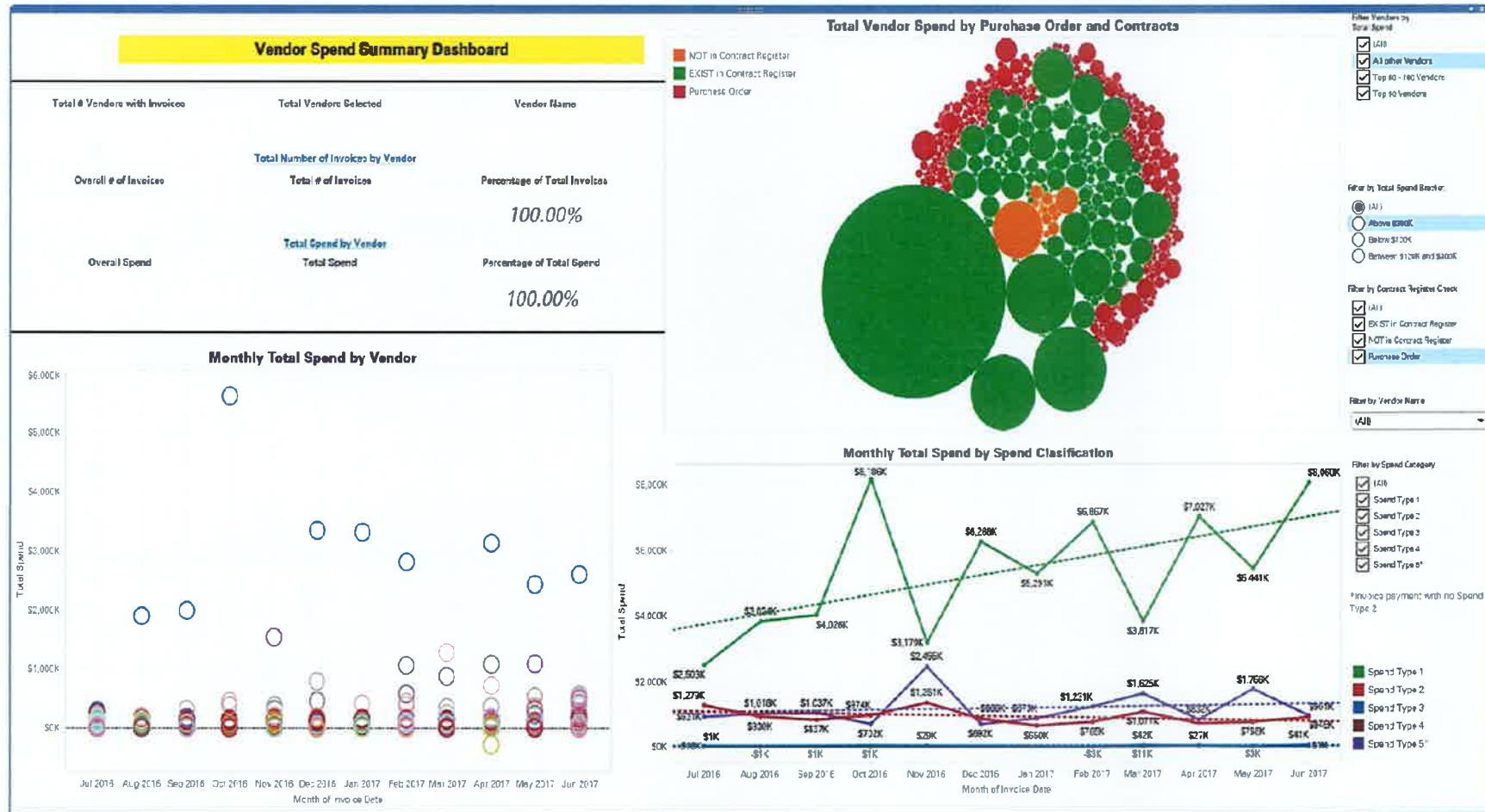


Data analytics enabled internal auditing

Q: What are the advantages of continuous auditing?



Example from KPMG Contract Spend Analysis



Example from KPMG Payroll Analysis

Payroll Review Summary of Findings

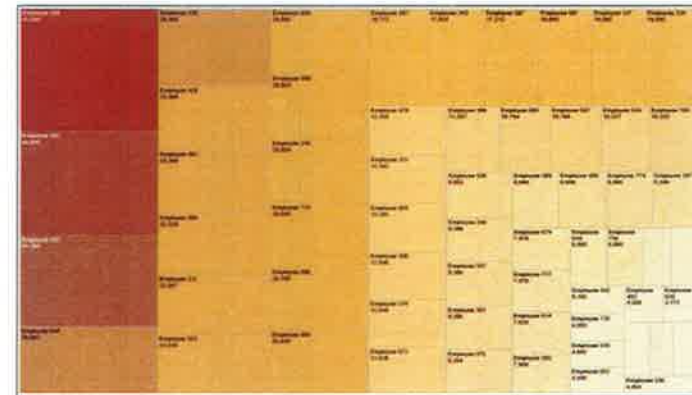
Total Employees in period of Review: 19,298

Total Number of Payroll Transactions: 80,612

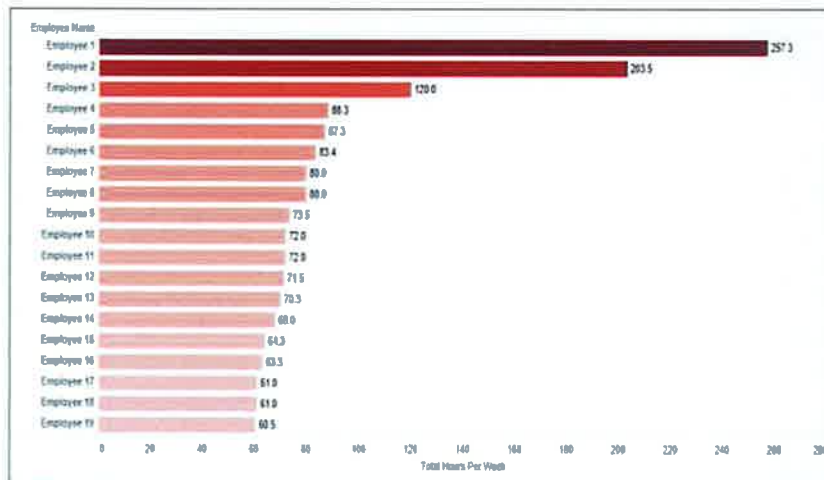
Overall Amount Paid to Employees: \$66M

Employees with Incorrect Payroll Transactions: 10,625 (55%)

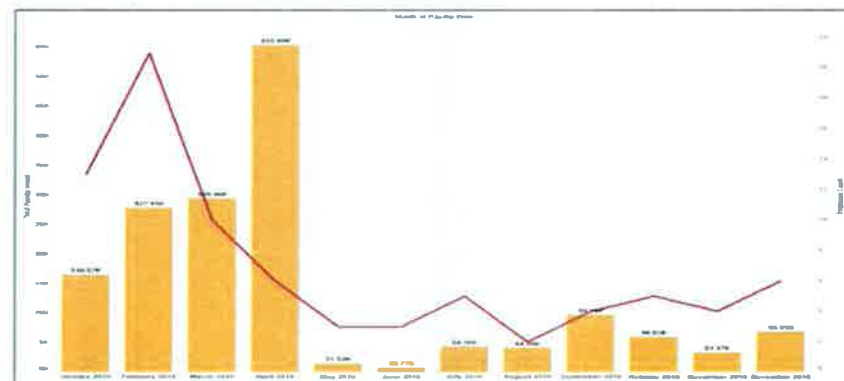
Employees working on Student Visa (By Annualized Salary)



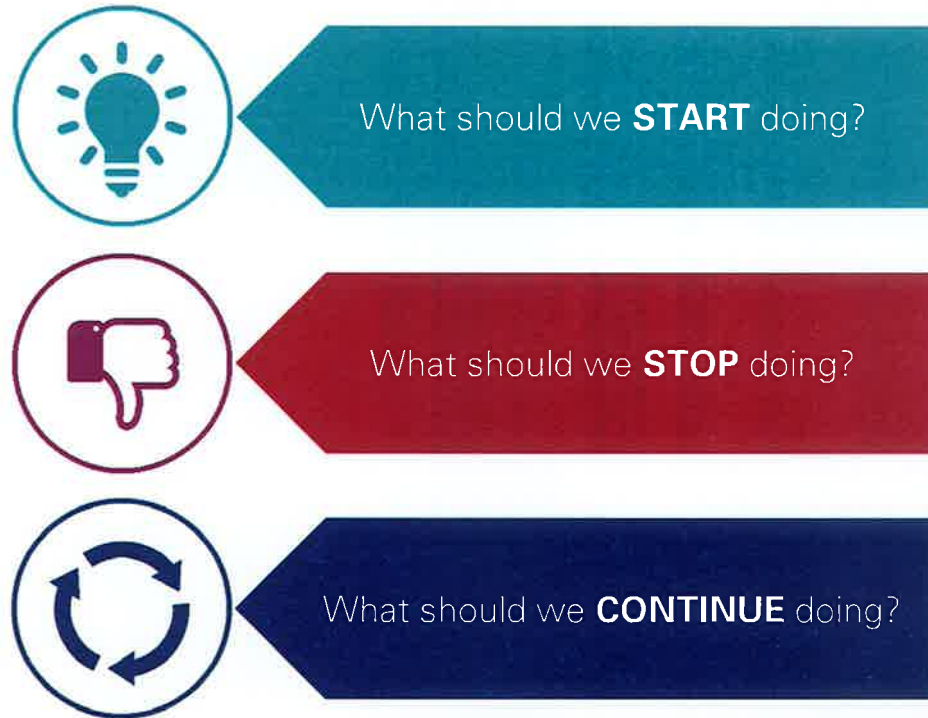
Employees with payslips for more than 60 hours per week



Employees with more than 1 payslip after Termination Date



Next steps



Recap

1. General Internal Audit Trends

2. WLASS Internal Audit Progress Update

3. Continuous Improvement Initiative

4. Enabling continuous auditing through data analytics



Digital Labour and Automation

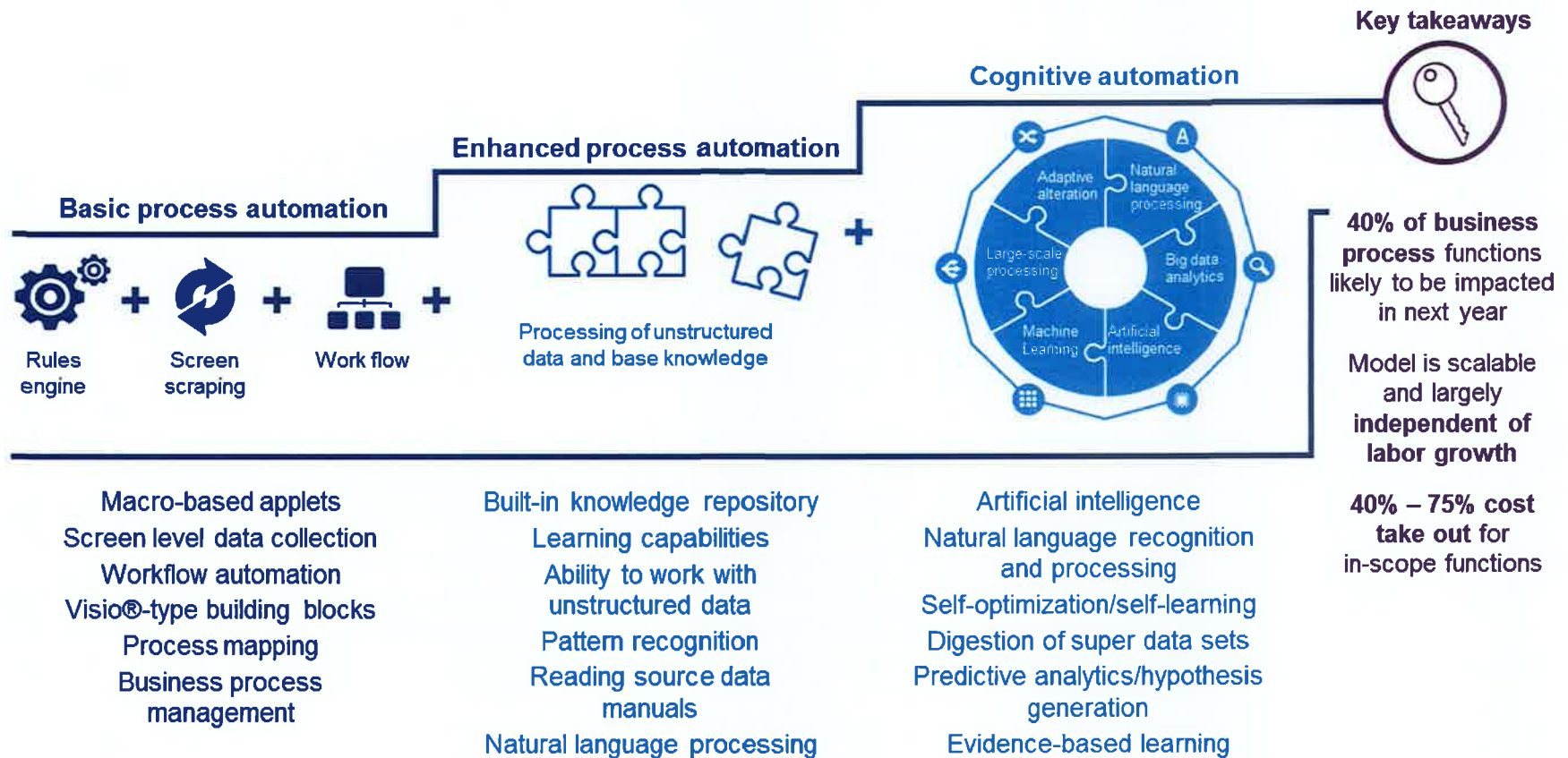
An overview and case studies for Waikato LASS

Karl Arndt

Associate Director, Advisory

6 September 2017

Technology overview - "Digital Labour"



Benefits

When can Robotics and Digital Labour deliver best value?

- Substantial volumes of transactions or synergies
- Clear benefits to clients and stakeholders
- Efficiency benefits
- Non-financial benefits

What are the benefits?



Productivity/performance



Increased employee value



Cost efficiencies



Scalability



Consistency/reliability



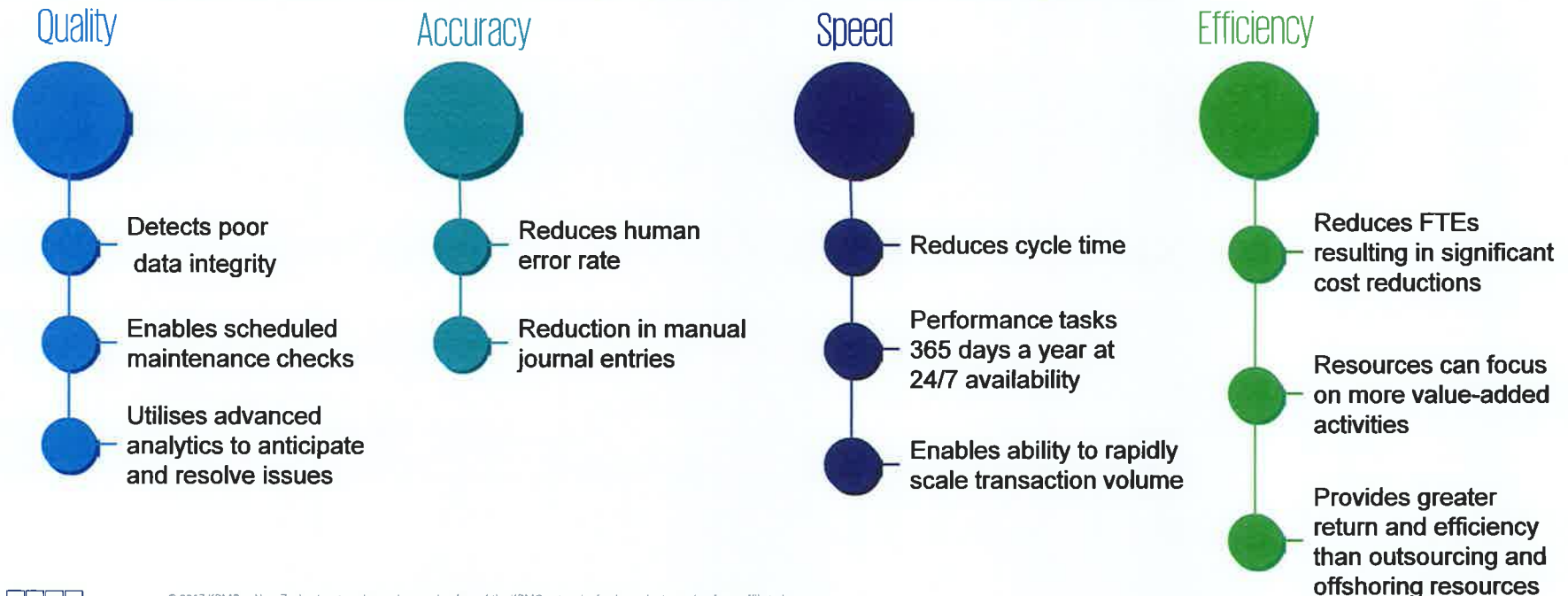
Auditability

Case studies – what's happening out there?

The future of the Financial Services

Robotic process automation (RPA), machine learning, and cognitive automation are driving transformation in the finance industry. Initially, the finance focus will be on the back office automation enabling a reduction of effort and increased time for analysis. Evolving to cognitive automation development will enable finance to be a stronger business partner – reducing the effort to complete consolidation and management reporting by up to 70%.

Automation benefits finance transactional processes in the following ways:



Case studies – accounting profession

The future of accounting

Automation is significantly transforming the accounting industry

- Research from Oxford University suggests accountants have a 95% chance of losing their currently roles to automation as data entry, number crunching and data analysis tasks are computerised

“ AI will increase our audit quality, as it begins to allow us to ask a lot more questions. It will improve efficiency in what we do and it will provide more insight. More than whole jobs disappearing, we will more likely see an impact on skill sets and we will still need humanities. We want this to lead to a more holistic education for all.”

- **Shamus Rae, Partner, KPMG**

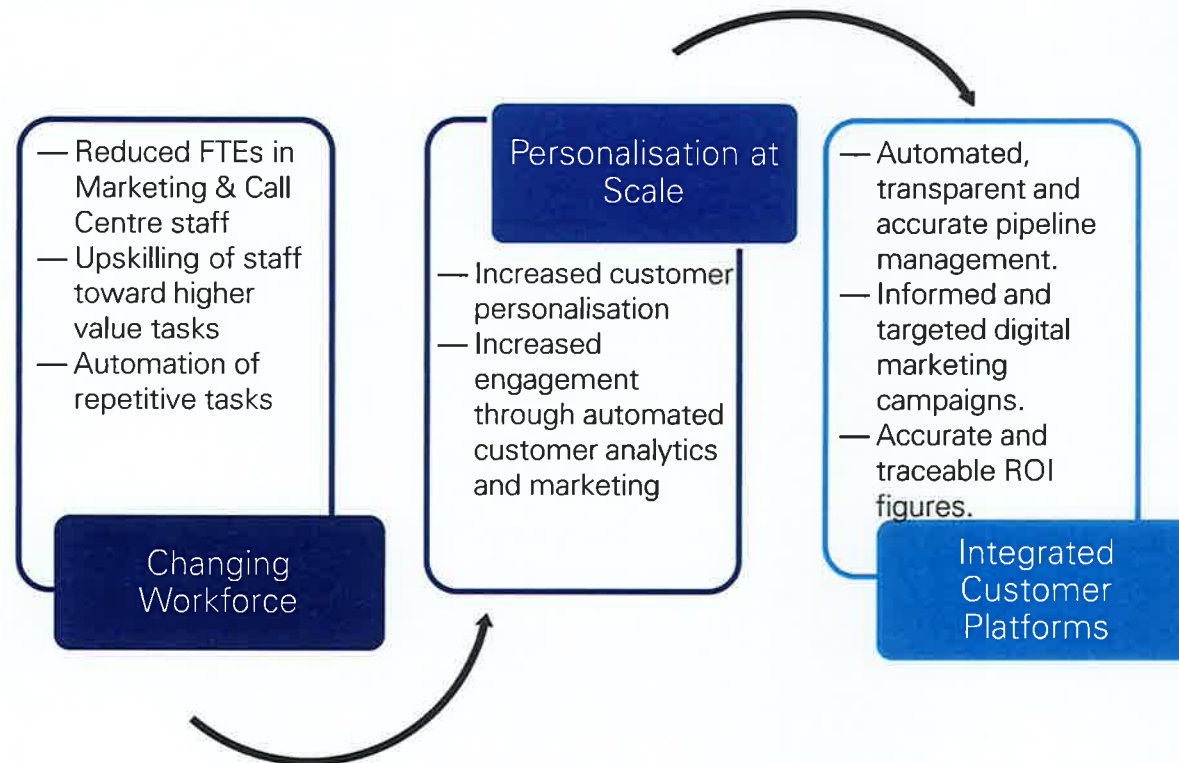
“ With more data available, the case load for judgement work is just going to increase. Do we expect repetitive work and jobs to go? We absolutely do. But an increase in artificial intelligence and consulting work can help our clients to improve their businesses too.”

- **Shamus Rae, Partner, KPMG**

Case studies - what's happening out there?

The future of the Customer Relationship Management

Process and Cognitive Automation is, will continue to, craft an evolution of the Customer Relationship Management (CRM) function.



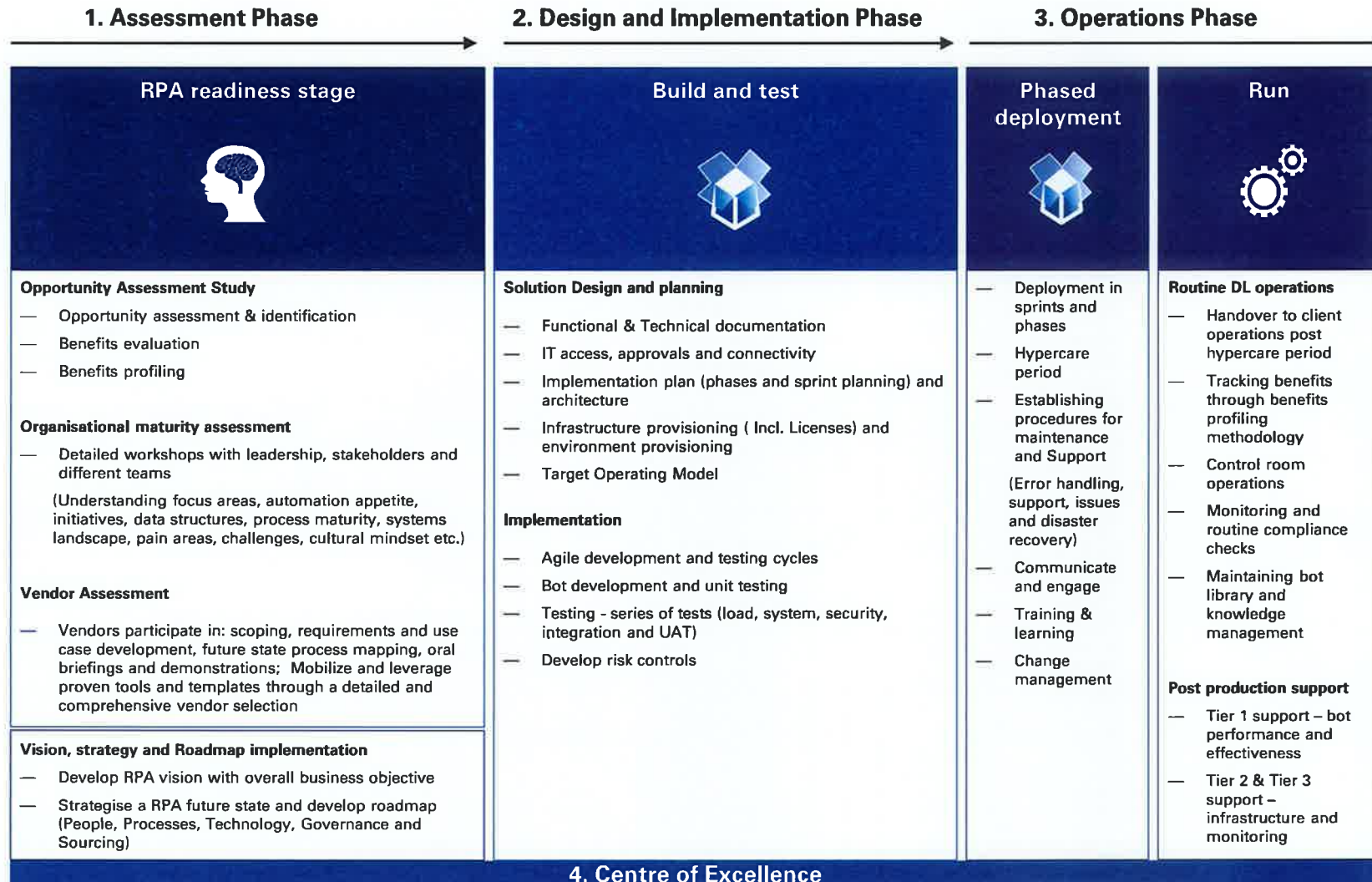
RPA in action: contact centers



One company is using cognitive technology to reduce contact centre headcount, improve reliability and speed to resolution, and provide an impetus for growth.

In cognitive platforms for call centres, digital knowledge workers can understand callers' questions and execute a process to solve the issue. If the robot doesn't know the answer, it can find it by searching the web or intranet, or by escalating the issue to a human colleague. The robot then "observes" the human's actions and learns new responses for future reference.

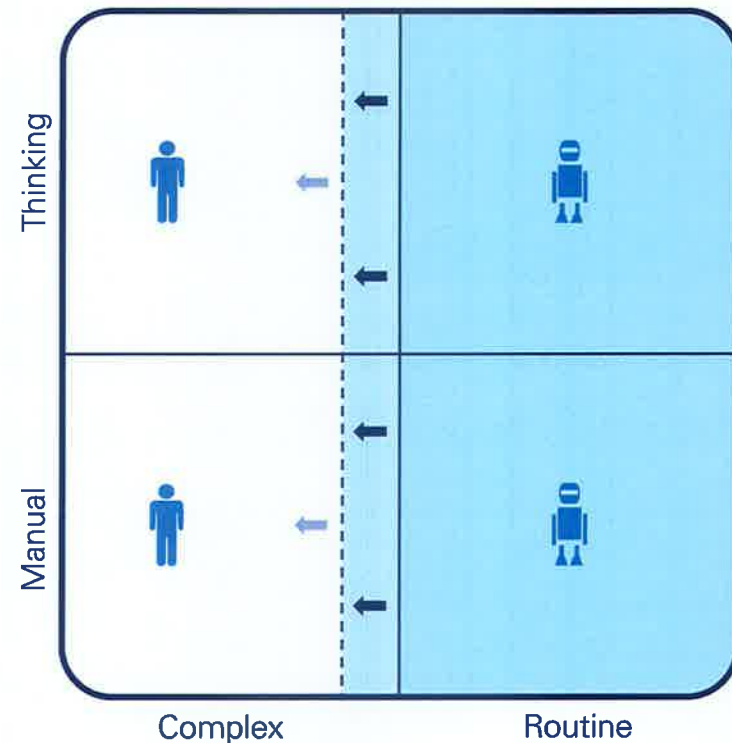
Our approach for managing RPA implementation



What might this mean for people and jobs?

Employment trends

- The impact of automation on jobs depends on the occupation.
 - A report by the International Institute for Sustainable Development suggests automation could replace more than half of mining jobs in the next 10 years.
 - More than 80% of vehicular transport jobs could be replaced by automated technology.
 - People with tech skills will be needed in every industry.
 - Jobs that require empathy, communication skills and close personal interaction are likely to still need a significant human component.



Thank you

Karl Arndt

Associate Director, Advisory

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such

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Opportunities in IT strategy & Shared services for Waikato LASS

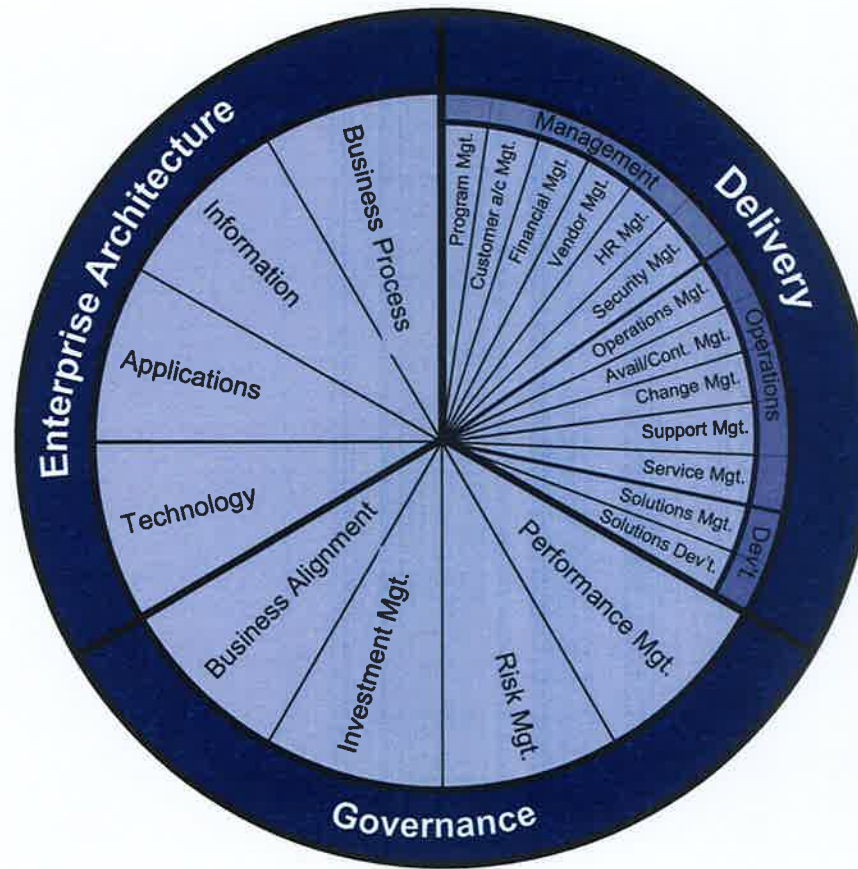
Perry Woolley
Director, Advisory

6 September 2017

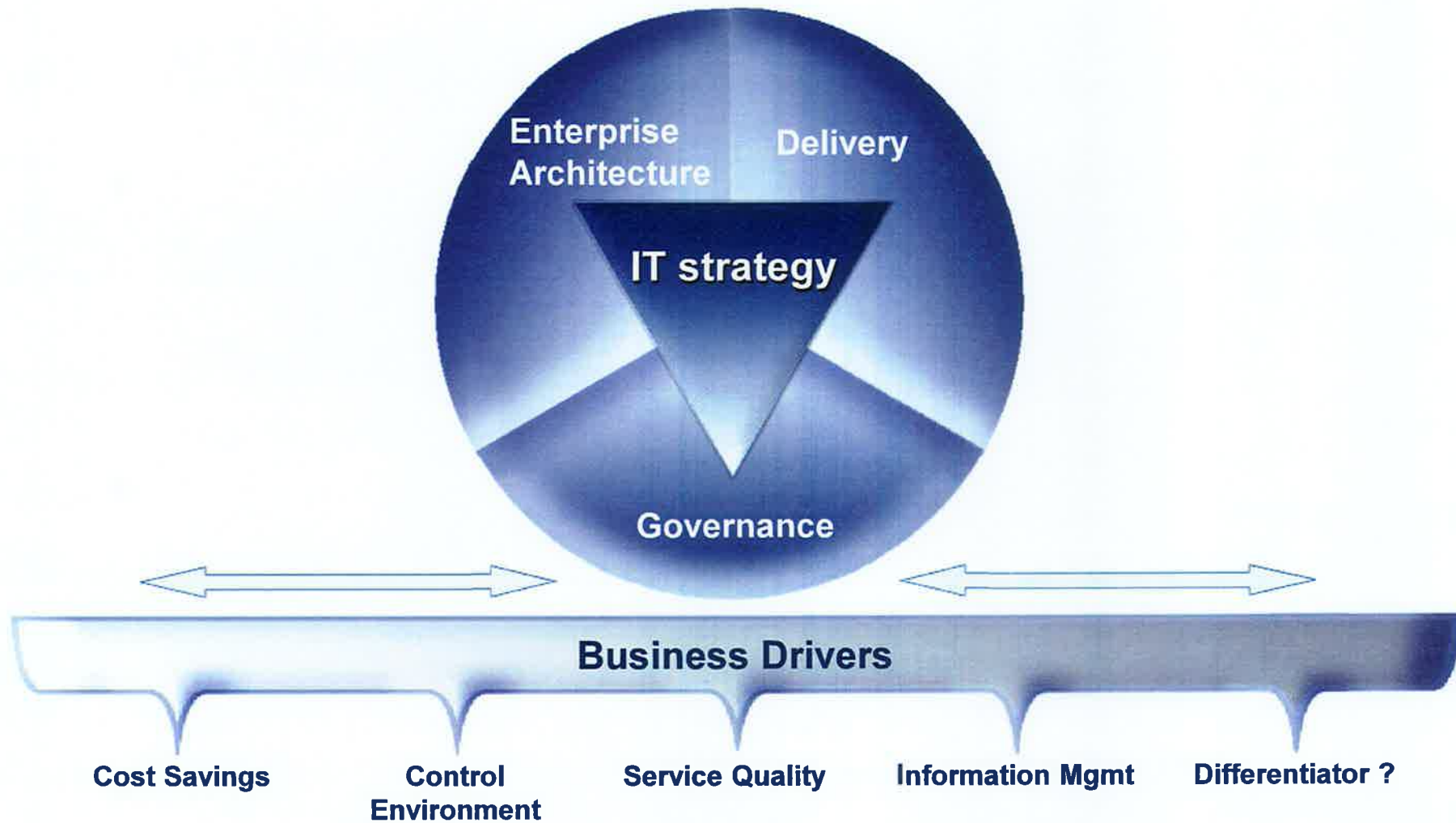


- IT Strategy for Business (& vice-versa)
- Trends in IT Strategy
- Opportunities for Waikato LASS
- Where are we now?

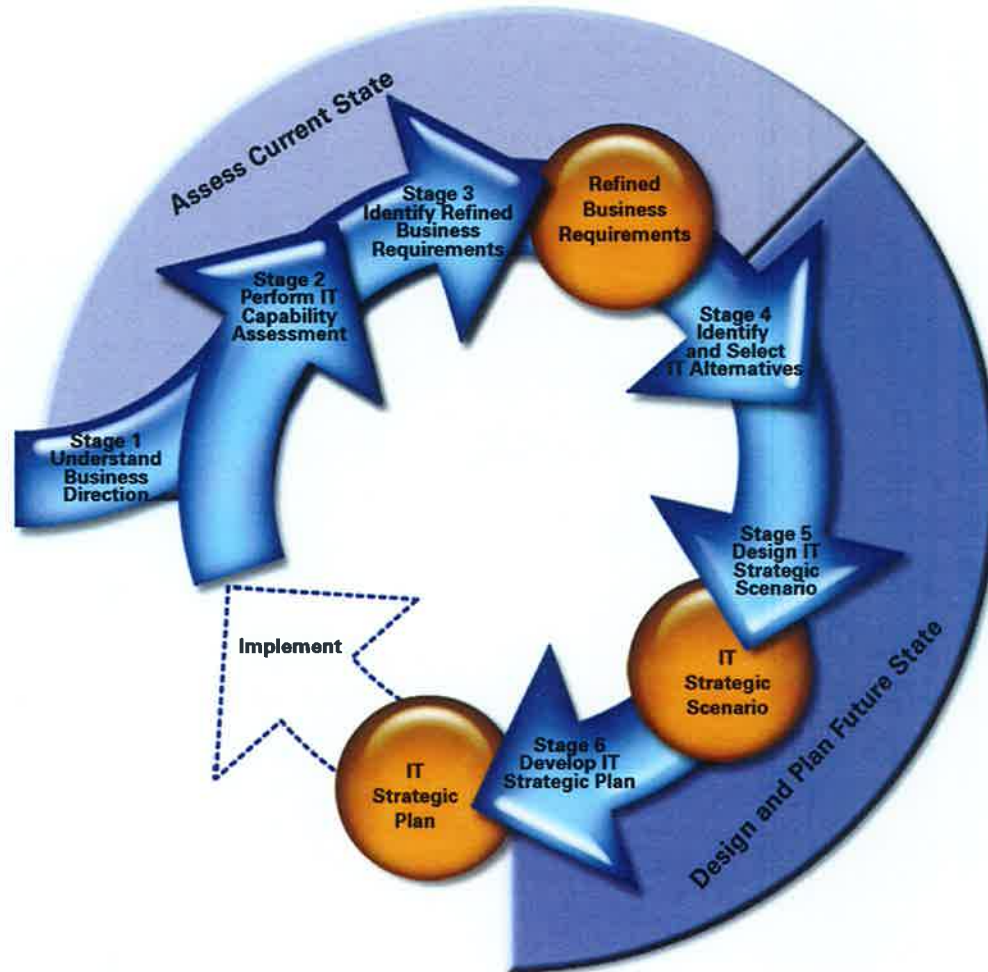
IT strategy covers the breadth of IT Capability



Understanding the scope



IT Strategy - Framework as reference



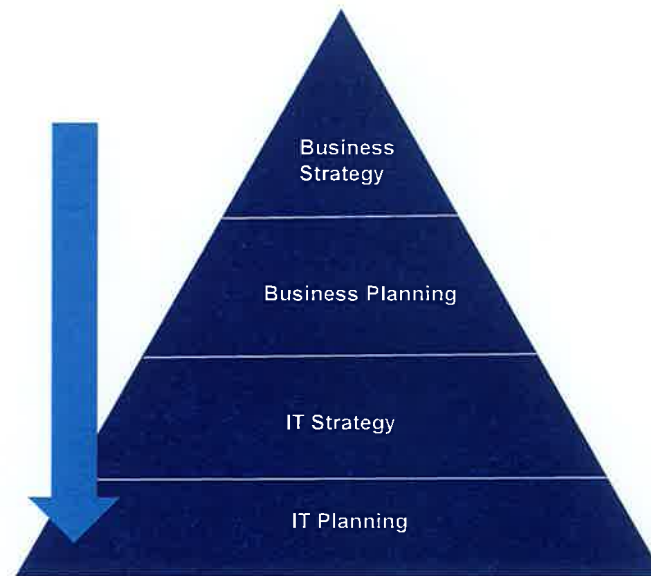
Approach

The KPMG IT Strategy Services methodology contains six main steps

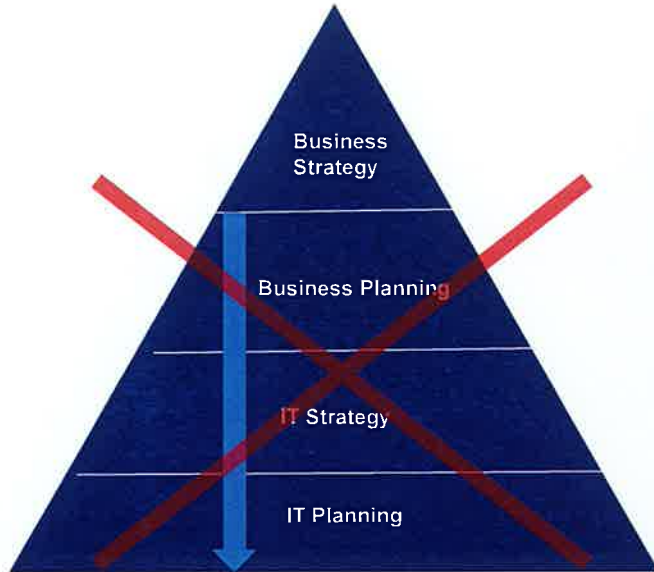
HOWEVER...

There is no 'one-size-fits-all' IT strategy.

20th century IT strategy(?)



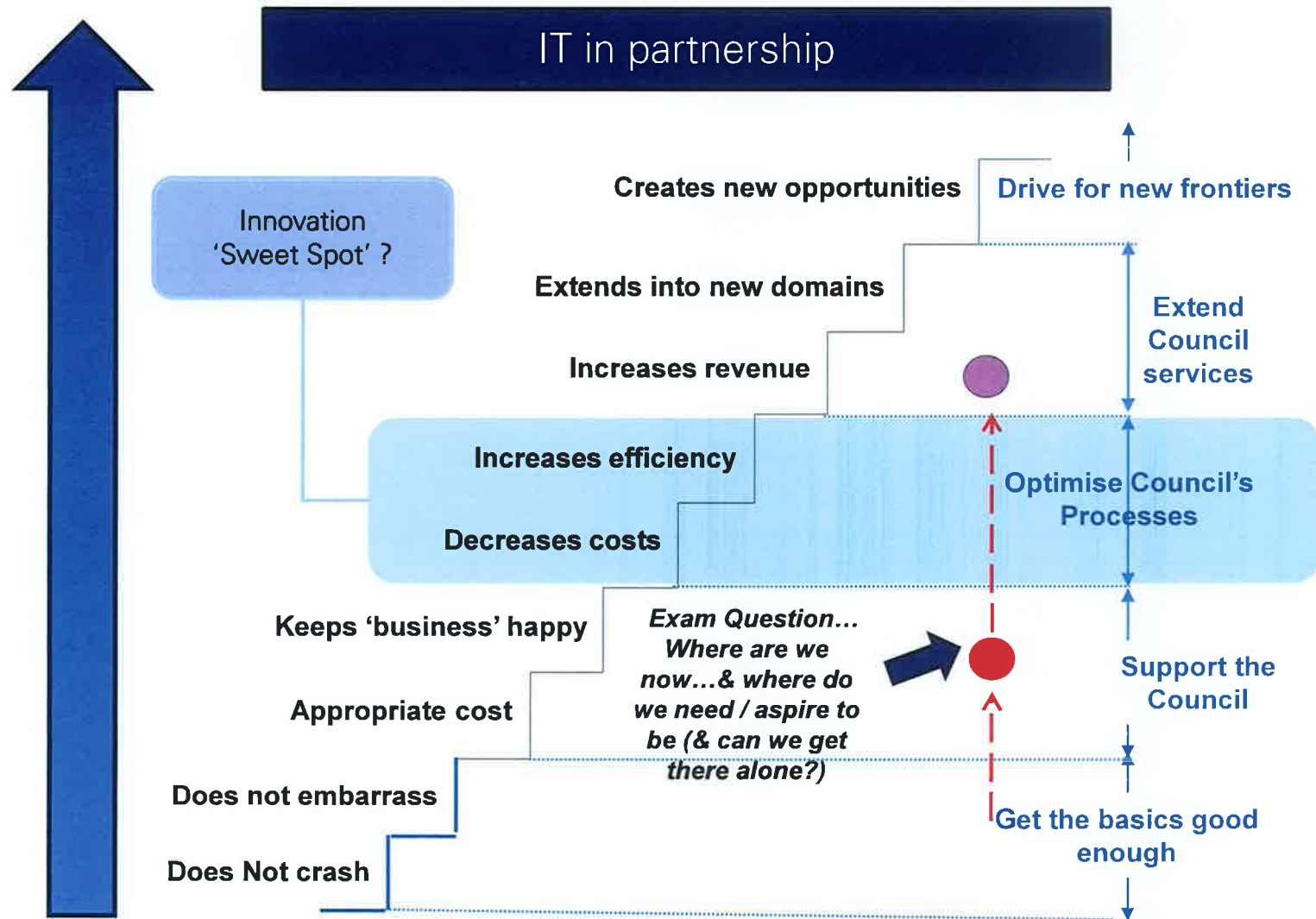
21st century IT strategy





Trends in IT Strategy

Maturity of IT provision



Common themes in IT strategy, at present

- DR / BCP
- 'Cloud' services
- Online Customer Services / expectations ('always on' channels)
- Data (Big/Open/BI/Quality....)
- Political uncertainty
- Increasing demand on IT Services –
- Dealing with 'Shadow IT'
- Financial Constraints (delivering more for less)
- Amalgamation / shared-services / outsourcing



Opportunities for Waikato LASS

'Orchestrating' Business Value from IT

bcg.perspectives

ORCHESTRATING VALUE IN IT OUTSOURCING

BUILDING MUSCLE IN THE RETAINED ORGANIZATION

By Peter Wehner, CEO, Strategy & IT, and Robert W. Lippitt

IT has become a critical part of an organization's success. In fact, it's now a key driver of growth and innovation. As a result, IT outsourcing has become a common practice. But as companies outsource more IT functions, they must also ensure that the retained IT organization remains strong and capable of handling the most critical IT functions. This is the challenge of orchestrating value in IT outsourcing.

Retained IT organizations have a broad mandate and must routinely wrestle with decisions about their scope and setup. Questions they must answer include the following:

A Broad Mandate

Today, virtually every large company outsources elements of IT service delivery to a degree, with some companies seeking to outsource as much as possible. But there is always a part of the IT function that remains in-house: the retained IT organization.

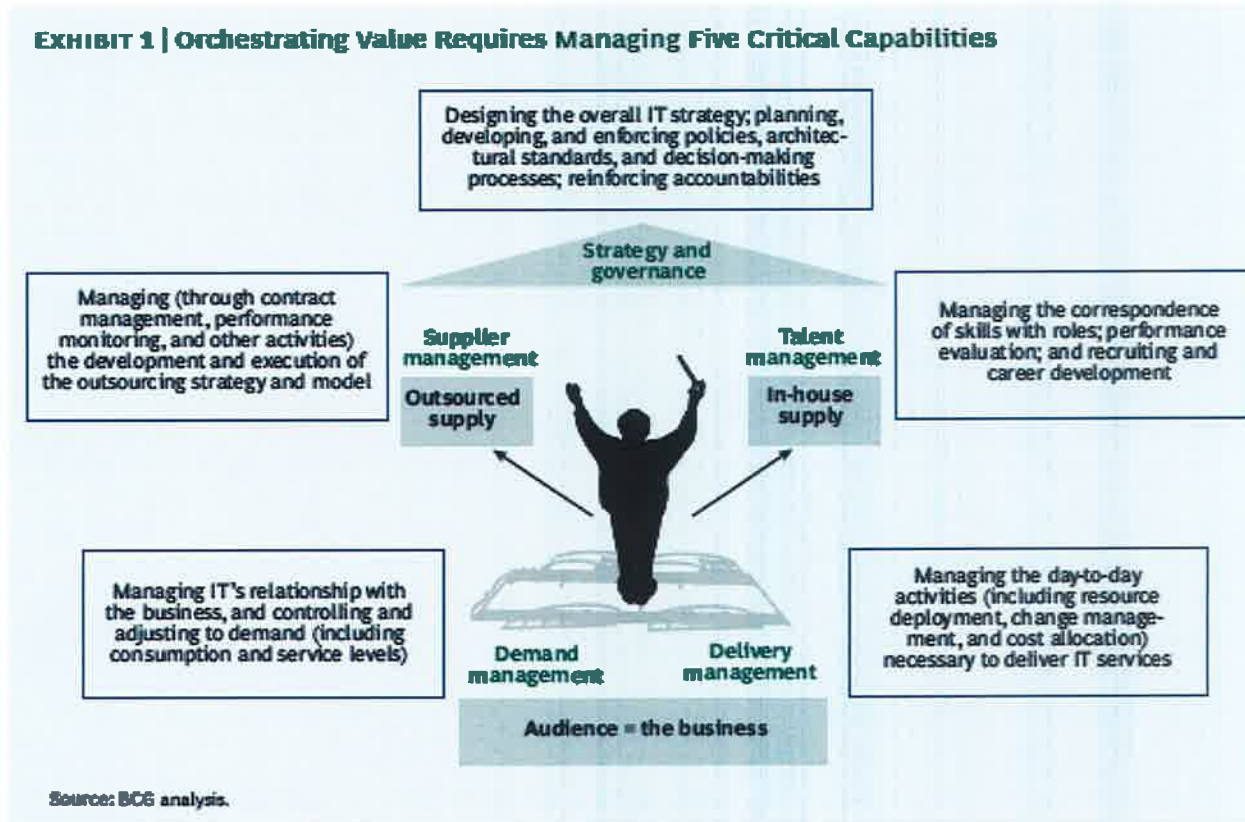
Retained IT organizations have a broad mandate and must routinely wrestle with decisions about their scope and setup. Questions they must answer include the following:

- How can we ensure that we have a strong understanding of the business and that we use that understanding to deliver IT products and services that improve the business's performance?
- How can we ensure that IT services delivered to the business—whether by vendors or by internal staff—are of sufficient quality? How can we make sure that they are delivered at sufficiently low cost?
- How can we work with the business to control demand for IT services? What role should vendors play in managing demand?
- How can we maintain the right set of in-house skills and competencies, even as our talent base shrinks as a result of outsourcing?
- What governance model will allow us to manage external service providers effectively without having to shadow or micromanage them?



'Orchestrating' Business Value from IT

EXHIBIT 1 | Orchestrating Value Requires Managing Five Critical Capabilities



Opportunities to collaborate and leverage IS activity across councils

- Hygiene factors:
 - Policies
 - Methodologies
 - Reference Architecture
 - Management Frameworks
- Value-added opportunities:
 - Projects (Obviously)
 - Collaborating on strategic / disruptive initiatives
 - Supporting 'centers-of-expertise'
- Admin/Support
- Knowledge Sharing
- Standards/Collective Refreshes
- Shared Procurement
- Education / demand-generation
- Supplier management

Selecting Strategic Information Systems Opportunities

Stated succinctly, strategic information systems are those that:

1. Improve, extend or leverage customer or supplier relationships .
2. Improve internal efficiency through data/information integration .
3. Identify and respond to market needs and opportunities
4. Provide strategic decision support.

These category descriptions can be used as prompts [..]

Another useful prompt can be to ask how IS/IT can affect:

- Processes and services
- Distribution channels, stakeholder and customer behaviour
- Economics of delivery, distribution or servicing.

- Based on ALGIM guidance

Obstacles to shared IS activity across councils

- Vendor “Lock – in”
- Willingness to commit to something shared
- Robust, relevant business cases, expectations of timeframes, delivery capability
- Governance
 - Top-level buy-in
 - Middle –tier buy-in
- Customer Validation – internal/external



Where are we now?

Group work: The role of the IS function in Councils

In groups please :

25 mins

- Discuss the role of the IS function in 'driving (your) Council Vs. supporting Council vs. 'maintaining business'
- Brainstorm a SWOT (Strength / Weakness / Opportunity / Threat) analysis for the role of the *IS Function* within (your) Council
- Agree a consolidated (1-flipchart-page) SWOT analysis

5 mins (each group)

- Present back the 5 (max) criteria the consolidated SWOT analysis.



In groups – Consider and present

In groups Spend 15min discussing and preparing a 5min presentation of your thinking and conclusions.

Group 1

What are the opportunities to collaborate / leverage ISSP activity across councils ? How might that be done.

Group 2

What inhibits / hinders collaboration etc...and how might that be overcome.



Thank you

Perry Woolley
Director, Advisory

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Closing remarks

Waikato LASS Internal Audit Contacts

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	12 September 2017
Prepared by	Katja Jenkins Project Management Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 1803647
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

R00191 Projects & Initiatives

Risk treatment MC00431, related to consistent project management practices, is currently non-compliant. The Project Management Forum (PMF) programme of works was developed to address this issue. It has been identified that there are insufficient resources to deliver these projects in a timely manner. A business case requesting funds to secure external resources to deliver projects is currently being drafted and will be presented to the Executive Leadership Team for consideration and prioritization prior to end of month.

R00184 Zero Harm

Work continues across the organisation to commit specific operational treatments to the Zero Harm Critical Risk Register. As the result of conversation with the Zero Harm team and with consideration to minimising duplication it is likely that all risks and treatments that relate directly to hazards will be removed from the registers. These risks and treatments will be managed and reported through the Zero Harm BWARE system. Consolidation will commence November. The Audit & Risk Committee will continue to receive the Zero Harm report.

R00187 Stakeholder Engagement

An internal project work-stream associated with organisational culture and leadership has included a number of activities to bring to life the 2020 Challenge of being ‘the most engaged community’. Activities including workshops, an event launching the updated challenge, leadership development courses and online resources have been delivered along with support for People Leaders in communicating the objective to staff and maintaining an on-going focus.

R00190 People & Culture

Loss of key staff has necessitated contracting out critical projects/work packages e.g. CCO Business Case, Information Management Road-Map, Digitisation, to enable timely delivery.

Treatment Progress: items underway/finalised/overdue includes:

- R00190 People & Culture: MC00474 Develop an HR Strategy that guides the direction of Councils personnel management. The HR strategy has been approved by the Senior Leadership Team and Executive Leadership Team.
- R00185 Asset Management: MC00162 Update the activity management policy. This work has been completed.
- 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 is underway; General Managers and key staff are in the process of developing a straw man in terms of what the Council might look like in 5 years. A programme of work will be developed following Executive Leadership Team / Council endorsement of this strategy.
- 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. The communications framework is being implemented against agreed timeframes.

Emerging Risks

Growth; Speed of growth surpasses planned growth forecasts. Council will need to consider if a future growth risk is appropriate for the strategic register. This work will be scheduled prior to the next Audit & Risk Committee meeting. An internal ‘Growth Forum’ is being established to facilitate ‘cohesive’ strategic thinking and representation of growth actions.

4. CONCLUSION

The Strategic Risk Register is active. Progress has been made to advance outstanding work associated with risk treatments and a proactive approach to maintaining currency is observed.

5. ATTACHMENTS

Strategic Risk Register

RESIDUAL
15.0
HIGH

INHERENT
20.0

R00184

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 5/09/2016 10:47:22 a.m.

RISK LIKELIHOOD Often (4)
DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (3)
DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

I44

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.

TREATMENT MC00545

Draft Treatment

Waikato District Council have a hazard management system, BWARE, that is used for capturing hazards and hazard mitigation processes. BWARE is managed by the Zero Harm Team however it is the responsibility of all employees, management and contractors to comply with associated processes, procedures and identified safety requirements.

This treatment impacts the likelihood of the risk by detailing site and occupation specific hazards and capturing and communicating relevant safety requirements.

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 Dec 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: 28 Dec 2017

FREQUENCY: The last Thursday of every 6 months

SIGNOFF(S): Kevin Lockley
Kylie Anderson

DUE DATE: 31 Jul 2018

FREQUENCY: The last Day of every 12 months

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 O’Gorman

CREATED 5/09/2016 11:20:04 a.m.

RISK LIKELIHOOD Descriptors Frequent (5)

RISK CONSEQUENCE Descriptors Major (4)

RESIDUAL RISK LIKELIHOOD Descriptors Likely (3)

RESIDUAL RISK CONSEQUENCE Descriptors Major (4)

I45

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.

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.

TREATMENT MC00165

Significance & Engagement Policy

The policy outlines how WDC will assess “significance”, as required by the LGA amendment bill. A particular issue is the determination of whether an issue is of “high” significance or not 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.

SIGNOFF(S): Vishal Ramduny
DUE DATE: 01 Feb 2019
FREQUENCY: 1st day of every 12 months

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

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

I46

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.

TREATMENT MC00458

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.

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.

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.

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):

Vishal Ramduny

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Jacob Quinn

DUE DATE:

01 Nov 2017

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Tony Whittaker

DUE DATE:

01 Apr 2018

FREQUENCY:

The first Day of every 12 months

147

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.

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):

Jacob Quinn

DUE DATE:

01 Jan 2018

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Angela Parquist

DUE DATE:

01 Apr 2018

FREQUENCY:

1st day of every 12 months

RESIDUAL

12.0

HIGH

INHERENT

20.0

R00188

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 5/09/2016 11:32:26 a.m.

RISK LIKELIHOOD Often (4)
DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (3)
DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Major (4)
DESCRIPTORS

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):

Chris Clarke
Karl Pavlovich

DUE DATE:

01 Apr 2018

FREQUENCY:

The first Day of every 12 months

I 48

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.

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.

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):

Clive Morgan

DUE DATE:

01 Feb 2018

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2018

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2018

FREQUENCY:

The first Day of every 6 months

149

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

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 5/09/2016 12:23:20 p.m.

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.

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):

Tim Harty
Sue O'Gorman

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 12 months

NON-COMPLIANT

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Aug 2017

FREQUENCY:

1st day of every 6 months

I50

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.

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 6 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 12 months

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 statutes or policies.

SIGNOFF(S):

Sue O’Gorman
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 unformed and or failing to comply with legal requirements.

OWNER Tony Whittaker

CREATED 5/09/2016 12:23:40 p.m.

RISK LIKELIHOOD Often (4)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (3)
DESCRIPTORS

RESIDUAL RISK Major (4)
CONSEQUENCE
DESCRIPTORS

151

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.

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.

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.

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): Gavin Ion
DUE DATE: 01 Feb 2018
FREQUENCY: The first Day of every 12 months

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

SIGNOFF(S): Sue O’Gorman
Tony Whittaker
Tim Harty
DUE DATE: 01 Apr 2018
FREQUENCY: The first Day of every 12 months

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

I 52

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.

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):

Madelina Baena-Escamilla

DUE DATE:

01 Feb 2018

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Vanessa Jenkins

DUE DATE:

30 Apr 2018

FREQUENCY:

The last Day of every 12 months

RESIDUAL
9.0
MODERATE

INHERENT
12.0

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

RISK LIKELIHOOD DESCRIPTORS Likely (3)

RISK CONSEQUENCE DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Likely (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

I53

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 Feb 2018

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 5/09/2016 12:22:54 p.m.

RISK LIKELIHOOD DESCRIPTORS Frequent (5)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Likely (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

154

TREATMENT MC00474

HR Strategy

The HR Strategy guides the direction of 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.

SIGNOFF(S):

Vanessa Jenkins

DUE DATE:

14 Sep 2017

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Tim Harty
Sue O'Gorman
Tony Whittaker

DUE DATE:

01 Oct 2017

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Nov 2017

FREQUENCY:

The first Day of every 3 months

RESIDUAL
8.0
MODERATE

INHERENT
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

RISK LIKELIHOOD DESCRIPTORS Frequent (5)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possible (2)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Major (4)

I55

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.

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.

TREATMENT MC00433

Cyber security is managed using best practise methodologies by using security measures at various layers of connection.

- Firewalls
- Server
- PC
- User
- Physical
- Wireless access
- WDC website

This impacts the likelihood by increasing the security of the environment.

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):

Alison Diaz

DUE DATE:

01 Dec 2018

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Mark Willcock

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 12 months

RESIDUAL
8.0
MODERATE

INHERENT
20.0

R00189

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 5/09/2016 12:21:58 p.m.

RISK LIKELIHOOD Frequent (5)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Possible (2)
DESCRIPTORS

RESIDUAL RISK Major (4)
CONSEQUENCE
DESCRIPTORS

156

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.

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.

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 to/influence outcomes.

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 Nov 2017

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Tony Whittaker

DUE DATE:

01 Oct 2017

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Gudrun Jones

DUE DATE:

01 Nov 2017

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Nov 2017

FREQUENCY:

1st day of every 3 months

I57

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

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 5/09/2016 11:06:29 a.m.

RISK LIKELIHOOD Often (4)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Possible (2)
DESCRIPTORS

RESIDUAL RISK Moderate (3)
CONSEQUENCE
DESCRIPTORS

TREATMENT MC00162

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 O'Gorman

DUE DATE:

01 Sep 2018

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Chris Clarke
Karl Pavlovich

DUE DATE:

01 Apr 2018

FREQUENCY:

The first Day of every 12 months

I58

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.

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.

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.

SIGNOFF(S):

Tim Harty
Sue O’Gorman

DUE DATE:

01 Feb 2018

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Karl Pavlovich
Chris Clarke
Amanda Hampton

DUE DATE:

01 Apr 2018

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Karl Pavlovich
Chris Clarke
Amanda Hampton

DUE DATE:

01 Apr 2018

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 5/09/2016 11:16:11 a.m.

RISK LIKELIHOOD Likely (3)
DESCRIPTORS

RISK CONSEQUENCE Major (4)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Rare (1)
DESCRIPTORS

RESIDUAL RISK Major (4)
CONSEQUENCE
DESCRIPTORS

159

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 Apr 2018

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 5/09/2016 10:34:01 a.m.
 RISK LIKELIHOOD DESCRIPTORS Frequent (5)
 RISK CONSEQUENCE DESCRIPTORS Major (4)
 RESIDUAL RISK LIKELIHOOD DESCRIPTORS Rare (1)
 RESIDUAL RISK CONSEQUENCE DESCRIPTORS Major (4)

160

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.

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.

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): Karl Pavlovich
 Amanda Hampton
 Chris Clarke
 DUE DATE: 01 Feb 2018
 FREQUENCY: The first Day of every 6 months

SIGNOFF(S): Karl Pavlovich
 DUE DATE: 01 Apr 2019
 FREQUENCY: The first Day of every 12 months

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

161

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.

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):

Sue O’Gorman
Tony Whittaker
Tim Harty

DUE DATE:

01 Oct 2017

FREQUENCY:

The first Day of every 3 months

SIGNOFF(S):

Tony Whittaker

DUE DATE:

30 Apr 2018

FREQUENCY:

The last Day of every 12 months

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	11 September 2017
Prepared by	Katja Jenkins Project Management Advisor
Chief Executive Approved	Y
Reference #	GOV1318 / 1803273
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:

- Training for all existing staff in the use of the Promapp risk tool
- KPMG risk training with the ELT
- KPMG facilitated Risk Appetite Statement (“RAS”) workshop with ELT
- Alignment of risk terminology (to simplify the language with consideration to Promapp tool limitations)
- Benchmarking against other councils

- Updated Policy approved by staff engagement group
- Risk Management calendar created

Activities underway:

- Cross organisational engagement (engagement plan delivery on-going)
- Updated Risk Framework drafted (pending update with risk appetite statements)
- Updated Risk Matrix drafted
- Develop risk management process training
- Develop risk management induction package

Upcoming activities:

- Risk appetite discussion with Audit & Risk Committee
- Adopt and socialise risk appetite statements with organisation
- Update risk management tool box
- Identify reporting requirements

Issues identified:

- The timing of the ELT risk appetite workshop has not allowed sufficient time to bring this information to the Audit & Risk Committee.
 - It has been agreed that a special meeting will be arranged with the Audit & Risk Committee to allow time for the discussion.
- Lack of proactive risk management (overdue sign off).
 - Follow up with a number of risk and treatment owners is required, however a significant improvement has been demonstrated since training finalised.

Good progress is being made and Executive support continues to be a key contributor to delivering successful project outcomes. There remains a requirement for third tier managers to fully engage to communicate expectations and promote activity with their staff.

Organisational Risk Activities

An increase in regular proactive engagement relating to risk management has been demonstrated. Risk register reviews have been well received by the teams involved and will be scheduled regularly in a Risk Management calendar.

On 06 September 2017 a number of representatives attended the bi-annual KPMG insights session which included discussion on the common interest in development of risk culture and risk management activities across the Local Government sector.

There is on-going work with business units to complete risk assessments for Activity Management Plans.

Work is taking place with Project Managers across the organisation to help facilitate project risk identification and assessment. Projects include (but are not limited to);

- CCO Business Case
- Managing Threats Programme
- Easier Consenting (RMA changes)

4. CONCLUSION

Staff engagement continues to improve and a greater understanding of the relevance of risk management is demonstrated through the amount and content of conversations that are actively taking place across the organisation.

Continued focus on change management and on-going Executive support along with improved third tier management support is required to progress embedding a culture of risk management into the organisation.

5. ATTACHMENTS

NIL

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	11 September 2017
Prepared by	Madelina Baena-Escamilla Continuous Improvement Analyst
Chief Executive Approved	Y
Reference #	GOV1318 / 1801976
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

Internal Auditor will be held in October. 16 trained auditors are in place with 14 more due to be trained to ensure that the 2017/2018 audit schedule is met.

An initial Audit Schedule has been developed by the current auditors; once the Auditor training has been completed additional processes will be included (see Audit Schedule 2017-2018).

2.2. Policy

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

Two policies have been reviewed and updated during the last quarter:

- Reimbursements for Elected Members Policy
- Te Kaupapa Here o Ngaa Tohu Reorua - Bilingual Signage Policy

Policies already reviewed by the Staff Engagement Group waiting to be approved by Executive Leadership Team:

- Child Protection Policy (new)
- Risk Management Policy
- Email Use Policy
- Email Release Policy

Other policies being created or reviewed are:

- Disability Policy (new)
- 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
- Remote Access Policy

2.3. Process Improvement Forum

The waters team has made great progress with 17 new processes finalised and published in the water operations and treatment plant teams and another 53 being drafted.

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).

The Improvement Forum meets on a monthly basis to drive Council's 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. The work program for the Improvement forum includes finding new ways to engage staff in using and reviewing their processes, and improvement initiatives to refresh some processes.

Last month at the Promapp Regional User Group, Waikato District Council was recognised as an industry leader in the improvement of business processes. Three of Council's Promapp Champions were invited to speak about our corporate management systems dealing with quality, risk and customer feedback. These systems and the processes mapped have allowed us to achieve outstanding results in different areas of our business. As a result of this, several councils have contacted us to learn more about our experience and Promapp has requested our support to prepare a case study on the Waikato District Council management systems.

3. RECOMMENDATIONS

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

4. ATTACHMENTS

Process Audit Schedule 2017 - 2018

Audit Schedule 2017 – 2018 (To be completed by 28 February 2018)

Group/Team	Processes	Owners and Experts	Auditors
Zero Harm	<ul style="list-style-type: none"> • <u>Report and Investigate a Near Miss Work Event (Non Injury)</u> • <u>Report and Investigate a Work Incident or Injury</u> • <u>Manage Employee Rehabilitation for Work Related Injuries</u> 	Kevin Lockley Kylie Anderson	Reece Turner Kay Warren) Paul Harrison (To be trained)
Human Resources / Zero Harm	<ul style="list-style-type: none"> • <u>Manage Worker who is considered to be not Worksafe</u> • <u>Arrange for employee to be tested for alcohol or drugs</u> • <u>Investigate Misconduct and Take Appropriate Disciplinary Action</u> 	Vanessa Jenkins Kevin Lockley Sarfracz Hapuku	Madelina Baena-Escamilla Elijah Tamati
Roading	<ul style="list-style-type: none"> • <u>Receive and Enter Vehicle Entrance Application</u> • <u>Manage Requests for Change of Speed Limit</u> 	Paul Harrison Wayne Furlong	Helen Geddes Pam Osborne
	<ul style="list-style-type: none"> • <u>Process a Rural or Urban Road Number Request through a Service Requests</u> • <u>Process a Rural or Urban Road Number Requests for a new subdivision</u> 	William Gauntlett Yuto Tsuchiya	Christine Cunningham Sharlene Jenkins Cameron Aplin (To be trained)
Environmental Health	<ul style="list-style-type: none"> • <u>Process Application for Special Licence</u> • <u>Issue Special Licence</u> 	Alan Parkes Sudhir Kumar	Sarfracz Hapuku Teressa Howe
	<ul style="list-style-type: none"> • <u>Inspect or monitor alcohol licensed premises</u> • <u>Issue Alcohol Licence</u> • <u>Issue Alcohol Licence Renewal</u> 	Christine Cunningham Alan Parkes	Debbie Dalbeth Sandra Kelly
Libraries	<ul style="list-style-type: none"> • <u>Manage Library Memberships</u> • <u>Manage Customer Payments/Debt for Library Items</u> • <u>Manage Dogs in Libraries</u> • <u>Manage 'Claims Returned' process</u> 	Denise Lamb Merren Tait	Susan Toogood Phyllis Hefang
Finance	<ul style="list-style-type: none"> • <u>Engage a New Supplier</u> • <u>Create an Electronic Purchase Order</u> • <u>Receipt an Electronic Purchase Order</u> 	Nicky Hunter Stephen Thompson	Annetta Purdy Claude Shaw Samantha Fredrick (To be trained)
Procurement	<ul style="list-style-type: none"> • Processed still to be defined with Manager 		
Waters	<ul style="list-style-type: none"> • Processed still to be defined with Manager 		

Information Technology	• Processed still to be defined with Manager		
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Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker General Manager Strategy & Support
Date	11 September 2017
Prepared by	Sharlene Jenkins PA General Manager Strategy & Support
Chief Executive Approved	Y
Reference #	GOV1318 / 1803062
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

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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
22 September 2017	<ul style="list-style-type: none"> ▪ Review of Audit & Risk Committee performance against Terms of Reference ▪ Annual Report 	<ul style="list-style-type: none"> ▪ H&S update on H&S performance against agreed targets, systemic issues identified which can be fed into the risk control framework ▪ Rolling review of bylaw & policies – schedule to be agreed ▪ Post project appraisals on key investments. ▪ Update on progress against Audit management report ▪ Update on risk management actions, progress on mitigations and direction of travel of risk
October 2017 Date to be confirmed	<ul style="list-style-type: none"> ▪ Risk Appetite ▪ Insurance review 	
13 December 2017	<ul style="list-style-type: none"> ▪ H&S Management framework ▪ Audit Management Report 	
March 2018 Date to be confirmed	<ul style="list-style-type: none"> ▪ Review of CCO Statements of Intent ▪ Annual Report Programme 	
July 2018 Date to be confirmed	<ul style="list-style-type: none"> ▪ Risk Management framework ▪ Internal Audit Programme (deferred) ▪ Annual Report Programme Compliance ▪ External contracts 	

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	28 July 2017
Prepared by	Rose Gray Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Exclusion of the Public

I. 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 Wednesday 5 July 2017.

REPORTS

a. 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)

b. Contract Management – Service Delivery

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)(f)(i)(ii)(g)

Section 48(1)(3)(a)(i)(ii)(d)

c. KPMG Investigation

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)(i)(ii)

Section 48(1)(3)(d)

d. Audit of Contracts

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)(i)(ii)

Section 48(1)(3)(d)

e. Register of Members' Interest – Elected Members and 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)(h)(i)(j)

Section 48(1)(3)(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 Pieterse and Ms Procter (Audit New Zealand) remain in the meeting after the public has been excluded to chair/facilitate the discussion on items in PEX 7 [Public excluded items] in the public excluded section of the meeting.

3. ATTACHMENTS

Nil