Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Committee Rooms 1 & 2, District Office, 15 Galileo Street, Ngaruawahia on **THURSDAY 29 MARCH 2018** commencing at **1.00pm**.

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.

GJ Ion
CHIEF EXECUTIVE
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Open Meeting

To	Audit & Risk Committee
From	Gavin Ion
	Chief Executive
Date	15 December 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 13 December 2017.

2.   RECOMMENDATION

THAT the minutes of the Audit & Risk Committee held on Wednesday 13 December 2017 be confirmed as a true and correct record of that meeting.

3.   ATTACHMENTS

Minutes

Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

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 13 DECEMBER 2017** commencing at **9.00am**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson
Cr AD Bech
Cr JM Gibb
Cr BL Main
Cr JD Sedgwick

Attending:

Cr DW Fulton
Cr RC McGuire
Cr SD Lynch
Cr NMD Smith
Mr GJ Ion (Chief Executive)
Mr TG Whittaker (General Manager Strategy & Support)
Mr T Harty (General Manager Service Delivery)
Mrs RJ Gray (Council Support Manager)
Ms A Diaz (Finance Manager)
Ms L Shirley (Zero Harm Manager)
Ms K Anderson (Zero Harm Advisor)
Mr K Abbott (Organisational Planning & Project Support Team Leader)
Mrs M Baena-Escamilla (Continuous Improvement Analyst)
Ms M Russo (Corporate Planner)
Mr A Marais (GIS Team Leader)
Mrs M Proctor (Audit Manager Audit New Zealand)
Mr L Pieterse (Director Audit New Zealand)
Mr D Sutton (KPMG)

APOLOGIES AND LEAVE OF ABSENCE

All members were present.

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Gibb/Main)

THAT the agenda for a meeting of the Audit & Risk Committee held on Wednesday 13 December 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 the following items be discussed at an appropriate time during the course of the meeting:

- **Heavy Items Contained in Ceiling Space**
- **Havelock North Report.**

CARRIED on the voices   **A&R1712/01**

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Gibb/Main)

**THAT the minutes of a meeting of the Audit & Risk Committee held on Tuesday
31 October 2017 be confirmed as a true and correct record of that meeting.**

CARRIED on the voices   **A&R1712/02**

REPORTS

Waikato District Council Health and Safety Framework
Agenda Item 5.1

The report was received *[A&R1712/01].*

The Chief Executive introduced the newly appointed Zero Harm Manager, Lynn Shirley, to the members. The report was taken as read.

The Chief Executive provided an overview of the report and questions raised were answered by the Chief Executive and the Zero Harm Manager:

- The Zero Harm Manager advised that a review against the current quality standards is currently underway to ensure that the apprpriate standards are being used.

- Safety Action Team: the team meets monthly and considers issues raised eg air conditioning and issues at the Tuakau office, eg fire alarm and air conditioning. It was noted that most issues have been rectified. The safety action team will become a more effective part of the health and safety system going forward.

Zero Harm Update
Agenda Item 6.1

The report was received *[A&R1712/01].*

The report was taken as read.

The Chief Executive provided a brief overview of the report and noted that the monitoring engagement with safety conversations indicated the need for all conversations to be recorded.

Information was provided on the following issues:

- Drug and Alcohol Policy: all testing is post incident, random testing has not been implemented at this stage.

- Overspeeds are addressed as firstly a safety concern rather than simply breaking the law. There was discussion on how the newly implemented speed increase to 110kph on two main roads; Cambridge section of the expressway and the Eastern section of the Tauranga expressway would be addressed. The Chief Executive advised that neither of these routes were used frquently by WDC staff.

- A new desk top and phone app has been introduced that enables the logging of a near miss or incident that is automatically included in the system and also allows for the recording of safety conversations.

- Agreed that a site visit be organised in 2018.

Contract Spend Review
Agenda Item 5.2

The report was received *[A&R1712/01].*

The report was taken as read.

In speaking to the report the General Manager Strategy & Support provided the following points:

- The Chief Executive met with the senior leadership team and made clear his expectations of checking policies are correct rather than just complying with them. There was also a conversation regarding the team members providing support to the requirements of the Procurement Manager's role.

- Internal audits are being carried out to ensure processes are on track along with training of staff.

- Extended Contracts: A concern was raised in respect of a recent example of extending a contract beyond the contract date prior to the approval of the increase in approved contract sum.   It was agreed that Council needed to be more proactive with awareness of contracts reaching their expiry date. Mr Sutton, KPMG, agreed that the consideration of reviewing contracts for further funding at the commencement of the financial year is good practice.

- An update is required for the March meeting on progress of this review.   The Director Audit New Zealand was comfortable with the approach that has been adopted, and having regular updates.   KPMG confirmed that in their view the approach being proposed was solid.

It was agreed that:

- The issues of the role of the Procurement Manager had been addressed by reinforcing the support required to the SLT members and there is now an additional resource of a support person in procurement.

- The renewing of contracts would be dealt with in a proactive manner.

- A report will be provided by the Procurement Manager to the Audit & Risk meetings.

- There is an opportunity to look at a systemised monitoring concept as a bridging process.

- A progress report based on the action plan contained in the report will be provided to the March 2018 meeting.

Final Management Report for Year Ended 30 June 2017
Agenda Item 6.2

The report was received *[A&R1712/01]*.

The report was taken as read. The report for Council was considered first in the discussion.

Mrs Proctor provided an overview of the audit process. She advised there were two new issues raised, but were more of a reminder to the changes in the Construction Contracts Act in March 2017 and to be aware of reviewing the process and compliance with the Holidays Act.

Mrs Proctor thanked the Finance Manager and her team for the good progress made.

Discussion was held around the following issues:

- The Holidays Act: accruals of holidays - no concerns were raised regarding staff not taking holidays.   It was noted that Managers have a dashboard report that identifies leave and the organisation KPI states a maximum of 25 days can be accumulated.   There were some challenges around staff backpay, and this is currently being

addressed. Three reviews of the payroll system have been undertaken and no issues were found. Reviews were carried out prior to going live with Datacom and review of their controls and parallels were carried out. It was noted that the system is compliant in respect of the Holidays Act. Council has good documentation on leave when staff change their roles. A report is provided from Datacom on the audit of their systems. A request was made for staff to request a statement from Datacom stating they are compliant in respect of risk and the Holidays Act.

- IT issues: monitoring and reporting on IT service performance, change management, review of users who have remote access and process of approving card access to the computer room were raised for discussion. It was noted that some have been addressed and continuing to work on the remainder. Having no timeline for the recommendations was discussed but advised that the timeline is included in a further report that is provided. There was a recommendation from Audit New Zealand to prioritise a number of items of which the General Manager Strategy & Support advised that the high risk recommendations had been dealt with in the first instance. The IT Team is still working through the other recommendations.

- The General Manager Strategy & Support had discussed with the Director of Audit NZ the capitalisation of assets and an update on the recommendation will show progress has been made at the next meeting. The Director Audit New Zealand advised he was happy with the progress made and this will be confirmed next year.

- Reimbursement of expenses/proberty and expenses: elected members mileage claim forms are approved by the Council Support Team with miscellaneous items signed off by the Chief Executive. Expense claims for the Mayor are signed off by the Chief Executive and Deputy Mayor. There is a clear criteria of what is signed off.

- Credit card – Council has one card and under the control of the Chief Executive that has a modest limit. It was noted the importance to have a proper process in place that stands up to scrutiny.

The General Manager Strategy & Support provided an overview on the annual report of Strada:

- Alcohol spend: discussion had been held with the Chair of Strada and it had been agreed in writing that the alcohol spend would be reimbursed to Strada.

- Vehicle Sale: An explanation of the process of the sale of vehicles to related persons of the Chief Executive was received.

- The Director Audit New Zealand was concerned that the process did not go well for the auditing of Strada and expressed concern with meeting statutory deadlines and an issue of vehicles sold to related persons of the Chief Executive. Due process was not followed and this was raised in the management report. An explanation was provided in a letter from the Chair of Strada. He was however comfortable that based on the work carried out by Audit NZ the value received for the vehicles did reflect the market value and as such there was no detriment to Strada in respect of these sales.

- Bring accounting issues in-house: the Chief Executive is to have further discussions with the Director Audit New Zealand regarding this.

- In summary, the concerns raised in the report need to be addressed as a matter of urgency to mitigate the current risk. Management were also requested to ensure that the reimbursement in respect of the alcohol purchases is made.

Update on Process Audit and Quality Improvement

Agenda Item 6.3

The report was received *[A&R1712/01]*.

The Continuous Improvement Analyst took the report as read.

There were no concerns raised and the focus next year is on a work plan on process improvement.

Post Implementation Review – Easier Consenting Project
Agenda Item 6.4

The report was received *[A&R1712/01]*.

The report was taken as read. The Consents Manager answered questions from the members.

- A significant amount of work was done in a short space of time to comply and the effort made by the team was noted.

- The process was comprehensive and the report clarified where Council is at and the risks going forward.

- Future Enhancements – gap in terms of submissions not in line with online ability for plan changes: a full end to end digital solution to cover has not yet been explored for the consenting process, but an online portal for customers to see tracking has been discussed.

- Natural Hazards – part of legislation changes included an emphasis to how natural hazards should be evaluated when Council is processing subdivisions.

- High risks remaining in the business - a project scope is to be signed off and to commence in late January in terms of getting the team to do this and are engaging a specialist to assist and vet what is created, and help with training.

In summary, it was agreed that an update on progress of the risks be provided to the March meeting. The Committee acknowledged the work completed on this project.

December Update on Progress Against Audit Issues
Agenda Item 6.5

The report was received *[A&R1712/01]*.

The report was taken as read. In speaking to the report, the Corporate Planner answered questions of the members.

- IT matters – concern with the issues that are identified as pending or to be confirmed to be addressed. Significant movement will be made in the near future and will be identified in a report to the next meeting. There has been significant work around DR and recovery systems in Tuakau.

- Request to capture date of issue when first raised to be included in the schedule.

- Councillors have provided support to Council to progress two key additional roles in the IT area that are part of the LTP business planning.

Updated Future Work Plan
Agenda Item 6.6

The report was received *[A&R1712/01]*.

The report was taken as read and invitations have been sent for dates in 2018.

Heavy Items contained in the Ceiling Space
Additional Item

There have been reports of media contacting Councils regarding heavy items contained in ceiling spaces, in particular air conditioners.   A request was made to provide a report to the next meeting on this.

Havelock North Report
Additional Item

The General Manager Service Delivery advised that a report on this item would be provided to the Infrastructure Committee in the New Year.

EXCLUSION OF THE PUBLIC
Agenda Item 7

Resolved: (Crs Bech/Sedgwick)

THAT the report of the Chief Executive be received;

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

a.   Confirmation of Minutes dated 31 October 2017

REPORTS

a.   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)

b.   Register of Members' Interests – Elected Member and 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)(h)(i)(j)	Section 48(1)(3)(a)(d)

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

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

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

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

<u>**CARRIED** on the voices</u>   **A&R1712/03**

Resolutions A&R1712/04 – A&R1712/05 are contained in the public excluded section of these minutes.

Having resumed open meeting and there being no further business the meeting was declared closed at 10.45am.

Minutes approved and confirmed this   day of   2018.

Margaret Devlin
CHAIRPERSON

Open Meeting

To	Audit and Risk Committee
From	Sue O'Gorman
	General Manager Customer Support
Date	20 March 2018
Prepared by	AnaMaria d'Aubert
	Consents Manager
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Project Brief for Natural Hazards – RMA Changes 2017

1. EXECUTIVE SUMMARY

The purpose of this report is to present the "Project Brief for Natural Hazards – RMA Changes 2017" to the Audit and Risk Committee for its information.

This Project Brief was drafted as a result of the Project Closure Report for the Easier Consenting Project (previously circulated to this Committee).

Since the Project Brief was prepared, the following has occurred:

- The Business Owner for the project, the Land Development Engineer Team Leader resigned and left Council in February 2018. While a new appointment has been made, components of the brief that involved work by Councils Land Development Engineering (LDE) staff has not progressed because:

  - The new LDE Team Leader does not yet have the capacity to lead this project.

  - To complete this work, LDE staff require input from specialist engineers in geotechnical and natural hazard subjects, that are not found in Council.

  - A proposal for services from a firm who have engineers specialising in geotechnical and natural hazards subjects has been received. However, funding for this work is yet to be secured, as this cannot be funded from the Consents Unit budget.

  - Options for funding this work are being considered. One option is to cost share with other Waikato Councils, and some initial discussions have been held to gauge interest. Discussions are ongoing, including with the Waikato Regional Council who have some focus in leading natural hazards work across the region.

- Further work is required to revisit the scope of the project, consider involvement of other Councils, and secure funding arrangements before progress can be made.

- In the mean time, LDE staff continue to evaluate the risk of natural hazards as part of subdivision applications, albeit using existing less rigorous and transparent methods that would have been created out of this project. Where risks from a natural hazard are more obvious and outside the expertise of staff, external specialists will be engaged to review information submitted in applications and make recommendations.

2.   RECOMMENDATION

THAT the report from the General Manager Customer Support be received.

3.   ATTACHMENTS

Project Brief for Natural Hazards – RMA Changes 2017

Project Brief for

Natural Hazards – RMA Changes 2017

Date: December 17
Version: V1.0
Status: FINAL

Prepared by: Helen Tonkin

Document Control

Document Information

	Information
Document Id	Natural Hazards RMA Changes 2017
Document Owner	Wayne Harden
Issue Date	15 December 2017

Document History

Version	Issue Date	Changes
0.1	24/11/17	Document drafted
1.0	15/12/17	FINAL with feedback from AnaMaria d'Aubert and Wayne Harden

Document Approvals

Role	Name	Signature	Date
Business Owner	Wayne Harden		20/12/2017
Project Sponsor	AnaMaria d'Aubert		20/12/2017

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1 Executive Summary

This project brief is to be read in conjunction with the Easier Consenting Project Business Case and the Easier Consenting Project Closure Document.

This project is to complete outstanding Resource Legislative Amendment Act 2017 changes that were in scope of the Easier Consenting Project Business Case but were not completed prior to the project closure date of 24th November 2017.

2 Project Definition

In July 2017 a Business Case was approved to implement the Resource Legislative Amendment Act 2017 (RLAA 2017)) changes by 18th October 2017.

The Easier Consenting Project started in late July 2017 and successfully implemented all changes for go live on 18th October 2017 except for the Natural Hazards changes. The project is now being closed and this outstanding piece of work is being handed over to the BAU owner, Land Development Engineer Team Leader, Wayne Harden to implement.

2.1 Vision

- To successfully establish a new Natural Hazards Risk Assessment Evaluation approach for subdivisions with Natural Hazards.

2.2 Objectives

In addition to the overall objectives stated in the Easier Consenting Business Case the following objectives are specific to the implementation of the RLAA 2017 Natural Hazards changes.

Objectives

- To deliver a new Natural Hazards Risk assessment evaluation process that demonstrates adoption of the new legislative requirements as per the standards set out in the RLAA 2017 Act.
    - o Measurement 1: Assessment evaluation process incorporates the standards detailed in the RLAA 2017 Act.
    - o Measurement 2: Future peer review of a sample of processed applications by external expert confirms the legislative adoption.

- To design and implement new processes, policies and documentation to enable the Consent - Land and Development Engineers team to receive, assess and make recommendations to Consent Planners with regards to the Natural Hazards on the subdivision site.
    - o Measurement 1: Promapp and P&R events are updated with processes, policies, templates and guidelines developed and staff trained on new processes.
    - o Measurement 2: Future peer review of a sample of processed applications by external expert.

- To provide a quality customer experience in receiving and processing an application for subdivisions with natural hazards that is lawful.

- o Measurement: Future peer review of a sample of processed applications by external expert.

- To update the system Promapp of new processes, P&R events, policies, guidelines and templates
  - o The Promapp processes, polices, guidelines and templates are correctly applied by the LDE staff in processing a subdivision with natural hazards application.

2.3 Scope

The scope of the Natural Hazards changes is:

In Scope	Out of Scope
RLAA 2017 changes effective from 18th October 17 relating to Natural Hazards changes only.	All other RLAA 2017 changes.
Land Development Engineer team members.	All other consenting staff except where Natural Hazard processes link into other existing processes.
Linkage to processes of Consent Planners and Environmental Health staff.	
Promapp system detailing processes.	
P&R Events where relevant.	
Documentation such as Policies, Guidelines, Templates related to Natural Hazards Risk evaluation	
Website – Natural Hazards RMA section.	

2.4 Deliverables

The following are key project deliverables.

Item	Components	Description
New processes	• All Promapp changes have been implemented.	Processing for Natural Hazards on subdivisions is a new process and requires designing, approving and implementing.
Supporting Documentation	• Policies, Guidelines and templates to support the new evaluation process.	These are to assist in establishing standards and consistency in approach by the LDE team to the assessment of Natural Hazards.

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Risk Assessment Template	• Establishment of a WDC risk assessment template for customers to use.	Setting of a standard format for customers to follow when completing applications.
Update of systems	• IT Systems updated and tested functionally (as per specifications agreed) with manual workarounds applied if/where required. This includes changes to systems such as the Promapp, P& R, Web Site, Property and Rating (if required) and any reporting systems.	All systems are seamlessly consistent in language used, messaging and approach.
Training	• Training for all LDE staff.	Training to consist of a quality that will ensure all LDE process in a consistent manner and are confident in handling new subdivision applications with Natural Hazards.
Communications with Customers an other stakeholders	• Communications to effect change management both internal and external to the organisation.	Communications particularly to Geo Tech preparers to support applications that meet WDC Risk Assessment standards and consistency of approach.

3   Project Organisation

3.1   Customers

The following are customers who will use the deliverables produced from this project.

Customer	Representative
Consent Management	AnaMaria d'Aubert
Land Development Engineering Team	Wayne Harden
Geo Tech report preparers	Wayne Harden
Consent Planners	Karleen Thomson and Ella Makin,
Technical Team – Hazards Register	Will Gauntlett
Environmental Health Team	TBA

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3.2   Stakeholders

The following are the key stakeholders in implementing the RLAA 2017 Natural Hazards changes.

Stakeholder	Interested in
CEO – Gavin Ion	Confirmation that WDC as a regulatory authority responsible for processing, issuing and monitoring of all resource consent applications within its District are completed lawfully.
General Manager of Customer Support – Sue O'Gorman	Requires confirmation that WDC RMA obligations under the RMA act is being applied to all applications.
Consent Manager – AnaMaria d'Aubert	Requires confirmation that all processes have been implemented and are being applied at a standard consistently across for all subdivisions applications with natural hazards.
Land Development Engineers Team Leader – Wayne Harden	Confirmation that a process has been implemented to enable the LDE team to receive and evaluate natural hazards on subdivisions and make recommendations to Consent Planners.
Land Development Engineers Team members	LDE team members can confidently process subdivisions with natural hazards within the RLAA 2017.
Consent Planners Team Leaders – Karleen Thomson and Ella Makin	Confirmation that their planners can process applications for consent approval.
Environmental & Health Team Leader	TBA
Consent Planners	To ensure they can complete their resource consent approval to the customer.
Technical Planners	To ensure information on natural hazards is captured in Hazards register.

3.3   Roles

This is a small project that requires as a minimum of leadership from the LDE Team Leader and participation by a small number of the LDE Team members to deliver the deliverables, organise resources, monitor progress and report to the Manager of consenting.

- Sponsor
- Project Lead
- Project Team Member

The following roles have been identified:

Role	Organisation	Resource Name
Sponsor	Consents Manager	AnaMaria d'Aubert
Project Leader	Land Development Engineers Team Leader	Wayne Harden
Project Team Members	Land Development Engineers Team members	All LDE team members

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3.4 Responsibilities

The following are the responsibilities of the project roles.

Project Sponsor

The Project Sponsor is the principal 'owner' of the project. Key responsibilities include:

- Defining the vision and high level objectives for the project
- Approving the requirements, timetable, resources and budget
- Authorising the provision of funds / resources (internal or external)
- Approving the project plan and quality plan
- Ensuring that major business risks are identified and managed
- Approving any major changes in scope
- Resolving issues escalated by the Project Lead
- Ensuring business / operational support arrangements are put in place
- Ensuring the participation of a business resource (if required)
- Providing final acceptance of the solution upon project completion.

Project Lead

The Project Lead ensures that the daily activities undertaken on the project are in accordance with the approved project plans. The Project Lead is responsible for ensuring that the project produces the required deliverables on <u>time</u>, within budgeted <u>cost</u> and at the level of <u>quality</u> outlined within the Quality Plan.

Key responsibilities include:

- Documented Project Plan and Quality Plan
- Ensuring that all required resources are assigned to the project and clearly tasked
- Managing assigned resources according to the defined scope of the project
- Implementing the following project processes: time / cost / quality / change / risk / issue / procurement / communication / acceptance management
- Monitoring and reporting on project performance (re: schedule, cost, quality and risk)
- Ensuring compliance with the processes and standards outlined in the Quality Plan
- Reporting and escalating project risks and issues
- Managing project interdependencies
- Making adjustments to the detailed plan as necessary to provide a complete picture of the progress of the project at any time.
- Procuring and managing external resources and submitting to project sponsor for approval.

Project Team Member

A Project Team member undertakes all tasks necessary to design, build and implement the final solution.

Key responsibilities include:

- Undertaking all tasks allocated by the Project Lead (as per the Project Plan)

- Reporting progress of the execution of tasks to the Project Lead on a frequent basis
- Maintaining all documentation relating to the execution of allocated tasks
- Escalating risks and issues to be resolved by the Project Lead.

4 Project Plan

4.1 Approach

Phase	Approach
Initiation	The first step is for the project brief to be accepted and approved.
Planning	Project Lead to work with relevant project team members to determine the tasks, sequence and deliverables x time. Project Lead to determine external resources, define assignment brief, obtain costs and submit to Project Sponsor for approval.
Execution	Final solution to be fully tested end to end.
Closure	Project closure on confirmation of approved processes has been implemented by Project Lead, fully tested and fully trained LDE staff.

4.2 Overall Plan

Milestones

The following are the key project milestones and the required delivery dates.

Phase A: WDC internal Pro cesses and Systems Development

Milestone	Date	Description
Project Brief approved	20/12/17	Approves the project approach, finance and start.
Appointment of resources	22/12/17	Appoint the staff (subject to approval by Project Sponsor) if required.
Project Started	22/01/18	Solution design started
Testing Completed	16/02/18	Process and documentation ready to go live.
Training Completed	16/02/18	LDE Team members ready to apply new process.
Official go live – Phase A	19/02/18	RLAA 2017 Natural Hazards Changes go live.

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Phase B: External Consultant Development

Milestone	Date	Description
Project Brief approved	20/12/17	Approves the project approach, finance and start.
Appointment of Consultant	TBA	Appoint the staff and external resources (subject to approval by Project Sponsor) if required.
Project Started	TBA	Solution design started
Testing Completed	TBA	Process and documentation ready to go live.
Training Completed	TBA	LDE Team members ready to apply new process.
Official go live – Phase B	TBA	RLAA 2017 Natural Hazards Changes go live.

Dependencies

There are no known dependencies for this project

4.3   Resource Plan

The project lead will work with the LDE team and appoint tasks to individuals.

4.4   Financial Plan

The project will mostly be resourced from internal staff of the LDE team with some specific elements to be completed by Tonkin & Taylor as per the detailed brief prepared by the Project Lead.

Category	Cost	Value
External Consultants	Employing Tonkin and Taylor to assist in setting up the Risk Assessment template and training of staff in evaluating natural hazards risks for subdivision application	$ TBA

4.5   Quality Plan

The following processes will be undertaken to ensure the success of the project.

Process	Description
Quality Management	This will be covered off by preapproval of Promapp processes before being moved to the live environment by the Project Lead, and finally completion of testing of the end to end process by LDE staff.
Change Management	Through identifying the stakeholders impacted and ensuring they are included in the communications and training will ensure adoption of the changes.
Risk Management	Monitoring and reporting of risks as per noted below.
Issue Management	Any issues to be raised with the Project Sponsor.
Document Management	All project documents to be stored in ECM Easier Consenting Project.

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Process	Description
Acceptance Management	Acceptance to be achieved on completion of the approved processes, completed testing and training.
Procurement Management	All external consultants required that the WDC procurement process is followed and approval is by the Project Sponsor.
Financial Management	Any external costs are monitored and reported to the Project Sponsor.
Project Reporting	Project Lead weekly meetings with the Project Sponsor.
Project Communications	Approved by the Project Lead utilising the internal Wai-site and external Website and where appropriate Growing Places.

5   Project Considerations

5.1   Risks

The following risks were identified in the Easier Consenting Project and were outstanding on the project closure on 24 November 2017.

#.	Date Raised	Description	Inherent Risk Prob	Impact on project	Owner	Management Action	Residual Risk Probability	Action Date	Status
25	09/08/17	The Natural Hazards RMA changes are a major change for WDC. These may not be able to be fully implemented by 18 October 2017. Impact - WDC exposed to a judicial review in the High Court.	H	H	AnaMaria d'Aubert	1. Determine what the change is. 2. Detail what, how and when it can be implemented & recommend strategies for partial implementation by 18th October 17 and full implementation.	H	19/02/18	open
27	08/08/17	Natural Hazards current assessments prepared by Engineers may not meet the standard that reflects the change to National Importance. Ie moving from assessment the hazards to a risk based approach.	H	H	AnaMaria d'Aubert	1. Investigate with legal what the changes actually mean, review against current practice and identify the gap. 2. Explore with Waipa and Hamilton their approach and see if WDC will / can / or not align. 3. Make recommendation to AnaMaria d. way forward.	H	19/02/18	open

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#.	Date Raised	Description	Inherent Risk Prob.	Impact on project	Owner	Management Action	Residual Risk Probability	Action Date	Status
29	08/08/17	Consenting staff skill/understanding in reviewing and assessing the Natural Hazard risk assessment may not be sufficient to reflect the National Importance emphasis or intention.	H	H	AnaMaria d'Aubert	1. Once solution is agreed then assess the skills required to deliver the service. 2. Assess skill gap. 3. Make recommendations as to how to address this.	H	19/02/18	open
42	08/08/17	Engineer's staff impacted by the RMA changes may be uncertain and seeking clarity particularly re Natural Hazards. Impact is the changes are not adopted by 18th Oct 17	H	H	AnaMaria d'Aubert	Include Engineers in the development of the solution and implementation strategy re Natural Hazards.	H	19/02/18	open
44	08/08/17	Impact of the relationship & dynamics between Planners, PEO and other teams such as Engineers due to the impact of the changes in each of the teams.	H	H	AnaMaria d'Aubert	1. Design the new processes collectively including all stakeholders impacted by the changes. 2. Ensure appropriate management is involved in approving the new processes. 3. Use the training platform to work together in preparing and delivering the training.	H	19/02/18	open

Natural Hazards —Project Brief

rocket projects
PROFESSIONAL SERVICES

5.2 Issues

The following are the highest priority issues associated with the project.

Description	Priority	Resolution Actions
Commitment and follow through of the LDE Team leader as well as managing the day to day operations.	High	Ensure a very clear understanding of what the project involves and the expectations prior to the project starts. Deliver the project early in January being the quietest time
Quality output from the External Consultant.	Medium	Ensure project brief is very specific and outputs monitored and approved as the solution is being developed. Avoid lengthy discussions around complexity and focus on simplicity and 80/20 rule approach.
Funding for external consultant	Low	Consider utilisation of existing budget for external professional services advice and set a tight specification on the work to be completed by external consultant.

5.3 Assumptions

The following assumptions have been identified:

- The project will be implemented during the quietest work period.
- That the external resource will be available during this period.
- The Project Lead will be available to commit to the delivery of the project.
- The LDE staff will have time available to complete the delivery of the project.

5.4 Constraints

The following are constraints that could impact on the project delivery.

- The financial budget allocated is limited and does not allow for over-spending
- There is limited technical resource available for the project.
- Availability of LDE staff to focus on the project as well as manage day to day activities.

6 Appendix

6.1 Supporting Documentation

This project brief to read in conjunction with the following documents held on the ECM project file under Easier Consenting Project.

- Easier Consenting Business Case
- Easier Consenting Project Closure Document

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Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Open Meeting

To	Audit & Risk Committee
From	Jacki Remihana Acting General Manager Service Delivery
Date	19 March 2018
Prepared by	Amanda Hampton Parks & Facilities Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 1918506
Report Title	Post Incident Review – Generator Failure on 22 January 2018

1.   EXECUTIVE SUMMARY

This report provides the Audit & Risk Committee an overview of the Generator Failure that occurred on 22 January 2018 during an unscheduled power outage.

2.   RECOMMENDATION

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

3.   BACKGROUND

On 22 January 2018 there was an unscheduled power outage. WEL were carrying out a planned outage but failed to advise Council as they understood that the transformer they were shutting down did not supply power to Council.

4.   DISCUSSION AND ANALYSIS OF OPTIONS

4.1   DISCUSSION

Council's generator failed to automatically start when the power went out on 22 January 2018. It was eventually started manually by specialist contractors. The failure occurred due to a slight loss in water level which activated a low level sensor. This has since been repaired.

The impact of the generator failing to start and that staff onsite did not have any process to follow to start it manually meant that the Uninterruptable Power Supply ("UPS") for the

servers could not be sustained, which in turn caused the systems to be down for a significant period of time. See below for more detail.

This in turn meant that a number of staff could not undertake their roles (with no access to systems).

The cost of this has not been calculated.

Maintenance and Servicing

The generator has historically been checked on a monthly basis by an independent contractor in conjunction with regular Building Warrant of Fitness checks (even though the generator is not part of the Warrant of Fitness requirements). As part of those checks, the generator is started manually and left to run for 5 minutes.

Following the outage, more comprehensive checks have been established and are now carried out by Fluid Power Distributors who are specialists in diesel generators. These include checking water levels, oil and diesel.

Once the generator was repaired, the contractor took advantage of the power outage to check that the generator is now working as it should. All of those tests were passed as required.

Next Steps

Annual power shutdowns will continue to be undertaken to fully test the generator power supply.

Work is underway on ensuring that Council has accurate and documented records of all of the connections to the generator. This will include electrical plans, circuit diagrams, physical locations of equipment and contacts for servicing and maintenance.

Impact on Council IT Systems

After power went off the UPS in the server room kept systems up. However, when the generator didn't cut in, the UPS failed due to the load and extended running time. The UPS is in place to cover between a power cut and the generator providing back up power.

This meant all our IT hardware just crashed when the UPS ran out of power. There was not time to login and shut each piece of hardware down gracefully.

As a result of the power outage, Council suffered approximately 6 hours with no systems, two disks became faulty in the backup and recovery Storage Area Network ("SAN") (disk storage) and needed to be replaced, and there were a couple more days of tidying up various other issues.

The recovery process ran as follows:
- Power back on approximately 10.30am
- One hour to charge UPS and check for constant power
- One and a half hours for the electricians to check the generators

- Powered back the SANs at approximately 1.00pm (after support calls to HP and determining a constant power supply)

- One hour allowed for the SAN self-checks

- ESX servers restarted approximately 1.30pm

- 2-3 hours restarting servers

- Most services restarted by 4.00pm

- Backup SAN back and online around 6.00pm.

Current IT infrastructure

The UPS is designed to maintain power until the generator kicks in and filter the power surges at other times. As such it won't hold the power for longer than 10 minutes, twice as long as required for the generator to take over.

This time could be extended with more batteries in the UPS but will not get to a point where it is any sort of alternate for the generator.

Immediate steps required

The IT services must be able to rely on a backup power supply that works as specified, is regularly maintained, and tested at least once a year.

Possible improvements to IT infrastructure

A full manual shutdown of the servers and SAN can take up to four hours. It is unrealistic to provide a UPS to allow for that. Batteries for this would take up a whole room.

An emergency shutdown process protecting the SAN only would be a lot shorter and would be a realistic "backup to the backup". Protecting the SAN reduces the risk of downstream impacts to Council data.

5. CONCLUSION

Repair work has been completed on Council's power generator to remedy the immediate issues that were evident during the January power shut down. A revised schedule of maintenance has been introduced to reduce this type of risk in the future.

6. ATTACHMENTS

NIL

Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker
	General Manager Strategy & Support
Date	20 March 2018
Chief Executive Approved	Y
Reference #	GOV1318 / 1918832
Report Title	Audit Management Report on Long Term Plan Consultation Document for the period 01 July 2018 to 30 June 2028

1. EXECUTIVE SUMMARY

The purpose of this report is to present the Audit Management Report from Audit New Zealand on their review of the Long Term Plan Consultation Document.

The report demonstrates a positive process with limited recommendations for improvement. Some recommendations to reflect good practice in future infrastructure strategies, and a reminder that asset management plans need to be kept "live" were provided. Overall however, the feedback demonstrates a constructive process.

Audit New Zealand will speak to the Audit & Risk Committee on this paper.

2. RECOMMENDATION

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

3. ATTACHMENTS

Audit Management Report on Long Term Plan Consultation Document for the period 01 July 2018 to 30 June 2028

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the Council on the audit of

Waikato District Council's

Long Term Plan Consultation Document for the period

1 July 2018 to 30 June 2028

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Report to the Council on the audit of Waikato District Council Long Term Plan Consultation Document
for the period 1 July 2018 to 30 June 2028

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Report to the Council

We have completed the audit of the Waikato District Council (the District Council) Long Term Plan Consultation Document for the period 1 July 2018 to 30 June 2028. This report sets out our findings from the audit and draws attention to our detailed findings, and where appropriate makes recommendations for improvement.

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Key messages

We have completed the audit of the District Council's Long Term Plan Consultation Document (LTP CD) for the period 2018-28 and issued an unmodified opinion on 28 February 2018. This report sets out our findings, and where appropriate, makes recommendations for improvement.

We concluded that the LTP CD provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018-2028 LTP.

Issues identified during the audit

We identified certain issues during the audit that need to be addressed by the District Council. In particular:

- once the final LTP is adopted, the Activity Management Plans will need to be updated to reflect the timing and costs of the capital projects incorporated into the LTP (refer to section 4.4 for further comments).

Future focus

As well as the opinion issued on the LTP CD we will also issue an opinion on the final LTP that will be adopted before 1 July 2018.

The Council needs to ensure that there are systems in place to monitor its actual performance against budgets, levels of service and performance measures included in the LTP from 1 July 2018. These systems will assist with annual reporting, and also internal monitoring and reporting to the Council.

Thank you

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

Leon Pieterse
Audit Director
20 March 2018

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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Report to the Council on the audit of Waikato District Council's Long Term Plan Consultation Document   Page 3
for the period 1 July 2018 to 30 June 2028

1   Our audit opinion

1.1   We issued an unmodified audit opinion

We issued an unmodified audit opinion on the District Council's LTP CD on 28 February 2018.

This meant we were satisfied the District Council's LTP CD meets the statutory purpose and provides an effective basis for public participation in the Council's decisions about the proposed content of the 2018-28 LTP.

We found the underlying information and assumptions used to prepare the LTP CD provided a reasonable and supportable basis for the preparation of the LTP.

1.1   Unadjusted misstatements

The LTP CD is free from material misstatements, including omissions. However, in the course of the audit, we found certain misstatements that are individually and collectively not material to the LTP CD.

We have discussed any misstatements that we found with management. All misstatements were amended prior to the Council adopting the LTP CD.

2   Audit scope and objective

The scope of our audit engagement and our respective responsibilities are contained in our audit engagement letter dated 31 January 2018.

3   Control environment

Our approach to the audit was to identify, confirm and assess the District Council's key processes and controls over the underlying information and ultimate production of both the LTP CD and the LTP. The purpose of this assessment was to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions.

We found that the overall control environment is reliable for the purposes of supporting the LTP CD.

4   Areas of audit emphasis

During the planning stage of the audit, and our review of the content of the LTP CD, we identified the following key risks and issues which were areas of emphasis during our audit. In this section of the report, we comment on our findings on those matters.

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4.1 Financial strategy

We reviewed the District Councils financial strategy and considered whether it is financially prudent and allows for the right debate with the community.

The strategy is focused on doing more with existing budgets; moving costs of services to those who use them; maintaining existing assets; modernising infrastructure and supporting growth.

We reviewed the financial strategy and are satisfied that is financially prudent, is reflected in the forecast financial information and is adequately summarised in the LTP CD.

4.2 Infrastructure strategy

We have reviewed the Infrastructure Strategy and are satisfied that it provides an overview of the District Councils intentions regarding management of its infrastructure and significant works planned for the upcoming 30 years. The document substantially meets the requirements of section 101B of the Local Government Act 2002 and satisfies its primary purpose of promoting accountability.

We have noted some opportunities to further reflect good practice or improvements that we recommend for inclusion in future Infrastructure Strategies. We will communicate these to management for consideration.

4.3 Assumptions

We reviewed and assessed the appropriateness of assumptions that the District Council has established as a basis for the development of the LTP CD. In particular, we tested the assumptions on growth, interest rates, inflation, Housing Infrastructure Funding and property, plant and equipment revaluations.

We are satisfied that the assumptions are appropriate and that they have been applied consistently in the development of the underlying information of the LTP CD.

4.4 Quality of asset related forecasting information

We found that the asset management control environment is reliable for the purposes of supporting the LTP CD. This involved assessing the quality of asset management information and the accuracy, reliability and supportability of the flow of information from asset management planning to into the LTP CD. This is based on our review of the District Council's completed self-assessment, a high level assessment of the asset management planning systems and selected Activity Management Plans (AMPs), review of the Infrastructure Strategy and discussions with staff involved in asset management planning for key infrastructure activities.

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We noted that the timing and forecast spending for some capital projects were updated after the AMPs were developed. These projects were adequately reflected in the financial forecasts incorporated into the LTP CD.

Once the final LTP is adopted by Council, the AMPs will need to be updated to reflect the approved capital projects (including both the timing and financial budgets for those projects).

4.5 Growth

We reviewed the growth assumptions that were applied in the financial model and LTP CD and confirmed that they are realistic and reasonable.

As part of our audit work on asset management, we also selected a sample of growth related capital projects to test and confirmed that they have been adequately budgeted for and included in the financial model and forecast financial statements.

4.6 Content of the LTP CD

We were satisfied that the LTP CD included appropriate information to enable consultation with the public on key issues.

4.7 Adopting and auditing the underlying information

The District Council prepared and adopted the underlying information necessary to support the LTP CD.

We found the majority of the documents presented for audit were of a good standard, with some updates subsequently required as a result of audit recommendations and Council decisions.

The complete performance framework was not ready at the time of our audit, however we were able to review the performance measures and provided some recommendations for improvement. As part of the final LTP audit, we will review the full performance framework and confirm whether our recommendations have been addressed.

4.8 Project management, reporting deadlines and audit progress

The development of the LTP CD and LTP is a significant and complex project and a comprehensive project plan is required for a successful LTP process.

The District Council had a project plan in place that stated the key elements and timelines required to complete the LTP CD and underlying information. The project included a dedicated set of staff involved in the development of the LTP CD, along with input from other staff across the organisation.

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Some key decisions affecting the LTP CD were made at the February Council workshops. This resulted in tight timeframes to provide the updated LTP CD and updated underlying documents to us for audit purposes. We appreciate the efforts of the staff involved during this process, including keeping us informed of any changes as a result of Council deliberations.

In order for us to complete an efficient audit of the final LTP in June, it is important that we receive documentation for audit in a timely manner in line with the timelines outlined in our audit arrangements letter.

4.9   Self-assessment

The District Council provided a self-assessment in order to assist our audit planning. The self-assessment required Council to reflect on:

- its most significant issues and risks;

- governance of the LTP project;

- the systems and processes in place particularly to meet the requirements in the Act for the LTP CD and LTP;

- asset management;

- performance management;

- financial management, and

- legislative compliance.

We received the completed self-assessment on 23 January 2018 and thank the staff involved in completing the document. The self-assessment assisted in providing an understanding of the key issues impacting the District Council in relation to the audit of the LTP CD.

5   Other matters arising from our audit

We completed our planned work on the modules detailed in our audit proposal and arrangements letter and we did not identify any further matters that need to be brought to your attention.

6   Publication of the LTP CD on the District Council's website

If the District Council intends to publish the LTP CD electronically, please allow time for us to examine the final electronic file version of the audit report before its inclusion on your web site.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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We need to ensure consistency with the paper-based documents that have been subject to audit. Changes may also be needed to parts of the audit opinion, for example page number references and the inclusion of additional information to readers of the electronic report.

7   Audit of the final LTP

The next step in the LTP audit process will be the audit of the final LTP. This is scheduled to be undertaken in the week commencing 5 June 2018 for two weeks. To ensure our audit of the LTP is efficient we request the District Council to prepare a schedule of changes to the financial forecasts, significant forecasting assumptions, financial and infrastructure strategies, key policies and performance framework that were the basis of the LTP CD. This will enable us to assess the extent of changes as a result of community consultation and tailor our audit work accordingly.

Under section 94(1) of the Act, our audit report on the final LTP forms part of the LTP, which the Council is required to adopt before 1 July 2018 (section 93(3)). Our agreed timeframes will enable us to issue our audit report in time for the Council meeting on 27 June 2018 when the 2018-28 LTP will be formally adopted.

We are responsible for reporting on whether the LTP meets the statutory purpose and provides a reasonable basis for integrated decision making by the Council and accountability to the community. We considered the quality of the underlying information and assumptions as part of the audit of the LTP CD. We will focus on how these are reflected in the LTP. We will also consider the effect of the decisions that come out of the consultation process and review the LTP to gain assurance that appropriate, material, consequential changes and disclosures have been made.

At the conclusion of the LTP audit, we will ask the Council to provide us with a signed representation letter on the LTP. The audit team will provide the letter template during the LTP audit.

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Appendix 1: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the 2018-28 Long Term Plan Consultation Document (LTP CD) and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002. The audit of the LTP CD does not relieve management or the Council of their responsibilities. Our audit engagement letter dated 31 January 2018 contains a detailed explanation of the respective responsibilities of the auditor and the Council.
Auditing standards	We carry out our audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information,* and the Auditor-General's Auditing Standards.
Auditor independence	We confirm that, for the audit of Waikato District Council's LTP CD for the period 1 July 2018 to 30 June 2028, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to our report on the District Council's consultation document and all legally required external audits, we have provided an assurance report on certain matters in respect of the District Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries.
Other relationships	We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit. We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.
Unresolved disagreements	We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the LTP CD. Management has not sought to influence our views on matters relevant to our audit opinion.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	16 March 2018
Prepared by	Vanessa Jenkins Human Resources Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 1917817
Report Title	Current Practices and Culture of Waikato District Council's Workplace Harassment and Bullying

1. EXECUTIVE SUMMARY

The recent publicity concerning workplace bullying in an Auckland law firm has prompted the Audit & Risk Committee to request a report on the policy, processes and controls Council has in place to mitigate such a situation occurring at Council.

Waikato District Council has a zero tolerance on all forms and any type of harassment, bullying and discrimination. This is demonstrated through focusing on developing all people leaders to drive the right culture and behaviours. It is also demonstrated through a number of initiatives, policies, workshops, and education programmes delivered in the year.

Council's current work practices on such matters are supported by key policies and procedures, which are available to all Council employees and are accessible on Waisite and Promapp. These include:

- Harassment and Bullying Policy
- Protected Disclosures Policy
- Domestic Violence Policy
- Child Protection Policy
- Code of Conduct Policy
- Disciplinary Policy
- Zero Harm
- Report Alleged Bullying or Harassment Incident Process
- Investigate Misconduct and Take Appropriate Disciplinary Action Process

The range of initiatives and support currently in place include:

- All Council employees have free access to a range of internal and external support. Most notably, Vitae who are an external provider that offers a range of employee assistance. This includes, but not limited to, free confidential drop in sessions with a Vitae Specialist; personal and professional counselling; coaching; and customisable workshops/trainings and education programmes. Vitae have, in the past, conducted workshops for Council employees focused on bullying and how to deal with it. This was part of the Council's wider wellness programme.

- One other wellness initiative includes Council's "Safe Start" sessions. This occurs at the start of each year (starting in January 2017) where all staff attend, and is focused on employees working in safe, free from harm (including bullying and harassment) environment.

- Currently being worked on is Council's 100 day plan. A major aim of this plan is to address poor performance, and highlight the importance of immediately dealing with behaviours that are incongruent and in conflict with expected workplace behaviours.

- Waikato District Council has clear guidelines and procedures in handling situations where it is presumed alcohol may be present either at onsite or offsite functions (e.g. after work drinks, Social Club and team outings etc.). In these situations there is an expectation that no alcohol is supplied by Council. Where alcohol is available for purchase or supplied by individuals then there is requirement for a Senior Manager (third tier manager or higher) to be present.

- Council takes its zero harm responsibilities seriously. This is indicative of the many initiatives current in place, such as reporting all near miss and/or injuries.

- There have been no known reports, informally or otherwise, of any cases relating to sexual harassment.

- Council employees have multiple internal channels to safely and confidentially raise concerns of harassment, bullying, and discrimination. This includes, but not limited to, Human Resources; employee's direct report; third tier managers, Zero Harm, the Executive Leadership Team, Vitae.

- All forms/types of harassment or bullying are investigated promptly. Where complaints and/or concerns are raised, the policies and procedures outlined above are followed. Vitae support is always offered to all individuals during investigations. Council will at times use external consultants/specialists to undertake an investigation. This may be dependent on the closeness of association and/or conflict between the two parties.

- As part of Council's recruitment process, all new employees must undergo a thorough Police background checks. Reference checks are also an integral part to this process.

- Over the past two years Council has investigated four known cases of harassment. One of these cases was delivered by an external consultant. All four cases were investigated immediately, in accordance to Council policies and procedures, and dealt with respectfully to all individuals involved in these investigations.

2. RECOMMENDATION

THAT the report from the Chief Executive be received.

3. ATTACHMENTS

Descriptors of relevant policies and processes

Descriptors of relevant policies and processes:

- **Harassment and Bullying Policy:** The key objective to is to provide harassment and bullying free environment where all people are treated with respect and dignity, and can contribute and participate to their full potential.

- **Protected Disclosures Policy:** This policy sets out the process for a staff member, elected representative, contractor or volunteer to report an identified wrongdoing; and for managers to refer and/or investigate the protected disclosure.

- **Domestic Violence Policy:** This policy sets out Waikato District Council's commitment to employee safety and wellbeing in regards to family violence. Family violence is unacceptable and every person is entitled to respect and to live free from fear and abuse. The Waikato District Council also has a legal obligation to ensure a safe and healthy work environment.

- **Child Protection Policy:** The key objective is to ensure the wellbeing and safety of children and young people. This policy, together with its associated process, provides guidance to staff on how to identify and respond to concerns about the wellbeing of a child, including possible abuse or neglect.

- **Code of Conduct Policy:** This policy provides guidance on the standards of behaviour that are expected from all employees at Waikato District Council and defines what behaviour constitutes misconduct or serious misconduct. Behaviour or conduct that does not comply with our values, policies, procedures or performance expectations are not acceptable and will not be tolerated.

- **Disciplinary Policy:** The key objective are to ensure that: investigations, disciplinary matters and performance problems are dealt with fairly, promptly, consistently and in line with relevant procedures; both Council and the employee deal with each other fairly and in good faith at all times during a disciplinary process; principles of natural justice (such as consistency regarding how Council treats all employees) are adhered to when disciplinary procedures are used; and Council meets the requirements of the Local Government Act 2002.

- **Report Alleged Bullying or Harassment Incident Process:** The key objective is to describe the process to follow when a staff member thinks they have been bullied or harassed in the workplace.

- **Investigate Misconduct and Take Appropriate Disciplinary Action Process:** The key objective is to describe the procedures that must be followed when misconduct or serious misconduct is identified or alleged.

Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker
	General Manager Strategy & Support
Date	15 March 2018
Prepared by	Kurt Abbot
	Organisational Planning & Project Support Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 1913838
Report Title	Risk Appetite Statement

1. EXECUTIVE SUMMARY

The attached Risk Appetite Statement has been updated to reflect the recommendations from the Audit & Risk Committee workshop undertaken in December 2017. The changes applied include raising the appetite for growth and projects to a moderate level while lowering the risks for fraud and cyber security to a low level.

No other significant changes have been made to the document

2. RECOMMENDATION

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

AND THAT the Audit & Risk Committee recommend adoption of the Risk Appetite Statement to Council.

3. ATTACHMENTS

Risk Appetite Statement

Waikato District Council

Risk Appetite Statement

Katja Jenkins
10/3/2017

Waikato District Council - Risk Appetite Statement

Risk appetite is the conscious decision about which risks, and how much of each, the organisation is willing to take on. Councils risk appetite reflects our business model, our risk capacity, our internal risk management capabilities and our culture. Our appetite for risk is influenced by a number of factors including (but not limited to) the business environment, our people, our community needs and wants, our business systems and our policies. Having a clearly defined risk appetite gives clarity to the wider organisation about the nature and degree of risks that can be taken with our strategic, operational and project work.

Defining risk appetite is intimately linked to defining the overall strategy of an organisation and is therefore a task for the Executive Leadership Team and Council through the Audit & Risk Committee.
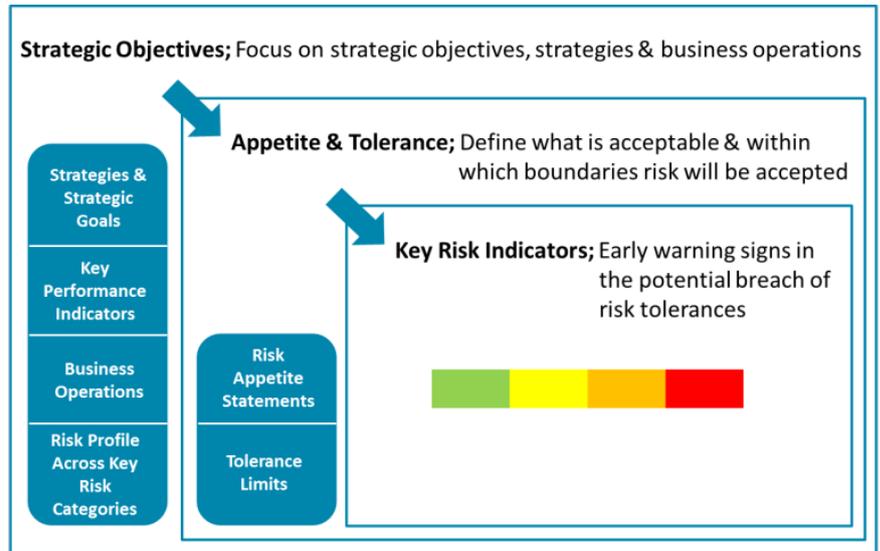
Benefits of Communicating Organisational Risk Appetite

Defining and articulating risk appetite has a positive influence on our culture and behaviour. It gives our people an improved understanding of what risk management means to their roles and helps them to apply effective risk management practices.

Risk appetite is a key component of effectively communicating risk expectations and ensuring a common approach across the three identified 'lines of defence';

- those managing risk
- those setting and overseeing the risk management practices, and,
- risk assurance providers

Discrepancies between the Councils agreed risk appetite and residual risk levels determine whether more controls are required to appropriately manage a risk or whether there is space for more opportunity to be sought.

Waikato District Council - Risk Appetite Statement

Waikato District Councils Risk Appetite Statement

Waikato District Council aspires to be a recognised leader in creating a district that prides itself on economic excellence, local participation and sustainable communities.   Council's activities are funded by district rates payments and through other funding sources and initiatives.

The organisations strategic direction can be summarised as:

Community Outcomes

- Sustaining Our Environment

Waikato District is a community that believes in environmental sustainability; Council will pursue and promote related ideas and manage regulatory process to safeguard and improve the district.

- Providing value for money

Residents/Ratepayers get value for money because Council finds innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

- Supporting Our communities

Council considers the well-being of all the people in the district during the planning and delivery of Council activities. As such, Council will support and plan for the development of complete and connected communities.

- Building Our Economy

Council aims to attract diverse enterprise/business; creating jobs and opportunities for the districts communities, and, to continue to support existing industry. Support will be provided to others who leverage our location to ensure tourism brings benefits to a range of people in the districts communities.

- Working Together

Council will work with communities to collectively focus on the right things at the right time.

Corporate Outcomes

- One highly engaged team

In the midst of a diverse and rapidly changing community the organisation operates as one team working together across projects and disciplines; supporting, challenging and inspiring each other. Together, the Executive, Management and Staff can achieve more for the community and are proud of everyone's contribution to making Waikato District Council a great place to work.

- Partnering in a proud and thriving economy

Waikato district is home for young and old, from tangata whenua to those just arrived, the district fosters pride of place for generations. Our people excel and our elders are connected. Business, both urban and rural, is thriving and quality jobs are plentiful. Council co-design decisions with the community and is actively interested in the future. The district is excited and proud of the future we are building.

- Effortless customer experiences

Engage. Educate. Enforce. From the simplest interactions to working together in complex situations Council empowers customers with knowledge, value their time and enforces regulation with consistency and transparency. Council's interactions ensure that customers understand that they are our focus.

Waikato District Council - Risk Appetite Statement

Council is driven by the corporate and community objectives and recognises that the body of work to achieve these objectives is comprehensive. Internally there is a significant change focus driven by the strategies to deliver on the commitments that have been made. To facilitate achievement of Council's objectives the organisations internal focus is based on effective planning, successful community engagement and on making the right decisions to ensure Council is 'doing the right thing' to meet the community's needs.

Council is willing to take well defined risks at a low to moderate level where it will result in the achievement of strategic objectives; such aspects include projects, strategic, and operational areas. Council understands that the successful achievement of its objectives is significantly supported by its perceived reputation with its customers. Accordingly, Council is not willing to accept risks that would adversely impact its reputation.

Where the organisation is determined to adopt strategies, initiatives or actions that could exceed the stated risk appetite, the Executive Leadership Team and Council, through its Audit & Risk Committee, would expect to be fully consulted prior to those activities commencing.

The risk appetite statements in this document are for Council itself and any partners, contractors or participating associates. Further detail on individual material areas of risk are set out subsequently in this document.

Waikato District Council - Risk Appetite Statement

Risk Appetite and Statement

RISK	RISK APPETITE	RISK APPETITE STATEMENTS	POTENTIAL KEY RISK INDICATOR
CUSTOMER: Strategic	Moderate	Council has a moderate risk appetite for strategic risk. The organisation seeks opportunities to enhance the value it delivers to its customers. Lack of action in the strategic forum can impact Councils ability to remain relevant to its customers, specifically in time of increased growth. Therefore, Council is willing to take a moderate amount of risk in achieving objectives through key strategic investment such as digital transformation, economic development, and innovation (within constraints of policy).	• Delays in launch/progressing key strategic initiatives
CUSTOMER: Reputation/ Image	Low	Council has a low risk appetite for risks that may adversely impact the organisations reputation, image and branding. Being a public sector the risk appetite is driven by Council and the Executives desire to make our communities feel trust in Council and for our customers to understand that we have their best interests at heart. We want our customers to view us as experts whose purpose is to provide for them. For this reason, Council and the Executive prefer to make decisions on items that may impact reputation or community relationships.	• Media response • Complaints/Compliments
CUSTOMER: Environmental	Low	Council has a low risk appetite for environmental risk and potential of challenge. Council is a community that believes in environmental sustainability and is willing to pursue and promote environmental initiatives to improve the district such as the 'Zero Waste' target introduced in 2016. Councils planning controls, for buildings, transport, infrastructure and recreation, along with service provision, assist in protecting cultural heritage and the natural and physical environment and monitoring activities to ensure compliance with legislation.	• Challenge of decisions • Maintaining monitoring programme
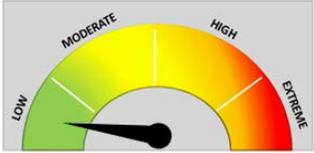
Waikato District Council - Risk Appetite Statement

FINANCE: Finance	Moderate	Council has a moderate risk appetite for financial risk. With consideration to financial risks related to the financial management of WDC and the ability to fund Council activities and operations now, and into the future Council aims for a change of approach to be more proactive rather than reactive (we need to spend to achieve; not because poor process has resulted in overspend, but because it is the right way to do things and we are getting value for that money). Council is willing to accept greater financial investment as a way of delivering better outcomes and making hard decisions around finances for the future (we need technically based conversations).	• Variance to budget o Opex o Capex
INTERNAL PROCESS: Operational	Moderate	Council has a moderate risk appetite for operational risk. Continuity of services and availability of accurate and timely information to Council and the Executive is considered a key approach. Poor operational risk management can damage Council's reputation and cause financial loss. Through our operations we do have some tolerance for risk to ensure that we are delivering services efficiently to our customers and, both currently and in the future, allowing opportunity for innovation. Our diverse environment necessitates some operational risk such as those associated with geotechnical and specific asset management. Councils approach to operational risk is that we need to be 'good enough' to ensure continuity of essential services with consideration to value for money and likely future growth.	• Business continuity/IMT • Operational KPIs (number required through BU/GM reports)

Waikato District Council - Risk Appetite Statement

INTERNAL PROCESS: Projects	Moderate	Council has a moderate risk appetite for project risk. The diverse nature of the organisation requires it to undertake big projects to continue to effectively deliver services to the community. In the interest of achieving our long term objectives and with consideration to the growth in our district it may be necessary to take some project risks to enable us to develop our district and grow the economy. We want to move away from concentrating on the time and cost of projects and instead focus on delivering the right solutions. Consideration therefore on the degree of project risk that may be taken should be given in light of potential reputational damage and loss of customer trust and confidence.	• Number of failures of benefits realised through key projects • Project KPI's (RAG reports)
INTERNAL PROCESS: Compliance	Low – Moderate	Council has a low to moderate risk appetite for non-compliance with regulation and internal policy. As a local government body Council is subject to regulatory changes. The risk appetite is driven by Council and the Executive having a strong desire to be compliant with regulatory requirements to ensure that customers, staff and Council are appropriately protected from exposure to liability. Council takes the approach of 'Engage; Educate; Enforce'. Subsets of the risk appetite can be defined as follows: • H&S – Low • Legislation – Low • Corporate – Low • By-laws – Moderate • Consenting – Moderate/Low	• Number of non-compliances identified through the compliance programme • Instance of non-compliance raised by a regulatory body • New/Changed legislation • Training or other KPIs

Waikato District Council - Risk Appetite Statement

INTERNAL PROCESS: Fraud	Low	Council has a low risk appetite for internal or external fraud. As a tax payer funded organisation, even a minor fraud incident or suspected fraud will result in the loss of customer trust and confidence. The biggest risk of internal fraud is through the delegation and procurement process.	• Identified incident of fraud by Councillor, Executive, Staff or Partner • Number of control breakdowns identified through audit and compliance programme • Lead Indicator – Whistleblowing events
INTERNAL PROCESS: Growth	Moderate	Council has a moderate risk appetite for risk associated with growth as we want to support any growth or economic activity. Growth rate in the Waikato district is expected to surpass Hamilton and match Auckland's over the next 26 years. Providing affordable housing, essential services and social infrastructure for the increasing population has a number of challenges including added pressure on Council staff to manage increasing workloads that deliver planning and consenting requirements. In order for Council to facilitate development they are willing to look at new and innovative ways of providing services. Exploring beneficial partnerships, providing incentive for local businesses and supporting and promoting social initiatives such as place making and environmental programmes all contribute.	• Meeting NPS requirements • Developer survey • Economic development net promoter score
ENABLERS: Cyber Security & IT Dependence	Low – Moderate	Council has a low to moderate risk appetite for cyber security breach. Due to growing dependency on technology and increasing threat of attacks, the organisation believes that ongoing attention is required to manage IT-related risks. Despite this, with a future view, Council still wants to actively look for opportunities to use technology to improve customer services. It is likely however that a major cyber security breach or exposure will adversely impact customer trust and confidence. Additionally, Councils increased reliance on technology requires the business to maintain confidence in the technical capability of existing equipment, tools, software, hardware and technical performance	• Number of security incidents caused by malicious software • Number of audit findings where recommendations have been accepted but not remediated/ have become over-due

Waikato District Council - Risk Appetite Statement

		from a business continuity perspective.	
ENABLERS: Zero Harm	Low	Council has a low risk appetite for zero harm risk. Employee wellbeing is a top priority. Council works hard to uphold safe practices and is committed to invest to review and improve safety practices and performance. We aspire to be better than good enough.	• Number of zero harm incidents (including near miss) • Lead KPI - TRIFFR
ENABLERS: People & Culture	Low	Council has a low risk appetite people and culture risks. These include risk relating to attracting and retaining key staff and risk associated with the culture and conduct of staff, including our partnerships. Council recognises that human capital (with consideration to people's knowledge, skills, attitude and behaviours) is a critical asset and key to achieving the organisations long term objectives. Our current environment demonstrates that there is significant competition for talent and a nationwide resource deficiency in many of the business areas that provide essential services for our customers. This shortage however will not see the organisation compromising on its commitments to the values that ensure a complaint, healthy, and productive workplace culture. Council is willing to invest in attracting, developing and retaining talent with the right skill sets and competencies, and will maintain a robust succession plan for key positions to ensure leadership continuity.	• Staff turn-over • Decline in staff engagement survey • Number of internal complaints and investigations • Whistleblowing • Bullying

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

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion
	Chief Executive
Date	12 March 2018
Prepared by	Lynn Shirley
	Zero Harm Manager
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318 / 1866302
Report Title	Waikato District Council Zero Harm Safety Management System

1. EXECUTIVE SUMMARY

The purpose of this report is to present an overview of the Waikato District Council Zero Harm Safety Management System (ZHSMS) to the Audit & Risk Committee and provide an update on current health and safety performance.

2. RECOMMENDATION

THAT the report from the Chief Executive be received.

3. BACKGROUND

Primary Objective

To develop a sustainable zero harm culture supported by sound systems, policies, standards and procedures that enable best practice workplace health and safety performance. We aim for more than just compliance by observing the principle that workers and others should be given the highest level of protection against harm to ensure their health, safety and wellbeing.

**Zero Harm Safety Management System (ZHSMS)**

Tertiary level was achieved in the ACC Work Safety Management Programme ("WSMP") following an external audit in 2016.

In December 2017 and January 2018 an appraisal of the Waikato District Council Health and Safety Manual and associated Promapp processes was undertaken in conjunction with a review of the current Zero Harm strategy and action plan.

The Zero Harm strategy for 2017-2018 has been revised and key areas of focus are illustrated in the following diagram.

Work has commenced on updating and expanding the content of the WDC Health and Safety Manual to cover all aspects of a safety management system which will be known going forward as the WDC Zero Harm Safety Management System.

The WDC Zero Harm Safety Management System will establish the minimum standards for planning, implementing and managing health and safety to ensure our people work safe and go home safe every day.
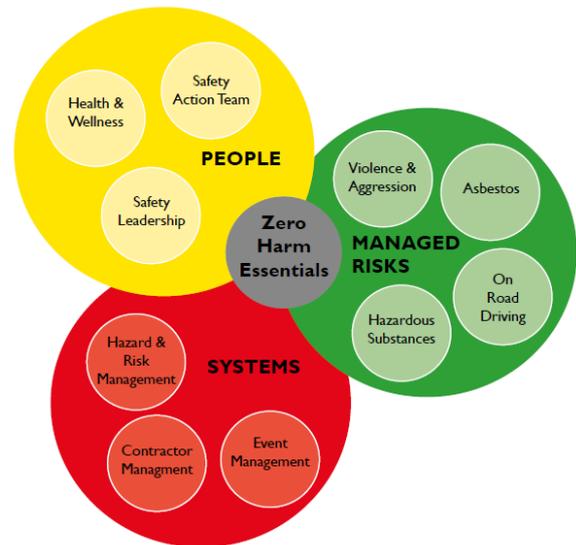
Event Management

All events (e.g. workplace personal injuries, near misses and property damage incidents) are being recorded in BWare Safety Manager and reviewed by the Zero Harm team on a daily basis. Section 1.3 of the Zero Harm Safety Management System detailing our Event Management requirements has been developed and reviewed by Management. Work is underway to develop a new weekly H&S dashboard.

Events are now being classified using a severity rating system. This includes near miss events which are now being classified as either a minor near miss (Severity 7) or a serious near miss (Severity 3).

Contractor Management

Work is progressing in conjunction with WDC contract managers to review the health and safety processes that are in place with our current contractors. Particular focus is on the content of site/contract specific health and safety plans and the monitoring/auditing of contractor activities whilst work is underway. The Zero Harm team is also developing a Contractor Health and Safety Standards booklet to clearly define and communicate our health and safety expectations to our contractors.

Hazard and Risk Management

Work has commenced on reviewing the H&S Critical Risk Register. Fourteen critical risks have been identified and Bowtie Analysis has commenced for the following:

- Asbestos
- On Road Driving
- Hazardous Substances
- Workplace Violence and Aggression

The Bowties for each risk will be loaded into BWare Safety Manager and actions assigned to implement any controls that are not yet in place. The completion of assigned actions for

hazards or corrective actions from event investigations will be one of the new lead health and safety performance measures to be reported on in the new weekly H&S dashboard.

Ceiling Spaces

As discussed at the last meeting, a review of the ceiling space has been completed in the Ngaruawahia Office and no issues were identified. Another issue that has been identified is the type of lights being used in the Ngaruawahia office which has given rise to health and safety issues at other facilities (not council buildings). A tender process is underway to review the lights and also ceiling spaces in other council buildings.

Organisational Engagement

The 2018 Work Safe, Home Safe staff event, was held on the 15th March in Ngaruawahia and 16th March in Tuakau. To date 263 staff have attended a 45 minute session. Additional sessions will be organised for those staff that were unable to attend.

This event which was delivered last year when staff returned from Christmas holidays was deliberately postponed to enable the revised Zero Harm Essentials and health and safety strategy to be finalised. These items are key components of the Zero Harm programme for 2018 and fundamental to achieving our Zero Harm vision.

The sessions were presented by the Zero Harm team and members of the ELT.

4. CONSIDERATION

4.1 FINANCIAL

There are no direct financial requirements identified in this report. A zero harm budget is available for supporting initiatives within the organisation.

4.2 LEGAL

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

4.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Council has a Zero Harm Strategy which forms the basis of our health & safety systems and philosophy. A Zero Harm Strategic Plan was reviewed earlier in the financial year.

4.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	☐	☐	✓	☐	☐

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

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

5. CONCLUSION

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

Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker
	General Manager Strategy and Support
Date	07 March 2018
Prepared by	Melissa Russo
	Corporate Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 1913208
Report Title	Annual Report 2017/18

1. EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit & Risk Committee with an update from staff on the project scope for the 2017/18 Annual Report and Summary including key deliverables and milestones.

2. RECOMMENDATION

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

3. BACKGROUND

Section 98 of the Local Government Act 2002 requires Council to prepare and adopt in respect of each financial year, an Annual Report. The purposes of an Annual Report are:

▪ To compare the intended level of performance with the actual level of performance during the relevant financial year, as set out in the Long Term Plan; and

▪ To promote the local authority's accountability to the community for the decisions made throughout the year.

The annual report must be completed and adopted, within four months after the end of the financial year to which it relates. The financial year runs from 01 July to 30 June, therefore the report must be adopted by 30 October each year.

4. OBJECTIVE AND DELIVERABLES

Produce an Annual Report and Summary for the 2017/18 financial year that:

1. Complies with legislative and Audit New Zealand requirements.

2. Addresses matters raised in the Management Report received from Audit New Zealand in respect of the audit of Waikato District Council for the year ended June 2017.

3. Outlines the activities, levels of service delivered and the cost of providing those services.

4. Assesses our efficiency, effectiveness and the cost-effectiveness of our activities.

5. Makes sense and is relevant to all our stakeholders i.e. residents, ratepayers, Councillors and staff.

5. MILESTONES

Description	Date
First interim audit	23 April – 4 May
Second interim audit	18 June – 22 June
Final audit	27 August – 14 September
Audit New Zealand verbal clearance	TBC
Audit & Risk Committee – review of Annual Report from a risk perspective	17 September
Strategy & Finance approve Annual Report and Summary to Council for adoption	26 September
Council adopt Annual Report and Summary	08 October

Staff met with Audit New Zealand to discuss key Waikato District Council issues. The dates of the two interim audits and the final audit are indicative from Audit New Zealand and are yet to be finalised.

We are yet to receive the list of special interest items Audit New Zealand will be focussing on at the requirement of the Office of the Attorney General. This will be circulated to the Audit & Risk Committee when received.

6. CONCLUSION

Council is required to adopt an Annual Report and Summary by 30 October each year. The Annual Report and Summary will be audited by our auditors, Audit New Zealand prior to adoption.

7.   ATTACHMENTS

Audit Plan for the year ending 30 June 2018

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Waikato District Council

For the year ending 30 June 2018

Audit plan

I am pleased to present the arrangements for the audit of Waikato District Council (the District Council) for the year ending 30 June 2018. The purpose of this audit plan is to discuss**:**

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

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

We are committed to delivering a high-quality audit. Our audit is risk based, which means that we focus on the areas that matter. Every member of the audit team will contribute to achieving the highest standard of professional excellence.

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

Yours sincerely

Leon Pieterse
Director
19 March 2018

Areas of emphasis for the audit and our audit response

Focus areas

Based on the planning work and discussions that we have completed to date, we have identified the areas which we consider to be of audit emphasis. This includes business risks and issues facing the District Council that may result in risks of material misstatement in the District Council's financial statements and/or service performance reporting.

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

Areas of emphasis	Our audit response
Property, plant and equipment	
In line with the accounting policies of the District Council, infrastructure assets, land and buildings are periodically revalued. PBE IPSAS 17 *Property, Plant and Equipment* requires that valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. For those asset classes that are not earmarked to be revalued this year, the District Council needs to perform a fair value assessment to determine if there is a material difference between their carrying amount and their fair value and whether a revaluation is required or not. It is important that this assessment is made at an early stage to avoid the risk of this becoming an issue at a late stage of the audit.	We understand the District Council intends to revalue infrastructure assets this year. For classes of assets subject to revaluation during the year we will: • review the scope of the valuation performed and ensure it has been completed in accordance with the appropriate standards; • consider whether the entire asset class has been revalued; • make enquiries of the valuer regarding the assumptions used in the valuation and assess their suitability to undertake the valuation; and • review adjustments posted to the general ledger as part of the revaluation and related disclosures. For classes of assets not subject to revaluation, we will review the District Council's assessment of whether there is any material difference between the carrying value and fair value.

Areas of audit interest	Our audit response
Development contributions	
Development contributions form a significant part of revenue and funding for capital projects in those areas of significant growth. Total development contribution revenue was $8.5 million in the 2016/17 financial year.	We will review the District Council's controls to check that development contributions are charged in accordance with the development contribution policy. We will confirm that the use and application of development contribution funds are appropriate and correctly accounted for.

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

Fraud risk

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

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

- What role does Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?

- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?

- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?

- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?

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

Our responsibility

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

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;

- evaluate the effectiveness of internal controls in mitigating the risks;

- perform substantive audit procedures; and

- remain alert for indications of potential fraud in evaluating audit evidence.

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

The risk of management override of internal controls

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

Our response

Our audit response to this risk includes:

- testing the appropriateness of selected journal entries;

- reviewing accounting estimates for indications of bias; and

- evaluating any unusual or one-off transactions, including those with related parties.

Our audit process

Initial planning

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

Understand your business and environment

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

Assess audit risk

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

Evaluate internal controls (interim audit)

During the interim audit, we update our understanding of internal control. This includes reviewing the control environment, risk assessment processes, and relevant aspects of information systems controls.

Finalise the audit approach

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

Gather audit evidence (final audit)

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

Conclude and report

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

Materiality

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

- influence readers' overall understanding of the financial statements and performance information; and

- influence readers' in making decisions about the stewardship and allocation of resources, or assessing your performance.

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

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective.

Whether information is material is a matter of judgement. We consider the nature and size of each item judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Materiality will be lower for some items due to their sensitivity.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and performance information. During the audit, we will provide details of any such misstatements we identify to an appropriate level of management.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from representatives of the Council that specify the reasons why the corrections will not be made.

Professional judgement and professional scepticism

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

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

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

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

How we consider compliance with laws and regulations

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

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

Wider public sector considerations

A public sector audit also examines whether:

- the District Council carries out its activities effectively and efficiently;

- waste is occurring or likely to occur as a result of any act or failure to act by the District Council;

- there is any sign or appearance of a lack of probity as a result of any act or omission by the Council or by one or more of its members, office holders, or employees; and

- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the Council or by one of more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council

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

Reports to governors

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

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

Audit logistics

Our team

Our senior audit team members are:

Leon Pieterse	Appointed Auditor
Jo Smaill	Engagement Quality Control Reviewer
Maree Procter	Audit Manager
Jaimala Singh	Assistant Manager
Robyn Dearlove	Information Systems Auditor

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

Audit logistics

Timetable

Our proposed timetable is:

23 April 2018	First interim audit begins
18 June 2018	Second interim audit begins
9 July 2018	Draft interim management report issued
20 July 2018	Management comments received on draft interim report
24 July 2018	Final interim management report issued (including management comments)
22 August 2018	Draft annual report and summary annual report available for audit
27 August 2018	Final audit begins
17 September 2018	Updated annual report and summary annual report available, incorporating all the amendments agreed to between us[1]
26 September 2018	Verbal audit clearance given
26 September 2018	Draft final detailed management report issued
5 October 2018	Management comments received on the draft final report
8 October 2018	Audit opinion issued
8 October 2018	Final detailed management report issued (including management comments)

[1] including any Chair's and Chief Executive's overview or reports

Expectations

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

Our respective responsibilities are set out in our audit engagement letter dated 28 April 2017.

We expect that:

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

- staff will provide an appropriate level of assistance;

- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;

- management will make available a detailed workpaper file supporting the information in the financial statements; and

- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We have also published information to explain what to expect from your audit:
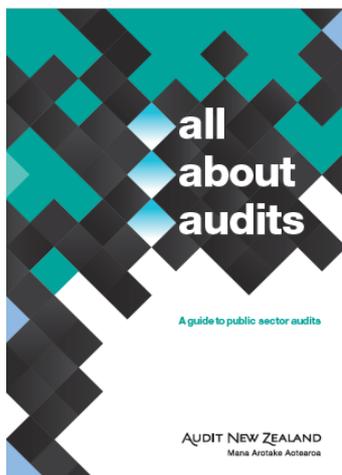
Health and safety

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

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

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker
	General Manager Strategy & Support
Date	07 March 2018
Prepared by	Melissa Russo
	Corporate Planner
Chief Executive Approved	Y
Reference #	GOV1318 / 1913165
Report Title	March update on progress against Audit issues

1.   EXECUTIVE SUMMARY

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

Limited progress has been made during the last quarter given other organisation priorities. The remaining actions are now more time consuming and hence require dedicated project management which we expect will be available with current recruitment activity.

2.   RECOMMENDATION

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

3.   SUMMARY OF PROGRESS

The tables below outline the areas and status of issues - either completed, in progress or pending since the last report in December.

Areas of audit issues – March 2018

	Pending	Work in progress	Complete	Total
Audit New Zealand	4	4	21	29
Cyber security	20	4	10	34
Internal audit	0	0	5	5
Procurement and contract management	0	7	8	15
Risk management	8	7	22	37
Project management	2	7	24	33
Total	**34**	**29**	**90**	**153**

Areas of audit issues – December 2017

	Pending	Work in progress	Complete	Total
Audit New Zealand	5	4	20	29
Cyber security	21	5	8	34
Internal audit	0	0	5	5
Procurement and contract management	0	7	8	15
Risk management	8	7	22	37
Project management	2	7	24	33
Total	**36**	**30**	**87**	**153**

Pending issues are those classified as '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 before the end of the financial year. A number of the "pending" items require an investment of time staff don't currently have. Following recruitment of new staff and establishment of positions, timelines will be reassessed.

Risk Management

The Audit & Risk Committee made recommendations for change to the risk appetite statements at a workshop held in December 2017. These recommended changes will be presented to the Audit & Risk committee for adoption at the March 2018 meeting.

Project Management

Risk management is gaining increasing focus within the local government sector, given it is a key component of an effective governance framework. Waikato District Council ("WDC") has an enterprise risk management framework in place but would like to get an independent view on the maturity of the framework and potential recommendations to improve risk management within WDC.

Information Management ("IM") – Audit New Zealand

The disaster recovery ("DR") site at Tuakau has been tested on 09 February by starting one of the replicated servers at Tuakau after switching off its equivalent in the Ngaruawahia server room. This was successful. The server was a Citrix server, and it was tested by logging into and creating a Citrix session on the replicated server. The DR set up is created by replicating the critical servers from Ngaruawahia to Tuakau. If the Ngaruawahia server room is unavailable for an extended period of time, the DR site would be started up. The servers at Ngaruawahia are replicated each night to Tuakau, meaning the site is approximately 24 hours behind.

In terms of improving overall capacity management, the team have reviewed disk storage growth patterns and established a regular review of growth and remaining capacity. This regular review is part of the IM calendar process. Actions are underway to increase capacity on the Tuakau DR SAN.

There has been some progress on "device registers". There is now a published register of server hardware, including the schedule for replacement against planned budgets. This year's servers are on order.

Overall, the IM calendar process is embedding the solutions to IM audit issues into the regular work of the IM team. This is a positive step and will reduce the risk of falling back into bad practices. However, there a number of audit items that are still to be progressed at all. Most of these are not the exclusive responsibility of IM and require a considerable collaborative effort across several council teams. The volume of other activity around council means there is no capacity to prioritise these, but following staff recruitment as referred to above, a reassessment will be made.

4. CONCLUSION

There is a total of 153 issues that have been raised by various audits across the organisation, 90 of which are complete, an improvement of 3 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	Date first raised	Proposed Action/Plan - March A&R Committee comment	Who	By When	Status	Comments
AuditNZ	Segregation of duties	Establish controls for a 'one up' approach to the approval purchase orders	Jul-16	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.	Alison	Dec-17	Work in progress	The revised procurement programme will re-schedule investigation of one-up approvals over the next two years. The intention is to avoid any roadblocks in procurement that may arisie from the requirement to be readily accessible to emails. In the interim, reporting out of the EPO system will be usd to mitigate risk.
AuditNZ	IT Service performance	Change Management	Jul-16	We have not progressed Change Management due to other work.	Julian	TBC	Pending	251017 - still to be planned although no firm date yet.
AuditNZ	Service performance reporting	Job summary sheets that record the date and times the job started and finished	Jul-16	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	Pending	
AuditNZ	User Access	Review of users who have remote access	Jul-16	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	251017 - Active Directory is terminated when staff leave, this removes remote access immediately for ex-staff. A full review of staff with remote access has not been completed due to priorities and workload.
AuditNZ	Systems Updates	Create IT asset register	Jul-16	In progress for completion by year end.	Phil	Jan 30 2018	Work in progress	251017 - looking to refresh PC register with ME upgrade Nov 2017. Tablets being reviewed before Dec 2017.
AuditNZ	Contract management	Develop and implement a contract management system	Jul-16	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. This has now been placed in the Long Term Procurement work programme.	Raj Java	Dec-17	Work in progress	Contract management software would 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. This is now in the LT work programme. Tech One have not started work on this module as yet (Feb 18), so it may be necessary to consider an interim option or an alternative provider.
AuditNZ	IT Service performance	Monitoring and reporting	Jul-16	We have not progressed this due to other priorities and workload - to be completed early in 2018.	Susan	Jan 30 2018	Pending	251017 - SLA reporting to be introduced with ME upgrade in November 2017 and finalised in January 2018.

AuditNZ	Systems Updates	All devices have virus definition updates and patches applied	Jul-16	WSUS server has been refreshed and updated. All Windows PCs now have key security updates applied automatically. Further work on Antivrius is in progress.	Wade	Jan 30 2018	Work in progress	251017 - Sophos chosen, implementation started. PC patching for all Windows patching is in test. Server schedule confirmed, key security patches applied to most.
Cyber Security	Bus Own and Direction for IT	Rec02: Business owners (from Rec01) formalise information security requirements for the assets owned	Dec-15		ELT	Pending outcome of above recommendation	Pending	
Cyber Security	Bus Own and Direction for IT	Rec03: Integrate ICT governance in to council governance processes	Dec-15		ELT		Pending	
Cyber Security	Bus Own and Direction for IT	Rec08: Improve employee engagement	Dec-15	Connections leadership training almost complete, Ilume team coaching programme 50% complete. ELT to consider next steps in terms of People leader development. HR Manager is currently developing a future work programme.	ELT & HR	Ilume due to finish prior to Christmas	Work in progress	Good progress being made.
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	Dec-15	We have not progressed this due to other priorities and workload. It is currently not scheduled.	HR & IM	TBC	Pending	
Cyber Security	Employee and contractor practices	Rec04: Outline information security requirements in employees job descriptions	Dec-15	We have not progressed this due to other priorities and workload. It is currently not scheduled. Requires extension work across the whole organisation.	HR & IM	TBC	Pending	
Cyber Security	Employee and contractor practices	Rec02: Improve management of disgruntled employees	Dec-15		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.	Dec-15	We have not progressed this due to other priorities and workload. It is currently not scheduled.	HR, IM & Comms	TBC	Pending	
Cyber Security	Bus Own and Direction for IT	Rec05: Review and report on internet sites visited to gauge use of shadow IT and cloud	Dec-15	We have not progressed this due to other priorities and workload. It is currently not scheduled.	IM	TBC	Pending	

Cyber Security	IM practices	Rec06: Review and improve asset management, monitoring and capacity planning (including for environment support systems)	Dec-15	Device Registers are under development, especially for PCs with the current roll out of new PCs. However work is delayed due to the requirement for the same staff to do BAU support on a daily basis. Date moved out 4 months.	IM	May 30 2018	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	Dec-15	We have not progressed this due to other priorities and workload. It is currently not scheduled.	IM	TBC	Pending	251017 - Have added as a regular task on calendar.
Cyber Security	IM practices	Rec09: Review and improve monitoring for security incidents, incident response plan, patch management, change control and release management processes	Dec-15	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. Work has started on reviewing the Change Control process.	IM	May 30 2018	Pending	
Cyber Security	IM practices	Rec11: Include link to scam advice on public website and in emails to members of the public	Dec-15	We have not progressed this due to other priorities and workload.	IM	TBC	Pending	251017 - Recommendation still being considered
Cyber Security	IM practices	Rec08: Review and improve communications plan for incident response	Dec-15	We have not progressed this due to other priorities and workload.	IM & Comr	TBC	Pending	See earlier DR / BCP actions under Audit NZ
Cyber Security	Employee and contractor practices	Rec05: Improve clarity and transparency around security roles and responsibilities	Dec-15		IM / HR & ELT	TBC	Pending	251017 - requires stronger business ownership. IM looking at persona definition.
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	Dec-15		Legal & Procurem ent		Pending	
Cyber Security	Mngt of external suppliers	Rec05: Review contractor agreements in terms of information security requirements, record keeping and non-disclosure agreements	Dec-15		Legal & Procurem ent		Pending	

Cyber Security	Mngt of external suppliers	Rec06: Require vendors to use secure development practices and vulnerability testing for applications	Dec-15		Legal & Procurement		Pending	
Cyber Security	Bus Own and Direction for IT	Rec01: Formalise business owners for major information assets and information systems	Dec-15	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	251017 - IM has documented the roles and these are being picked up by some departments.
Cyber Security	Bus Own and Direction for IT	Rec06: Raise awareness on ICT strategy and use of shadow IT and cloud	Dec-15	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	Dec-15		Mark	TBC	Pending	251017 - IM team working in iterations and with kanban boards for greater visibility.
Cyber Security	Bus Own and Direction for IT	Rec09: Identify and address cases of skills dependency in IM team	Dec-15	A request for additional positions and a small structure change to IM was submitted to ELT in June. This has now been put forward fo LTP support by Council.	Mark	Submitted	Work in progress	
Cyber Security	Mngt of external suppliers	Rec02: Review Service Level Agreements with service providers and include penalties where relevant	Dec-15		Procurement & IM		Pending	
Cyber Security	Mngt of external suppliers	Rec03: Undertake service provider management including performance monitoring	Dec-15		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	Dec-15		Procurement & IM		Pending	

KPMG review of Procurement and Contract Management	Contract management	3) Perform a sample-based check of all newly created contracts on a six-monthly basis to identify and reinforce compliance. 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.	Dec-16	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. Better inhouse reports will enable more frequent and indepth analysis also.
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.	Dec-16	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. Procurement should be included in the evaluation team of any open public tender above $125k, to ensure objectivity of the process. To be discussed further and write into Procurement Manual - work in progress.
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.	Dec-16	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	A regional procurement resource has been employed by WLASS to assist in such areas as Contract Management guidance, the Procurement team have met with Ian Potter to discuss monitoring contractor perfromance as an area of concern for WDC. This should be developed within a Contract management system, work to be done March/April to define how to best monitor performance across all contracts.

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	Dec-16	The recent spend analysis undertaken by KPMG will be regularly undertaken in the interim as per recommended ST programme. It is proposed to be run again in February based on December information.	Raj Java	Dec-17	Work in progress	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. As well as employing KPMG dashboard analysis, work has been done on the best way to monitor spend by contract on a more frequent basis, a report developed inhouse to be used by all Contract Managers once appropriate training has been given on this report tool.

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	Dec-16	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. This is included in the Medium Term Procurement Programme.	Raj Java		Work in progress	2) No longer applicable – per above
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.	Dec-16	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 | 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. | Dec-16 | Spend Analysis from KPMG to be used. All suppliers not used for 12 months are currently being deactivated. | 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.   Supplier rationalisation is 90% complete, some further analysis of particular spend categories and numbers of suppliers will allow further rationalisation. Categorisation of suppliers will assist in development of preferred suppliers listing across key areas of the business. |
| 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. | Jun-16 | Will be rolled out via Tendered Supplier who will be identified pre Xmas. | ELT & PMF | | Work in progress | |

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.	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	ELT & PMF		Work in progress	
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.	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	PMF		Work in progress	
Project Management	Adoption of Framework	Enrol project personnel to help pilot the tool to establish buy in.	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	PMF & PMA		Work in progress	To be conducted with PMF as part of on-going programme of works. Work on this will commence after the upgrade 31/08/2017)

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.	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	PMF & PMA		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).	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	PMF & PMA		Work in progress	
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.	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	PMF & PMA		Work in progress	
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.	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	PMF & PMA		Work in progress	

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.	Jun-16	Will be rolled out via Tendered Supplier who will be identified pre Xmas.	PMF & PMA		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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	A&R		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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	A&R, ELT and Risk Coordinator		Pending	

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.	Sep-17	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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	ELT		Pending	
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.	Sep-17	Recommendation still being considered	ELT		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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	ELT		Pending	
Risk Management	Risk Strategy & Appetite	Communicate the RAS to the wider organisation, or at least mid tier management levels.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	ELT	Sep-17	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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	ELT & Risk Coordinator		Pending	
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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	ELT & Risk Coordinator		Pending	Delayed to accommodated ELT training with KPMG
Risk Management	Risk Culture	Risk management awareness sessions and trainings should be considered to enhance risk management capability in the organisation.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	Risk Coordinator	Feb-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	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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	Risk Coordinator	Jan-18	Work in progress	
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.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	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 Strategy & Appetite	Ensure alignment between the documented risk appetite levels and relevant Council policies.	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	Risk Coordinator	Feb-18	Work in progress	
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).	Sep-17	On track - to be completed post Risk Appetite statements being confirmed.	Risk Coordinator & ET	Jan-18	Work in progress	

Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker
	General Manager Strategy & Support
Date	01 March 2018
Prepared by	Madelina Baena-Escamilla
	Continuous Improvement Analyst
Chief Executive Approved	Y
Reference #	GOV1318 / 1906050
Report Title	Update on Process Audit and Quality Improvement

1. EXECUTIVE SUMMARY

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

2. DISCUSSION

2.1. Process Audit Programme

The process audit programme for 2017/2018 is in progress, 14 audits were scheduled to audit 35 business processes. During the first quarter, a total of ten audits (covering 25 Processes) have been completed. Four (covering 10 processes) are in progress, with auditors arranging interviews with the auditees to be completed at the end of March. The ten completed audits resulted in 13 major non-conformances, seven minor non-conformances and 77 recommendations for improvement. Process owners and experts are addressing these non-conformances and making relevant changes process. (See attached Process Audit Status (2017-2018)) @28-02-2018 Activity Report).

2.2. Policy

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

Policies already reviewed by the Staff Engagement Group and approved by Executive Leadership Team:

- Risk Management 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
- Remote Access Policy

2.3. Process Improvement Forum

During the first quarter, we worked with the Environmental Health Team to create 15 processes that will enable the Ministry of Primary Industries to recognise the Waikato District Council Environmental Team as verifiers under the new Food Act 2014. This is a major step towards accreditation.

The Improvement Forum continues to meet on a monthly basis to drive Council's quality management system and encourage process mapping and continuous improvement. In the past month, 18 interviews were carried out with managers and team leaders to identify issues and opportunities within Council key business processes. The results will help create the Improvement Forum work program.

3. RECOMMENDATIONS

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

4. ATTACHMENTS

Internal Audit Status (2017-2018)) @28-02-2018

Audit Schedule 2017 – 2018 (To be completed at 15 March/2018)

Group/Team	Processes	owners and experts	Auditors	Proposed date of Audit	Outcome			Progress update
					Major NC (high)	Minor NC (medium)	Rec (Low)	
Procurement and Contract Management	• 01. Initiate Procurement Project • 02. Identify Procurement Needs and Analyse the Market • 03.Create Specification of Requirements Document • 04. Plan Approach to Market and Evaluation	Rajendra Java Tony Whittaker	Annetta Purdy (Lead Auditor) Samantha Fredrick Evonne Miller	4 Interviews were carried out between 21st Nov 2017 to 16th Jan 2018	2	0	3	Audit has been carried out and report has been sent to the process owner.
	• 05. Approach Market and Select Supplier • 06. Negotiate and award contract • 07. Manage Contract and Relationships • 08. Review Results	Rajendra Java Tony Whittaker	Elijah Tamati (Lead Auditor) Rosemary Towl Jonathan Ward	23 Jan 2018	4	0	5	Audit has been carried out and report has been sent to the process owner.
	• Prepare Request Quotations for Goods or Services (RFQ) • Add Value to Existing Maintenance Contract • Procure from All of Government / Syndicated Suppliers Panel	Rajendra Java Tony Whitaker Reuben Rink	Susan Toogood (Lead Auditor) Shelley Woollett	12 March 2018	4	0	18	Audit has been carried out and report has been sent to the process owner.
	• Appoint Consultant from Professional Services Panel (PSP) • Appoint Consultant from Information Technology Services Panel (ITSP)	Rajendra Java Tony Whitaker Julian Hudson	Phyllis Hefang (Lead Auditor) Robert Ball Lynette Wainwright	12 Feb 2018 to 26 Mar 2018				Audit is in progress.
	• Manage Contract Administration (physical works) • Carry Out Site Inspection	Rajendra Java Reuben Rink	Pam Osborne (Lead Auditor) Christine Cunningham Paul Harrison	07 March 2018				Audit has been carried out, the auditors are writing the report

Finance	• Engage a New Supplier • Create an Electronic Purchase Order • Receipt an Electronic Purchase Order • Set up a New Supplier in Finance One	Nicky Hunter Stephen Thompson	Debbie Dalbeth (Lead Auditor) Alan Kuyper	12/02/2018 to 23/02/2018	0	0	13	Audit has been carried out and report has been sent to the process owner.
Zero Harm	• Report and Investigate a Near Miss Work Event (Non Injury) • Report and Investigate a Work Incident or Injury • Manage Employee Rehabilitation for Work Related Injuries	Kylie Anderson	Reece Turner(Lead Auditor) Kay Warren James Templeton	08 March 2018				Audit has been carried out, the auditors are writing the report
Human Resources/Zero Harm	• Manage Worker who is considered to be not Worksafe • Arrange for employee to be tested for alcohol or drugs • Investigate Misconduct and Take Appropriate Disciplinary Action	Vanessa Jenkins Sarfraz Hapuku	Sharlene Jenkins (Lead Auditor) Madelina Baena-Escamilla	06 March 2018	1	0	15	Audit has been carried out and report has been sent to the process owner.
Libraries	• Manage Library Memberships • Manage Customer Payments/Debt for Library Items • Manage 'Claims Returned' process	Denise Lamb Merren Tait	Helen Williams (Lead Auditor) Tracey Oakes	28 February 2018 to 08 March 2018				Audit has been carried out. Auditors are writing the report.
Roading	• Receive and Enter Vehicle Entrance Application • Manage Requests for Change of Speed Limit	Paul Harrison Wayne Furlong	Sarfraz Hapuku (Lead Auditor) Mark Shaw	13 Mar 2018	1	1	7	Audit has been carried out and report has been sent to the process owner.

Audit Schedule 2017 – 2018 (Carried out at Auditor Training)

Group/Team	Processes	owners and experts	Auditors	Date of Audit / Status	Outcome			Progress update
					Major NC (high)	Minor NC (medium)	Rec (Low)	
Consents - Technical	• Process a Rural or Urban Road Number Request through a Service Requests	William Gauntlett Jodi Bell-Wymer	Shelley Woollett Lynette Wainwright Alan Kuyper	1st Nov 2017	0	3	5	Audit was carried out, and owners have made changes in the process. Audit is closed
Council Support	• Carry out Citizenship Ceremony	Rose Gray Wanda Wright	Samantha Frederick Jonathan Ward	1st Nov 2017	0	0	6	Audit was carried out, and owners have made changes in the process. Audit is closed
Animal Control	• Respond to Dog Attack Process • Firearms Policy	Mark Te Anga Megan May	Robert Ball Paul Harrison Evonne Miller	1st Nov 2017	0	1	4	Audit was carried out, and owners have made changes in the process. Audit is closed
Communications	• Respond to WDC Facebook Comment	Deanna Harris Jacob Quinn	Rosemary Towl Tracey Oakes	1st Nov 2017	1	2	1	Audit was carried out, and owners have made changes in the process. Audit is closed

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker
	General Manager Strategy & Support
Date	13 March 2018
Prepared by	Madelina Baena-Escamilla
	Continuous Improvement Analyst
Chief Executive Approved	Y
Reference #	GOV1318 / 1911338
Report Title	Risk Management Policy

1. EXECUTIVE SUMMARY

Council's Risk Management Policy has been in place since March 2014 and was due for review in March 2017.

A review has been completed and the revised policy is now presented to the Audit & Risk Committee for support, prior to being adopted by Council, via the Policy & Regulatory Committee.

2. DISCUSSION

The Risk Management Policy was due for review in March 2017. In February 2017, as approved by Executive Leadership Team and the Audit & Risk Committee a project was launched to improve organisational risk awareness. As part of the project, KPMG were engaged to provide support and assistance to Waikato District Council on risk direction. To facilitate recommendations from KPMG the policy review was delayed temporarily.

Staff have carried out a full review of the Risk Management Policy, with the policy being reviewed and communicated to the Staff Engagement Group, and approved by Executive Leadership Team. Support is now requested from the Audit & Risk Committee as part of the update process.

The wording in the policy has been updated, improved and clarified along with other changes from the current policy (highlighted in yellow), as follows:

a) Purpose: the types of risk that will be managed (strategic, operational and project level) have now been specified.

b) Definitions: Organisational Risk Register ("ORR") and Risk Coordinator have been refined; the definitions of Risk Forum and Risk Portfolio Manager have been removed.

c) Policy Statements:

<u>Clause 1.0 Risk</u>: has been clarified to advise all strategic risks are to be contained in the ORR and as a minimum, the strategic risks are to be reviewed annually, and the operational risk have to be reviewed every six months.

<u>Clause 2.0 Risk Appetite</u>: the definition of Risk Appetite has been expanded and explained and a reference to the Risk Management Framework has been included.

d) Related Documents and Processes: Links to the processes have been updated.

3. RECOMMENDATIONS

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

4. ATTACHMENTS

Risk Management Policy - 2018

Risk Management Policy

Policy Owner	Chief Executive
Policy Sponsor	Audit & Risk Committee
Approved By:	Waikato District Council
Approval Date:	
Resolution Number	
Next Review Date:	March 2021

Purpose

To explain the system the Council has in place to identify and manage risks at a strategic, operational and project level, which could prevent the Council from achieving its strategic objectives.

The Councils approach to risk management, the risk management process, and the main risk reporting procedures are set out in detail in the Risk Management Framework, which supplements this document.

Definitions

Council	The Waikato District Council Elected Members
'High' or 'Extreme' rated risks	Are risks defined by using the organisation's 'Likelihood and Consequence tables' in the risk management framework.
Organisational Risk Register (ORR)	The risk register containing the organisation's strategic risks and the highest level operational risks. Risks are grouped by portfolio and their association with business structure. Individual risks can have mitigation treatments applied to avoid, transfer or minimize their likelihood or impact.
Risk	An uncertain event or condition that, if it occurs, has a positive or negative effect. Risks can occur from various sources (such as financial, reputation/image, environmental, etc.) and be relevant at either project, operational or strategic levels within the organisation. A risk is quantified in terms of likelihood (probability of occurrence) and consequence (impact).
Risk appetite	Refers to the level of risk that the Council is willing to accept.
Risk assessment	Refers to the overall process of identifying, analyzing and evaluating risks. It includes qualitative and in some cases quantitative assessment.
Risk Coordinator	The Council staff member responsible for co-ordination of risk management activity within the organisation. Administrator of ORR.
Risk management	The culture, processes, coordinated activities and structures that are directed towards managing adverse effects. The risk management process involves communicating, consulting, establishing context, identifying, assessing and evaluating,

	treating, monitoring and reviewing risks.
Risk management framework	A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout WDC.
Waikato District Council or WDC	The Waikato District Council as an organisation.

Policy Statements

1.0 Risk

1. The Waikato District Council (WDC) recognizes that it is obliged to manage effectively and to review regularly its risks at a strategic, operational and project level. The organisation has done this by developing a Risk Management Framework and a range of risk management processes and tools that apply across the organisation.

2. Risk assessment is a major consideration in planning and budgeting processes at all levels in the organisation. Risks must be considered and documented as part of the justification for all new projects. Risk assessment and monitoring must form part of the management of operational activities.

3. All strategic risks are contained within the organisational Risk Register (ORR), which is reviewed and reported quarterly by the risk owners and reported quarterly by the risk coordinator to the Executive team and the Audit committee. The ORR is managed via the online Promapp risk module. As a minimum, the strategic risks are to be reviewed annually.

4. All business units are required to maintain their own operational risk registers. They are managed via the online Promapp risk module. Operational risks and any associated treatments must be regularly assessed for currency. As a minimum, operational registers are to be reviewed every six months.

5. Project risks are assessed and managed by the project lead/project manager and escalated immediately if a high or extreme risk is identified. Project risks are recorded in a project specific risk register within the organisation's project management software.

6. Risk events will derive from, or have consequences in one or more of the identified risk portfolios. They are identified against each risk as risk consequence categories. WDC has eight risk consequence categories defined as follows:

Business Continuity	Compliance regulatory
People	Environmental
Financial	Political & Strategic
Reputation/Image	Technical

7. New risks may be identified at any time by any member of staff and logged in the appropriate Risk Register. Staff must immediately report to the risk coordinator any High or Extreme level risks that arise during the course of the year.

2.0   Risk Appetite

Risk appetite is defined as the level of risk that Council is willing to accept for each of the risk portfolios to achieve objectives. This is ultimately set by Council based on recommendations from the Audit and Risk Committee and the Executive Leadership Team. Risk appetite statements, included in the Risk Management Framework, provide the current risk appetite for the organisation. It should be noted that risk appetite will evolve as strategy changes.

The Chief Executive and the Council encourage the taking of controlled risks to better improve the efficiency and effectiveness of the services and functions that WDC provide on behalf of the community, provided the resultant exposures are acceptable.

The Waikato District Councils Risk Management Framework contains 'Likelihood and Consequence tables' and a correlating matrix that can be used to determine a risk score and to categorize a risk into one of four risk levels (Low, Moderate, High and Extreme). Each risk level has a suggested action plan for appropriate management.

Roles and Responsibilities

All Waikato District Council employees have a responsibility to manage risk in accordance with the Risk Management Policy, Risk Management Framework and Promapp risk management processes.

Council, through its Audit and Risk Committee, have a focus on strategic level risks and have a significant role to play in ensuring the ongoing integrity and transparency of risk management and risk reporting at Waikato District Council. It provides governance for the organisation's risk management. In this role the Audit and Risk committee shall:

a)   Review the organisations risk register (ORR)

b)   Audit the current risk controls and seek assurance of the ongoing management of these controls

c)   Provide guidance on the organisation's risk exposure (effectively establishing the Council's risk appetite) including the identification of new strategic level risks.

Related Documents and Processes

- Risk Management Framework
- Promapp risk management processes
    - o Define risk context & identify risk
    - o Assess risk – strategic & operational
    - o Assess & manage risk – small projects
    - o Assess & Manage Risk - Physical Works Projects
    - o Monitor and Control Risks
- Promapp integrated risk management module (operational & strategic risks)
- CAMMS Project (formerly Integrated Project Management (IPM)) software (project risk registers)

Policy Review

This policy will be reviewed as deemed appropriate by the Audit & Risk Committee, or at least once every three years.

Waikato
DISTRICT COUNCIL
Te Kaunihera aa Takiwaa o Waikato

Open Meeting

To	Infrastructure Committee
	Audit & Risk Committee
From	Jacki Remihana
	Acting General Manager Service Delivery
Date	12 March 2018
Prepared by	Karl Pavlovich
	Acting Waters Manager
Chief Executive Approved	Y
Reference #	INF2018; A&R2018
Report Title	Havelock North Inquiry; Stage Two Discussion Paper

1.   EXECUTIVE SUMMARY

The Havelock North Inquiry Stage One, highlighted the individual failings that contributed to the August 2016 Campylobacter outbreak. Stage Two has focused on the lessons learned from the Havelock North outbreak and what improvements could be made to water supply in New Zealand. The areas of improvement considered were:

▪ Legal and regulatory changes or additions
▪ Operational practice
▪ Any other matters the Inquiry believes may promote the safety of drinking water

From this approach the Inquiry presented several recommendations. These recommendations were prioritised either needing urgent and early adoption or for further consideration for adoption by Government and the Waters industry.

Council is comfortable with its position relative to recommendations of Stage Two.

Council operates water supply networks that currently comply with Drinking Water Standards (DWSNZ), have multiple barriers against contamination and, apart from Onewhero, are chlorinated. Council anticipates that the most significant impact of recommendations made in Stage Two of the Inquiry will be felt in the operational space, not infrastructure.

Council remains in a good position to mitigate the impact of change, through ongoing the investigations into the development of a new Waters business model.

2.   RECOMMENDATION

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

3. BACKGROUND

The Havelock North Inquiry Stage One, highlighted the individual failings that contributed to the August 2016 Campylobacter outbreak. Stage Two focused on what lessons were learned from the Havelock North outbreak and what improvements could be made to water supply in New Zealand.

This report is intended to touch on specific key recommendations presented in Stage Two of the Inquiry and provide discussion on the overall impact of these recommendations to Council's Three Waters business.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

This discussion is broken down into three broad topics:

- Summary of Stage Two
- Council alignment with recommendations
- Impact on 2018-2028 LTP

Discussion of each topic is presented below.

4.1.1 SUMMARY OF STAGE TWO

Stage Two of the Inquiry has 23 recommendations. Of these, nine were recommended for early and urgent adoption.

From a Council perspective, the key recommendations were:

- Promulgation of the six fundamental principles of drinking water safety
- Encourage the establishment of Joint Working Groups
- Urgent amendments to the Health Act
- Establishment of a licensing and qualification system for drinking water supplies and operators
- Creation of dedicated and aggregated drinking water suppliers

4.1.2 COUNCIL ALIGNMENT AGAINST THE FUNDAMENTAL PRINCIPLES OF DRINKING WATER SAFETY

Council is generally well aligned to the fundamentals presented in Stage Two of the Inquiry. Council places significant emphasis on training and compliance with processes. Staff are engaged and empowered to raise concerns they may have around water supply with management to improve drinking water safety.

In addition, Council has initiated several improvements to business-as-usual in the waters space. Council has made moved to entrench Water Safety Plans (WSPs) as the primary reference documentation for all water supplies by linking these documents to Promapp and Waters Asset Management Plan (AMP). These changes were implemented to transform Council WSPs into living documents as both Promapp and Council AMPs are regularly

utilised in "business-as-usual". Further, Council has taken on board advice from the Ministry of Health and have added the Critical Control Points (CCP) to each of our Water Safety Plans. A "source to tap" approach has been taken in identifying CCPs. Identified CCPs have been captured within a Promapp process, enabling quick location and maintenance of CCP documentation. Finally, Council will comply with Ministry of Health recommendation to publish current Water Safety Plans online.

While Council's overall alignment is good, a number of improvement areas have been identified, most significant being the protection of source waters. Council has recently prepared new Catchment Risk Assessments (CRAs) for all drinking water supplies, however has failed to have these CRAs integrated with the draft District Plan in the form of catchment protection zones. To correct this, the Waters team will provide a submission through the Strategy and Planning team to advocate for integration of catchment protection zones in the District Plan. Submissions are due May 2018.

4.1.3 ESTABLISHMENT OF JOINT WORKING GROUPS AND RECOMMENDED AMENDMENTS TO THE HEALTH ACT

Council supports the formation of Joint Working Groups. As the Waikato River is a shared source water for all sub-regional territorial authorities, Council would advocate for a Joint Working Groups at a sub-regional level. Council staff already have well established relationships with Hamilton City and Waipa District Councils through Shared Services and all three are collectively regulated by Waikato Regional Council and the Waikato Drinking Water Unit of Public Health.

Council is also in support of the proposed amendments to sections 69P and 69R of the Health Act. However, Council also believes that the implementation of any amendment should take in to account consideration of the physical and financial ability of all Councils to comply with change on any timescale less than the current five yearly limits for DWSNZ review.

4.1.4 LICENCING AND AGGREGATED DRINKING WATER SUPPLIERS

The most significant impact of the recommendations on Council will be in the operational space. Council is currently addressing the potential impact of these recommendations through investigating changes to the Waters business model, namely the formation of a Waters Governance Board and a management contract with Watercare Services Limited.

4.1.5 IMPACT OF RECOMMENDATIONS ON 2018-2028 LTP

Given the compliance status of Council's water supplies and that multiple barriers exist at all plants, no specific funding was set aside in the 2018-2028 LTP to address the impact of recommendations implemented.

4.2 OPTIONS

N/A

5. CONSIDERATION

5.1 FINANCIAL

N/A

5.2 LEGAL

There are no legal implications. The following pieces of legislation are involved within discussion in the report:

- Drinking-Water Standards for New Zealand 2005 (Revised 2008)
- Health Act 1956
- Resource Management Act 1991

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

- Waikato District Plan
- 2018-2028 Long Term Plan

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

N/A.

6. CONCLUSION

Council supports recommendations presented in Stage Two of the Havelock North Inquiry. However, many of the specific recommendations have little impact on current Council operations. Compliance with the recommendations of Stage Two of the Havelock North Inquiry does not present an obstacle for Council in terms of infrastructure investment. However, significant operational changes may be necessary to meet evolving requirements.

Council currently has a strong "water safe position" but openly acknowledge that further work is required to ensure all principles, as recommended through the findings Stage Two Havelock North, are met. As such, Council is realistic about the risks that exist within our networks and are in the process of putting in place effective training programmes, improving current systems and meeting evolving resources requirements.

Proposed changes in how Council delivers its three Waters business, primarily the formation of a Waters Governance Board and a management contract with Watercare Services Limited, will help Council bridge the gap between existing standards and future standards.

7. ATTACHMENTS

N/A

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker
	General Manager Strategy & Support
Date	26 January 2018
Prepared by	Sharlene Jenkins
	PA General Manager Strategy & Support
Chief Executive Approved	Y
Reference #	GOV1318 / 1889447
Report Title	Updated Future Workplan

1.   EXECUTIVE SUMMARY

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

2.   RECOMMENDATION

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

3.   ATTACHMENTS

Updated Future Work Plan

AUDIT & RISK COMMITTEE
Updated Future Work Plan

Date	Key meeting topic	Standing items for all meetings
29 March 2018	▪ **Review of Council Controlled Organisations Statements of Intent** ▪ **Annual Report Project Planning** Annual Report Programme	▪ **Zero Harm Update** H&S update on H&S performance against agreed targets, systemic issues identified which can be fed into the risk control framework ▪ **Update on Process Audit and Quality Improvement** Rolling review of bylaw & policies – schedule to be agreed ▪ **Post Implementation Reviews and/or Incident Debrief Reports** Post project appraisals on key investments ▪ **Update on Progress against Audit Issues** Update on progress against Audit management report ▪ **Organisation Risk Direction** Update on risk management actions, progress on mitigations and direction of travel of risk ▪ **Procurement Update** Update on procurement and contract management
12 June 2018	▪ **Risk Management framework Review** ▪ **Annual Report Risk Assessment** Annual Report Programme Compliance ▪ **Procurement and Contract Management Review** External contracts	
12 June 2018	▪ **Zero Harm Site Visit** Ngaruawahia Dog Pound 16 Brownlee Avenue, Ngaruawahia 12.30pm–2.00pm (opens 2.30pm)	
17 September 2018	▪ **Audit & Risk Committee Key Achievements** Review of Audit & Risk Committee performance against Terms of Reference ▪ **Annual Report** ▪ **Insurance Renewal Process** Insurance review	
12 December 2018	▪ **Waikato District Council Health & Safety Framework Review** H&S Management framework ▪ **Final Management Report** Audit Management Report ▪ **Risk Appetite Review**	

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion
	Chief Executive
Date	15 December 2017
Prepared by	Rose Gray
	Council Support Manager
Chief Executive Approved	Y
Reference #	GOV1301
Report Title	Exclusion of the Public

1. EXECUTIVE SUMMARY

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

2. RECOMMENDATION

THAT the report of the Chief Executive be received;

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

Confirmation of Minutes dated 13 December 2017

REPORTS

a.   **Procurement Manager's Report**

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

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

b.   Contract Spend Review March

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

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

c.   Risk Asssessment of Council Controlled Organisations' Draft Statement of Intent

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

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

d.   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)

e.   Strada Corporation Limited

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

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

f.   **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),(1)(h),(i),(j)	Section 48(1)(3)(a)(d)

g.   **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 Mrs 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