

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 **TUESDAY, 8 JUNE 2021** commencing at **9.30am**.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

Representatives from Audit New Zealand and KPMG will be in attendance.

3. DISCLOSURES OF INTEREST

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REPORTS FOR INFORMATION

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GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

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

Purpose:

The Audit and Risk Committee is responsible for:

1. Providing objective advice and recommendations to the Council on the adequacy and functioning of the Council's risk management, control and governance frameworks and processes.
2. Ensuring Council fulfils its legal responsibilities;
3. Monitoring the Council's external and internal audit process;
4. Ensuring the independence and effectiveness of Council's Internal Audit processes;
5. Monitoring existing corporate policies and recommending new or amended policies to prevent and prohibit unethical, questionable or illegal activities;
6. Providing a communication link between management, internal auditors/external auditors and Council; and
7. Supporting measures to improve management performance and internal controls.

Terms of Reference:

Risk Management

To review:

1. the Council's risk management framework to ensure it is current and comprehensive, and associated procedures for effective identification and management of financial and business risks, including fraud;
2. whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
3. the effect of the risk management framework on its control environment and insurance arrangements;

4. whether a sound and effective approach has been followed in establishing the Council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically; and
5. the fraud policy and satisfy itself that the Council has appropriate processes and systems in place to capture and effectively investigate fraud-related issues.

Control Framework

To:

6. review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective;
7. review whether management has in place relevant policies, processes and procedures, and that these are periodically reviewed and updated;
8. determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with;
9. review whether appropriate policies and procedures are in place for the management and exercise of delegations;
10. consider how management identifies any required changes to the design or implementation of internal controls; and
11. review whether management has taken steps to embed a culture, which is committed to ethical and lawful behaviour.

External Accountability

To:

12. review the financial statements, provide advice (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Council;
13. satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls;
14. review the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements;
15. satisfy itself that the Council has appropriate mechanisms in place to review and implement, where appropriate, relevant external audit reports and recommendations; and
16. satisfy itself that the Council has a performance management framework that is linked to organisational objectives and outcomes and has appropriate monitoring in place.

Legislative Compliance

To:

17. determine whether management has appropriately considered legal and compliance risks as part of the Council's risk assessment and management arrangements; and
18. review the effectiveness of the system for monitoring compliance with relevant laws, regulations, and associated government policies.

External Audit

To:

19. act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;
20. provide input and feedback on the financial statements and the audit coverage proposed by the external auditor, and provide feedback on the audit services provided;
21. review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations;
22. oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions: and
23. provide advice to the Council on action taken on significant issues raised in relevant external audit reports and good practice guides.

Internal Audit

To:

24. act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;
25. review the internal audit coverage and annual work plan, ensure that the plan is based on the risk management plan, and recommend approval of the plan by the Council;
26. oversee the co-ordination of audit programmes conducted by the internal and external auditors and other review functions;
27. review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
28. monitor management's implementation of the internal auditor's recommendations;
29. review the internal audit charter to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place;
30. recommend to Council the appointment of the internal auditor;
31. periodically review the performance and effectiveness of the internal auditor; and
32. be satisfied that any dismissal of the Chief Financial Officer is based on proper and appropriate reasons, to safeguard the independence of the audit function.

Zero Harm

33. To review:

- a. The Council's Zero Harm safety framework to ensure it is current, comprehensive and adaptive to new and emerging risks.
- b. Whether a sound and effective approach has been followed in assessing the safety critical risks and developing related bowties to manage the risks.
- c. The reporting framework to ensure that the organisation is monitoring what matters.

The Committee is delegated the following recommendatory powers:

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

Administrative arrangements**Meetings**

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

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

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

Membership

In fulfilling their role on the committee, members shall be impartial and independent at all times.

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

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

Attendance at meetings

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

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

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

Reporting

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

The report should include:

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

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

Assessment arrangements

The chairperson of the committee will initiate a review of the performance of the committee at least once every two years and present it to the Council.

Review of Terms of Reference

The committee will review its Terms of Reference at least once a year. This review will include consultation with the Council. Any substantive changes to the Terms of Reference will be recommended for approval by the committee to the Council.

Open Meeting

| | |
|---------------------------------|------------------------------|
| To | Audit & Risk Committee |
| From | Gavin Ion Chief Executive |
| Date | 2 June 2021 |
| Prepared by | Matt Horsfield |
| 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, 10 March 2021.

2. RECOMMENDATION

THAT the minutes of the Audit & Risk Committee held on Wednesday, 10 March 2021 be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

A&R Open Minutes – 10 March 2021

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, 10 MARCH 2021** commencing at **9.30am**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson [*from 9.39am*]
Cr AD Bech
Cr JA Church
Cr JM Gibb

Attending:

Ms G Wyborn (KPMG) via Audio-Visual
Mr D Sutton (KPMG) via Audio-Visual
Ms M Proctor (Audit New Zealand)
Mr C Susan (Audit New Zealand)

Cr EM Patterson
Cr NMD Smith

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer)
Mr R MacCulloch (General Manager Service Delivery)
Mrs S O’Gorman (General Manager Customer Delivery)
Ms A Diaz (Chief Financial Officer)
Mr B Burnard (Project Manager – Long Term Plan)
Mr C Bailey (Finance Manager)
Mr S Toka (Pouhono Iwi ki te Haapori | Iwi and Community Partnerships Manager)
Mr J Quinn (Communications, Marketing & Engagement Manager)
Mr K Abbott (Projects & Innovation Manager)
Mrs K Jenkins (Risk Advisor, Project Management)
Mrs L Shirley (Zero Harm Manager)
Mrs C Pidduck (Legal Counsel)
Mrs LM Wainwright (Committee Secretary)

APOLOGIES AND LEAVE OF ABSENCE**Resolved: (Crs Gibb/Bech)****THAT** an apology be received from Cr Sedgwick;**AND THAT** an apology for lateness be received from His Worship the Mayor.**CARRIED****A&R2103/01**

It was noted that Cr Sedgwick had no questions in relation to the papers.

CONFIRMATION OF STATUS OF AGENDA ITEMS**Resolved: (Crs Gibb/Church)****THAT** the agenda for a meeting of the **Audit & Risk Committee** held on **Wednesday, 10 March 2021** be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 8 which shall be discussed with the public excluded;**AND THAT** all reports be received.**CARRIED****A&R2103/02****DISCLOSURES OF INTEREST**

The Chair, Ms Devlin, advised members of the committee that there were references to Watercare and Waikato Regional Airport in reports in the agenda. She declared an interest as a Director of Watercare and Waikato Regional Airport. It was also noted that there were no decisions required in respect of Watercare nor of Waikato Regional Airport.

His Worship the Mayor advised members of the Committee that he would declare a conflict of interest in item PEX 3.2 *[Risk Assessment of Council Controlled Organisations' Draft Statements of Intent – Waikato District Community Wellbeing Trust]*.

Cr Church advised members of the Committee that she would declare a conflict of interest in item PEX 3.2 *[Risk Assessment of Council Controlled Organisations' Draft Statements of Intent – Waikato District Community Wellbeing Trust]*.

The Chief Executive advised members of the Committee that he would declare a conflict of interest in item PEX 3.2 *[Risk Assessment of Council Controlled Organisations' Draft Statements of Intent – Waikato Local Authorities Shared Services Limited]*.

CONFIRMATION OF MINUTES

Resolved: (Crs Gibb/Bech)

THAT the minutes of a meeting of the Audit & Risk Committee held on Wednesday, 9 December 2020 be confirmed as a true and correct record of that meeting.

CARRIED

A&R2103/03

ACTIONS

Agenda Item 5

The report was received [A&R2103/02] and taken as read. The Chief Operating Officer noted the following matters:

- All actions had been completed and would be removed from the report.

ACTION: Resource Consents Revenue Process Review updates to be added to the Audit NZ status report.

ACTION: Updates on “Opportunity for Improvement”. Staff to circulate an update to the Committee.

REPORTS

Strategic Risk Register and Emerging Risks

Agenda Item 6.2

The report was taken as read. In speaking to the report the Risk Advisor, Project Management highlighted the following points:

- That following the Council Workshop in December, three new risks had been added to the risk register and four had been archived. The Strategic Risk document would be updated and reported back to the next meeting of the Committee.
- Cyber Security – A proposed investment increase had been recommended in the LTP process.

ACTION: The Chief Information Officer to update the Audit & Risk Committee meeting in June in respect of the further investment proposed for cyber security assurance.

- National Emergency Management Agency Rural Water Scheme.

ACTION: Staff to email criteria clarification information to the Committee when received.

- Vaccination roll-out would commence Thursday, 1 July 2021. Vaccinations would not be mandatory but staff would be encouraged to receive the vaccination. Community locations for mass vaccinations could impact Council.

His Worship the Mayor entered the meeting at 9.39am during discussion on the above item.

Risk Conversations – Iwi and Community Partnerships

Agenda Item 6.3

The report was taken as read. In speaking to the report the Iwi and Community Partnerships Manager highlighted the following points:

- Marae and iwi groups had been contacted to ensure Council had the correct point of contact for stakeholder engagement. The database was updated bi-monthly by the team.

The Chair thanked the Iwi and Community Partnerships Manager for his report.

KPMG Rates Processes Review

Agenda Item 6.1

The report was taken as read. In speaking to the report Mr Sutton and Ms Wyborn highlighted the following points:

- The purpose of the review was to assess the rates invoicing and revenue collection processes.
- The controlled environment was effective and the Finance Team's practices were well established with good leadership and communication within the Rates Administration Team.
- 13 controls had been tested through the review process with 3 controls not operating effectively and 4 controls with a component that was not operating effectively. Only 1 medium risk rated finding had been identified which related to the timely followup of outstanding debtors. A lack of evidence had been identified supporting further follow up once debtors had initially been contacted. Management were looking to automate the process by having written followups for all overdue and arrears balances.
- Low rated findings in relation to the deficiencies found in other controls related to a lack of evidence for approvals, checks that were being performed and limitations in Council's policies, processes or guidelines.
- Mortgagees were contacted for unpaid rates. Credit Recovery had assisted in some debts being cleared.
- Automation of some processes had occurred.

Deep Dive Report – Climate Resilience; Emissions Reduction Targets Strategic Risk
Agenda Item 6.4

The report was taken as read. In speaking to the report the Risk Advisor, Project Management highlighted the following points:

- Clear direction had not been received from central government.
- A resource had been identified through the LTP process.
- Data collection must be accurate.
- Council should focus on the targets that could be achieved. The Climate Action Plan/Strategy would be a focus for Council.
- Education was required as climate change would be an organisational and national change. Council needed to drive the awareness through the organisation by ensuring that climate change is reflected in all Council decisions.

Zero Harm Report
Agenda Item 6.5

The report was taken as read. In speaking to the report the Zero Harm Manager highlighted the following points:

- Key focus for the team had been delivery of the work safe, home safe event.
- A performance reflection had been held with ELT in December 2020.
- Supporting contractor management had been a key focus.
- Impacts of mental health and wellbeing.
- Work had been carried out on the contract management process to ensure that the right questions had been asked and contracts were clear when procurement took place.
- Health & safety documentation must be reflective of the work being carried out by contractors. A resource had been requested through the LTP process to assist with contractor management.
- Safety engagement conversations had increased by 51% in the last year.
- Further review of Health and Safety Governance. Scope of the audits would need to be identified.
- “ComplyWith” is a legislative obligations tool that maps gaps within Council. Once obligations had been mapped, a survey would be rolled out to the organisation. Based on the responses, Council would be in a position to analyse the results and explain any partial or non compliance results.

- Bowtie - working with dangerous animals. The additional resource requested under the LTP would assist with the bowtie implementation. Animal Control had acquired an additional resource to assist with this work.

Areas of Audit Focus for the 2021-2031 Long-Term Plan

Agenda Item 6.6

The report was taken as read. In speaking to the report the Chief Financial Officer and Project Manager – Long Term Plan highlighted the following points:

- COVID-19 – communication around recession. Based on the global pandemic, there was a high level of uncertainty in the economic and social environment.
- Work programmes were ambitious and could be a risk to Council. Existing project budgets had been re-forecast.
- The alliance contract with Downer covered operational and capital expenditure.
- Three Waters. There were 3 important projects that had been timelined. Watercare had re-forecast work programmes for the LTP.

Chief Financial Officer Report

Agenda Item 6.8

The report was taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Implications on valuations and LTP. The consultation document would be reviewed by the Council steering group to ensure that it was understandable and clear for ratepayers.
- Detailed feedback had been received from the Office of the Valuer General (OVG). Reconciliation work would be completed before going back to the OVG.

Final Management Report for Year Ended 30 June 2020

Agenda Item 6.9

The report was taken as read. In speaking to the report the Chief Financial Officer highlighted the following points:

- Water and wastewater response times had been reviewed by Watercare.
- Importance of being able to demonstrate, with evidence, the issues around response times.
- Expenditure – segregation of duties – Work had been carried out on the policy process.

Quality and Governance Assurance

Agenda Item 7.1

The report was received [A&R2103/02] and taken as read.

Updated Future Work Plan

Agenda Item 7.2

The report was received [A&R2103/02] and taken as read.

Register of Interests – Elected and Appointed Members

Agenda Item 7.3

The report was received [A&R2103/02] and taken as read.

EXCLUSION OF THE PUBLIC

Agenda Item 8

Resolved: (His Worship the Mayor/Cr Gibb)**THAT the report from the Chief Executive be received;****THAT the public be excluded from the following parts of the proceedings of this meeting.**

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

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|--|---|--|
| Item number 1 Confirmation of Minutes | Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987 | Section 48(1)(a) |
| Item number 2 Action Register | | |
| Item number 3.2 Risk Assessment of Council Controlled Organisations' Draft Statements of Intent | | |
| Item number 3.3 CAPEX Project Delivery Capability Update January 2021 | | |
| Item number 3.4 Register of Interests – Staff | | |
| Item number 3.5 COVID-19 Alert Level Boundary Management | | |

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

| Item No. | Section | Interest |
|--|-------------|---|
| Item 1 Confirmation of Minutes | | Refer to the previous Public Excluded reason in the agenda for this meeting. |
| Item 2 Actions Register | | Refer to the previous Public Excluded reason in the agenda for this meeting. |
| Item 3.1 Fraud Declaration | 7(2)(a) | To protect the privacy of natural persons, including that of deceased natural persons. |
| | 7(2)(c)(ii) | To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest. |
| Item 3.2 Risk Assessment of Council Controlled Organisations' Draft Statements of Intent | 7(2)(b)(ii) | To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. |
| | 7(2)(i) | To enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). |
| Item 3.3 CAPEX Project Delivery Capability Update January 2021 | 7(2)(b)(ii) | To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. |
| | 7(2)(j) | To prevent the disclosure or use of official information for improper gain or improper advantage. |
| Item 3.4 Register of Interests - Staff | 7(2)(a) | To protect the privacy of natural persons, including that of deceased natural persons. |

| | | |
|--|------------|--|
| Item 3.5 COVID-19 Alert Level Boundary Management | 7(2)(c)(i) | To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source and is in the public interest that such information should continue to be supplied. |
| | 7(2)(d) | To avoid prejudice to measures protecting the health or safety of members of the public. |

AND FURTHER THAT Mr Susan and Ms Procter (Audit New Zealand) be permitted to remain in the meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.

CARRIED

A&R2103/04

Resolutions A&R2103/05 to A&R2103/07 are contained in the public excluded section of these minutes.

Having concluded the public excluded meeting, the following items were released into open meeting:

REPORTS (CONTINUED)

Risk Assessment of Council Controlled Organisations' Draft Statements of Intent
PEX Agenda Item 3.2

It was resolved [*Resolution No. A&R2103/06*] during the public excluded section of the meeting that the following resolution be released into open meeting but the report remain confidential and unavailable to the public:

“Resolved: (Crs Bech/Gibb)

THAT any Audit & Risk Committee feedback is incorporated in Council’s response to the draft Statement of Intents for Council Controlled Organisations.

CARRIED”

Open Meeting

| | |
|---------------------------------|--|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 31 May 2021 |
| Prepared by | Sharlene Jenkins Executive Assistant |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Updated Audit & Risk Committee Action Register |

1. EXECUTIVE SUMMARY

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

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

- Updated Audit & Risk Committee Action Register – June 2021

Audit & Risk Committee: Action Register – June 2021

| # | Action | Owner | Date Assigned | Date Due | Status |
|----|--|---|---------------|-----------|--|
| 1. | Action Register – March 2021 Resource Consents Revenue Process Review updates to be added to the Audit NZ status report | Chief Operating Officer | March 2021 | June 2021 | Complete. To be included in the <i>Quality and Governance Assurance</i> report going forward. |
| 2. | Action Register – March 2021 Updates on “Opportunity for Improvement”. Staff to circulate an update to the Committee. | Consents Manager, Consents Administration Team Leader | March 2021 | June 2021 | Complete. This is included in the <i>Quality and Governance Assurance</i> report – and all three Opportunities for Improvement are complete. |
| 3. | Strategic Risk Register and Emerging Risks – Cyber Security The Chief Information Officer to update the Audit & Risk Committee meeting in June in respect of the further investment proposed for cyber security assurance. | Chief Information Officer | March 2021 | June 2021 | Complete. This is included in the <i>Public Excluded Cyber Security June 2021 update</i> report. |
| 4. | Strategic Risk Register and Emerging Risks – National Emergency Management Agency Rural Water Scheme Staff to email criteria clarification information to the Committee when received. | Risk Advisor | March 2021 | June 2021 | Complete. Emailed to Audit & Risk Committee on 28 May 2021. |

Open Meeting

| | |
|---------------------|--|
| To | Audit & Risk Committee |
| From | Alison Diaz Chief Financial Officer |
| Date | 28 May 2021 |
| Reference # | GOV1318/ 3097574 |
| Report Title | Chief Financial Officer Report |

I. EXECUTIVE SUMMARY

This report aims to keep the Audit & Risk Committee abreast of risks and issues that could impact council and its stakeholders from a financial perspective.

Budget 2021

The Government's budget was released on the 20th of May and although New Zealand has performed well during the COVID-19 crisis the direction of this year's budget remains recovery focused ("securing our recovery").

The following are those items deemed relevant to the local government sector:

- Benefit rates will increase by between \$32 and \$55 per week with an increase in the abatement threshold (able to earn more from work before benefits are affected)
- An additional \$132 million on resource management legislation overhaul (RMA)
- An additional \$296 million to fund the costs of creating new entities to manage water infrastructure
- \$3.8 billion has been asset aside for the Housing Acceleration Fund
- \$380 million for Māori housing (new and repairs) through Whai Kāinga Whai Oranga
- \$133 million for Kāinga Ora's urban development functions
- \$200 million for communities that are reliant on international tourism and the tourism sector
- Revenue from the Emission Trading Scheme will be directed to emission reduction programmes
- Funding increase to \$300 million for Green Infrastructure Finance Limited (for investment in climate change mitigations)
- Support for farm emission programmes to meet freshwater and greenhouse gas targets
- \$10 billion investment in road and passenger transport projects
- \$810 million rail investment for the purchase of new locomotives and upgrades to existing rolling stock

Some of the budget items may have particular significance for the Waikato based on the Hamilton to Auckland corridor and possible links to the Housing Acceleration Fund (HAF),

the broad support for rail, the creation of new water entities and consenting activities in general.

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

- Long-term plan (LTP) capital projects may need to be re-prioritised to fit with new opportunities if the funding is not in 'grant form' or the costs exceed the available grant due to debt capacity and/or resourcing requirements (e.g., HAF projects)
- Provision in the LTP for managing the impacts of RMA reform is insufficient or the timing does not align (budget is split over 2 years)
- More competitive market for consenting jobs
- Slow down on three waters projects due to reform, and the possible impact in terms of servicing growth

The opportunities could be:

- Increased capital investment in the district
- More affordable housing could attract new investment and rating growth
- Labour market expansion through training schemes/lift in abatement threshold
- Heightened focus on working collaboration to achieve cross-boundary benefits
- New funding streams for council work programmes

National Infrastructure Strategy

The New Zealand Infrastructure Commission has commenced consultation on development of the 30-year infrastructure strategy, "He Tūāpapa ki te Ora, Infrastructure for a Better Future".

Pre-consultation has already taken place at the individual level to understand the public view on infrastructure issues, and feedback on the development of the strategy will inform the draft strategy for presentation to the Minister for Infrastructure in September 2021.

The consultation document seeks a response to 36 questions under three proposed action areas:

- **Building a better future:**
This includes consideration of climate change readiness, how to attain zero-carbon 2050, adaptation for technological/digital and demographic changes, partnering with Māori, and the protection of critical infrastructure.
- **Enabling competitive cities and regions:**
This includes the need for a responsive planning system, coordinated delivery of housing and infrastructure, improved access to employment, lead infrastructure planning and improved regional and international connections.
- **Creating a better system:**
This includes the integration of infrastructure institutions, equitable funding and financing, better use of existing infrastructure, informed and transparent decision-making, having a prioritised pipeline of work, improvements in project procurement and delivery, improved consenting and activating infrastructure for economic stimulus.

This document, like the productivity commissions work on Local Government Funding & Financing, will set priorities and direction for 'how' infrastructure will be delivered over the next 30 years.

Government reform work such as three waters, the future of local government and streamlined planning features strongly in the outlined options, as does improved outcomes for Māori, resilient adaptive and environmentally sound infrastructure solutions, technological advancement and enabling economic growth.

In terms of specific financial aspects, the following are some of the options being looked at:

- Distribution of the International Visitor Conservation and Tourism levy to local authorities with high international visitor to resident ratios
- Requirement for the Crown to pay rates on land that is currently exempt where there is a demand for infrastructure (e.g., schools, hospitals etc.)
- Changes to transportation pricing mechanisms and possible congestion pricing for urban areas through the removal of legislative barriers
- Incentives for local authorities to use targeted rates or value-capture mechanisms (see attachments) to fund growth infrastructure
- Enabling publicly owned water providers to charge for water and wastewater on a volumetric basis
- Changing of legislation to give councils the option of using land-value change as the basis of a targeted rate
- Consideration of central government funding for the development and implementation of regional spatial plans
- Establishment of a corridor reservation fund for early corridor protection activities such as purchasing key sites for future projects
- Introduction of national planning standards that Local Authorities would adopt with limited variations

Submissions must be submitted by the 24th of June.

District Valuation update

During the review process of the 2020 District Valuation, the Office of the Valuer General (OVG) found several issues that needed rectifying. These issues involved incomplete and inaccurate property and sales files, and insufficient understanding and analysis of the market including market segmentation, particularly for land with future development potential.

These issues were resolved to the OVG's satisfaction, with Council undertaking to ensure there is a clear basis to support the valuation rationale for additional titles for pastoral and dairy farms at the next revaluation in 2023 and ensuring all substantive building consents, such as new dwellings or large other buildings, actioned since 1 January 2020 are reviewed to ensure that they have been valued on the correct rating unit.

As a result of working closely with the OVG and Quotable Value (QV) to obtain approval for the valuation we anticipate the OVG will undertake an audit of council's District Valuation Roll (DVR) maintenance processes sometime within the coming year. If this work does not eventuate, assurance will be sought via an internal audit by an external provider.

Rates notices 2021/22

As of 28 May, 276 district valuation objections have been lodged: 114 are lifestyle, 93 residential, 45 agricultural, 17 commercial and industrial, and 7 others. The objection period closes on 11 June 2021 and is likely to impact preparation for the rates strike.

The quantum of valuation movements coupled with the low level of engagement through the Long-term Plan 2021-2031 consultation, increases the risk that ratepayers will be dissatisfied with the impact of changes on their rates.

There is also a backlog in QV's valuation work on building consents. If this work is not completed by the end of the financial year, the rates revenue for the year could be adversely affected.

A clear communications guide for customer-facing staff will be developed to explain why rates have risen and to assist ratepayers in accessing any available remissions, rebates, or payment plan options.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Link to Budget 2021:

<https://www.budget.govt.nz/budget/2021/wellbeing/index.htm>

Link explaining value capture:

<https://theconversation.com/explainer-what-is-value-capture-and-what-does-it-mean-for-cities-58776>

Link to Infracom Infrastructure Strategy Consultation Document:

<https://infracom.govt.nz/assets/Uploads/Infrastructure-Strategy-Consultation-Document-May-2021.pdf>

Open Meeting

| | |
|---------------------------------|--|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 18 May 2021 |
| Prepared by | Katja Jenkins Risk Advisor |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Strategic Risk Register and Emerging Risks June 2021 |

I. EXECUTIVE SUMMARY

This report details:

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

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. STRATEGIC RISK GAP ANALYSIS

Waikato District Council is managing eleven Strategic Risks. Tables 1, 2 and 3 (below) detail these risks and their alignment with Councils Risk Appetite.

In summary:

- Five risks are currently assessed to be outside of Councils Risk Appetite;
- Four risks are within appetite; and
- Two risks are currently in the process of assessment (recommendation for one of which is contained in the “Deep Dive Risk Report: Affordability”, included in the June Audit & Risk Committee agenda).

Work to review risk treatments for all risks contained within the strategic risk register is underway. This work aims to determine the effectiveness of existing risk treatments and to identify and prioritise gaps. Gap analysis drills into the difference between the residual risk assessment and risk appetite to provide assurance that priority is being given to work that addresses the identified gaps.

Table I. The Strategic Risks documented below **do not** align with Councils current Risk Appetite. Details of work being undertaken to align the residual risk is outlined in the comments column.

| Key | Title | Inherent Rating | Residual Rating | Risk Appetite | Comment | | | | | | | | |
|-----------------------|---|-----------------|-----------------|---------------|--|------------------|----------------------|-------------|---|-----------------------|---|-----------------|---|
| R00184 | Zero Harm Significant harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance/ management of shared health and safety responsibilities with other PCBUs. | Extreme (25) | Extreme (20) | Low | <p>The Zero Harm Strategic Risk control plan has identified 21 treatments. To date the treatment implementation status is as illustrated in the following table:</p> <table border="1"> <thead> <tr> <th>Treatment Status</th> <th>Number of Treatments</th> </tr> </thead> <tbody> <tr> <td>Implemented</td> <td>9</td> </tr> <tr> <td>Partially implemented</td> <td>6</td> </tr> <tr> <td>Not implemented</td> <td>6</td> </tr> </tbody> </table> <p>In the last quarter the following actions have been completed:</p> <ul style="list-style-type: none"> Recruitment for additional fulltime Zero Harm Advisor resource. Funding was approved via LTP purchase and implementation of an electronic legislative compliance tool (ComplyWith). The contract is currently being finalised. It is anticipated that implementation will be completed by end 2021. The Job Safety Analysis (JSA) Management Standard has been implemented and JSA training provided to 30 staff. Contractor H&S Management Training planned for June 2021. Development of an internal audit programme has commenced. Action to continue the implementation of the audit programme is part of the Zero Harm Strategic H&S Plan for 2021/2022. | Treatment Status | Number of Treatments | Implemented | 9 | Partially implemented | 6 | Not implemented | 6 |
| Treatment Status | Number of Treatments | | | | | | | | | | | | |
| Implemented | 9 | | | | | | | | | | | | |
| Partially implemented | 6 | | | | | | | | | | | | |
| Not implemented | 6 | | | | | | | | | | | | |
| R00185 | Asset Management Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose. | Extreme (20) | High (16) | Low | <p>Asset Management Plans have been prepared in support of the LTP which inform proposed operational and capital expenditure proposed in line with agreed levels of service. As soon as the LTP consultation process, hearings and deliberations have concluded, staff will update the AMP's to reflect any changes required. This will then form the basis of our work programme and ongoing operations.</p> | | | | | | | | |

| Key | Title | Inherent Rating | Residual Rating | Risk Appetite | Comment |
|--------|--|-----------------|-----------------|---------------|---|
| R00128 | <p>Cyber Security</p> <p>Council is exposed to significant business disruption caused by unauthorized access or damage to privileged information and or reduced data integrity resulting from cyber-attack or employee behaviour (externally or internally initiated).</p> | Extreme (20) | High (12) | Moderate | <p>Council has a specific 3 year Cyber Security & Maturity Improvement programme focusing on 6 initiatives during the 2021/22 financial year:</p> <ul style="list-style-type: none"> • Improving protection on our email platform; • Improving our people's cyber security maturity; • Improving our baseline protection through lifecycle updates to existing systems & removal of end-of-life technology risk; • Implementing borderless protection (zero trust); • Review & enhancement of our Business Continuity Plans & Disaster Recovery Plan; • Collaboration with the other councils in our region to establish a standardised Security Incident Response Plan. <p>The high-level scope of each initiative and the observations leading to these priority initiatives is contained within Cyber Security June 2021 Update paper (public excluded section of this meeting).</p> |

| Key | Title | Inherent Rating | Residual Rating | Risk Appetite | Comment |
|--------|---|-----------------|-----------------|---------------|--|
| R00189 | <p>Regional & National Strategic Planning & Legislative Reform</p> <p>Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.</p> | High (12) | Moderate (8) | Low | <p>Council continues to have visibility and be involved in relevant discussions through forums including Taituara, Future Proof, Waikato Mayoral Forum, Waikato Plan, and the Regional Planning Managers Forums. Central Government representation and senior officials on Future Proof are helping to provide insights and access to key decision makers. Through the Mayoral Forum we are supporting the Waikato Regional Housing Initiative in upcoming meetings scheduled in May with Minister Robertson and in July with Minister Woods with respect to giving effect to Government's Urban Growth Agenda and housing initiatives.</p> <p>Thorough the forums we have oversight of and are connected with government thinking which will help formulate our response to key policy direction and legislative changes relating to the Review of Local Government, Waters Reform, and three proposed new Acts relating to the repeal of the Resource Management Act i.e. Natural and Built Environments Act ("NBA"), Strategic Planning Act, and Climate Change Adaptation Act ("CAA").</p> <p>With respect to the RMA reform we have set up a cross-council team which meets bi-monthly to share insights and information we might come across in our professional work to the rest of the group. An Exposure Draft of legislation related to RMA reform is expected to be released later this year.</p> |
| R00234 | <p>Climate Resilience</p> <p>Waikato District Council is exposed to litigation or financial impact as the result of failing to meet legislative requirements associated with emissions reduction.</p> | Extreme (20) | Extreme (20) | High | <p>Through the LTP Council has approved funding for a resource to be recruited to coordinate, implement, and oversee the Climate Resilience action plan. In the meantime, staff continue to establish relevant relationships, progress approved actions and increase the organisations understanding of emissions reduction requirements.</p> |

Table 2. The Strategic Risks documented below **do** align with current Risk Appetite.

| Key | Title | Inherent Rating | Residual Rating | Risk Appetite |
|--------|--|-----------------|-----------------|---------------|
| R00230 | Growth Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts. | Extreme (20) | High (12) | High |
| R00190 | People & Culture Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel. | High (16) | Moderate (9) | Moderate |
| R00053 | Business Resilience Business function is significantly disrupted due to a lack of organisational resilience. | Extreme (20) | Moderate (9) | Moderate |
| R00188 | Economic & Social Development Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships. | High (16) | Moderate (9) | Moderate |

Table 3. The Strategic Risks documented below are new. Existing treatments have been identified and analysis of the effectiveness of the treatments is underway. This process will facilitate residual risk assessment and gap analysis.

| Key | Title | Inherent Rating | Residual Rating | Risk Appetite |
|--------|--|-----------------|---------------------|---------------|
| R00233 | Community Expectations Waikato District Council fails to meet key community expectations associated with the capital works program (and other key plans) as the result of failed processes, systems or due to a lack of capability. | Extreme (20) | Assessment Underway | Low |
| R00235 | Affordability Waikato District Council is unable to deliver key community infrastructure and services due to insufficient funding streams. | Extreme (20) | Assessment Underway | Moderate |

A copy of the current strategic risk register is attached (Appendix I).

Strategic Risk Activities

During the last quarter, the following risk activities were conducted:

- Completion of all team business continuity plans;
- Develop the organisations (high level) business continuity plan (“OBCP”) (underway);
- Identification of the organisations essential and high priority services and functions to inform the OBCP;
- Identification of key Information Management systems and infrastructure to support Disaster Recovery Planning (“DRP”) (underway);
- Mitigation planning for new strategic risks (underway).

Planned activities for the next quarter include:

- Complete identification of systems and infrastructure for DRP;
- Complete the OBCP;
- Complete strategic risk gap analysis and mitigation planning (new risks);
- Review and update of the Risk Culture Maturity program.

4. EMERGING RISKS

The following activities are identified as having potential business impact in the risk context.

I. Pandemic Response; Ongoing Planning

Impact: **Zero Harm:** *Significant harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance/management of shared health and safety responsibilities with other PCBUs*

Impact: **Business Resilience:** *Business function is significantly interrupted due to a lack of organisational resilience.*

All team business continuity plans (“BCP”) are now updated. This work has enabled the development of the OBCP which documents and prioritises essential and high priority services and functions (both external and internal). It also supports the improvement of the DRP. The OBCP will be deployed in the event of significant disruptions, including any subsequent COVID-19 waves, and is used in conjunction with the DRP and team BCP’s to enable business continuity.

2. Local Government Review

Impact: **Regional & National Strategic Planning & Legislative Reform:** *Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.*

Impact: People & Culture: *Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.*

An independent review of local government has been launched in response to requests to examine how local government will maintain community engagement following the upcoming significant policy reform i.e. three waters, resource management, climate change and health. It will also cover how local government will resource, fund, and deliver requirements associated with the four well-beings whilst facing increasing urban growth and environmental pressures.

The review has been asked to consider what the role of local government will look like in the future from the perspective of:

- Roles, functions, and partnerships;
- Representation and governance;
- Funding and financing.

From a risk perspective, this review has impacts in the areas of strategic planning and internal culture. Key findings from the review may have a significant impact on how Council delivers community services in the future, and Council need to be prepared to adapt to forthcoming changes. Internally, this could result in staff feeling a lack of security in their current roles and functions.

Key mitigations for Council will be to stay well informed and to cascade timeframes, progress, and outcomes to the organisation. This will ensure appropriate transparency and timeliness to facilitate planning as well as expanding the organisations understanding of the process and implications.

The review will start engagement from May 2021. Engagement will include:

- Iwi/Māori;
- Other stakeholders impacted by changes in local government;
- The public including diverse communities; and
- Local and central government representatives.

An interim report is due September 2021, a draft by the following September 2022 and a final report in April 2023.

3. Building Code Amendments

Impact: Regional & National Strategic Planning & Legislative Reform: *Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.*

Impact: Business Resilience: *Business function is significantly interrupted due to a lack of organisational resilience.*

The Ministry of Business, Innovation & Employment (“MBIE”) has proposed alterations to the Building Code relating to energy efficiency and housing density. The proposal includes:

- Increasing minimum levels of insulation in line with National Institute of Water and Atmospheric Research’s (“NIWA”) climatic zones;
- Establishing verification methods for Heating, Ventilation and Air Cooling (“HVAC”) systems in commercial buildings;
- Improving weathertightness testing for higher-density housing; and
- Ensuring adequate natural light in apartments and high-rise buildings.

The proposed changes will affect Council in terms of regulatory enforcement and necessitate areas of the business to develop their understanding of any adopted changes to avoid breaching legislative requirements.

Taituara, the national membership organisation for local government professionals, is encouraging all councils to make a submission on the proposal and is also preparing a submission on behalf of members. Council input could come from building regulators, those in sustainability or policy, and anyone with an interest in this matter.

4. Resource Management Reform

Impact: **Regional & National Strategic Planning & Legislative Reform:** *Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.*

Impact: **Business Resilience:** *Business function is significantly interrupted due to a lack of organisational resilience.*

The Central Government reform of the Resource Management system is progressing. Three new pieces of legislation are proposed to replace the existing Resource Management Act by the end of 2022:

- Natural and Built Environments Act;
- Spatial Planning Act;
- Managed Retreat and Climate Change Adaptation Act.

Significant changes with implications for Council (particularly planning process and decision-making) are associated with the reform. Risk is predominantly related to Councils ability to adapt existing processes and plans and the impact of adaption on the districts communities as a result. In anticipation Council has included an amount within the budget to accommodate outcomes from the reform.

5. CONCLUSION

Significant progress associated with business continuity has been made. This work underpins other key pieces of work including Disaster Recovery Planning and the organisations high level continuity plan detailing our essential and high priority services and functions.

Emerging risks, mostly relating to Central Government reforms, are being monitored and appropriate input is being provided through existing relationships and forums. Council continues to monitor developments associated with future reforms to facilitate appropriate planning and action.

6. ATTACHMENTS

Appendix I. Strategic Risk Register May 2021

Filter: Portfolio(s): Strategic

RESIDUAL
20.0
EXTREME

INHERENT
25.0

R00184

PEOPLE, STRATEGIC, OFFICE OF CHIEF EXECUTIVE, ZERO HARM

Zero Harm; Significant harm is caused to workers, or others, due to poor or inactive health and safety systems, non-compliance with legislative requirements, or inadequate governance/ management of shared health and safety responsibilities with other PCBUs.

People are harmed as a result of the Council failing to identify, implement, review and maintain appropriate health and safety policies, procedures, and processes or develop and sustain a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks.

OWNER Gavin Ion

CREATED 9/5/2016 10:47:22 AM

RISK LIKELIHOOD Almost Certain (5)

DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)

DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (4)

DESCRIPTORS

RESIDUAL RISK CONSEQUENCE Catastrophic (5)

DESCRIPTORS

TREATMENT MC00415

Zero Harm Strategic Plan

The strategic plan identifies high level strategic health and safety improvement activities to deliver on the Organisation's Zero Harm vision. The plan is developed by the Zero Harm Team and reviewed and approved by the ELT, SLT and Safety Action Team. Progress on achieving the plan is reported on to the Council via the Monthly Council Report and to the ELT on a weekly basis.

This treatment impacts the likelihood of the risk by providing clear expectation of organisational requirements and describing agreed governance and management methods.

TREATMENT MC00416

Monitor and maintain operational Zero Harm critical risk and hazard registers. Critical risks are identified and managed using the BowTie Risk Management approach. Critical risks are contained in an organisational risks register. Operational hazards are identified and recorded in hazard registers.

This treatment impacts the likelihood of harm by identifying and prioritizing operational risks across the organisation and planning mitigation to reduce, transfer or avoid the risk.

TREATMENT MC00435

Council Health and Safety management systems and processes are audited to AS/NZS 4801 Standard, currently Council has achieved ACC WSMP tertiary level. The chief executive and management team carry out due-diligence site visits in compliance with the Health and Safety at Work Act 2015. Contractors are audited on an on going schedule.

This treatment impacts the likelihood of the risk by ensuring that our systems and processes meet the required standards however, it should be noted that they may not meet the legislative requirements.

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Jun 2021

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Kylie Anderson
Lynn Shirley

DUE DATE:

01 Jun 2021

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

36

TREATMENT MC00437

The Executive Leadership Team review the organisation critical risk register 6mthly. Service delivery review risks specific to their operational group monthly.

The Executive Leadership Team hold safety conversations with staff around the critical risks to ensure what we say we do and what is actually done is in agreement or note any differences. The conversation also uncovers whether there are any other outstanding or important matters from a zero harm perspective that should be considered. This treatment impacts the likelihood of the risk by ensuring the Executive Leadership Team and Managers are aware of the risks and relevant treatment processes.

TREATMENT MC00456

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

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

SIGNOFF(S):

Gavin Ion

DUE DATE:

24 Jun 2021

FREQUENCY:

The last Thursday of every 6 months

SIGNOFF(S):

Kelly Newell

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 6 months

TREATMENT MC00521

The Waikato District Council Welfare Plan is to enable a coordinated approach to welfare services support for both people and animals in the Waikato DC area following an emergency event.

Welfare service response is a coordinated action undertaken by government and non-government agencies and organisations, of which some are voluntary, to ensure individuals/whaanau and communities affected by an emergency are supported to be able to cope with the event in the best possible way under adverse circumstances. It is important that in such times, those affected have timely access to welfare services support including shelter, food, clothing, financial assistance, psychosocial support, advice, shelter and accommodation.

The Civil Defence Emergency Management Act 2002 under Section 9 "Powers of Director" states "the provision of other services necessary to restore community services and provide for welfare of the public." Under Section 85(1) (d) "Emergency powers of Civil Defence Emergency Management Groups" states "provide for the relief of distress, including emergency food, clothing, and shelter."

TREATMENT MC00545

Waikato District Council has a Risk and Hazard management system known as BWare. BWare is used to record identified critical risks and hazards. Controls to manage critical risks and hazards are documented in BWare and actions can be assigned for control implementation. BWare is managed by the Zero Harm Team however it is the responsibility of all workers, management and contractors to comply with risk and hazard identification and management processes and procedures. The completion of actions is tracked weekly by the Zero Harm Team and status reports provided and discussed with the Executive Leadership Team (ELT) on a weekly basis.

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

SIGNOFF(S):

Kelly Newell
Donna Tracey
Angela Parquist
Kelly Newell
Mervyn Balloch
William Gauntlett
Kurt Abbot
Reece Turner
Kelly Newell

DUE DATE:

FREQUENCY:

Once

SIGNOFF(S):

Lynn Shirley
Kylie Anderson

DUE DATE:

31 Jul 2021

FREQUENCY:

The last Day of every 12 months

TREATMENT MC00574

The Incident Management Framework (Business Continuity) is designed to respond the incidents significantly affecting business with the potential to have an effect on the community. This may occur prior to escalation to CDEM response or simultaneously where different management teams are required to manage different impacts.

Consistency in our approach to incidents and emergencies as an organisation means we have the ability to manage an event of any size, undertaken as a matter of scalability. Should an incident escalate and require a significant CDEM response all we would be required to do is increase the response capability. The alignment of our business continuity with CDEM practices means the training we undertake, the language we use and how we respond to our community is done efficiently and effectively to reduce the overall impact.

TREATMENT MC00584

The contract and tendering process has specifications which ensure that all contractors that are selected to undertake works (long or short term) supply details of H&S practices, including how and who will manage them. This process includes the contractor being added to the SHE Prequalified Contractor Database and ensures that all selected contracts include and meet Councils requirements for H&S and H&S legislative standards. Periodic checks are performed by Councils Zero Harm team to monitor contractor compliance.

This treatment impacts the likelihood of the risk by providing clear and documented expectations to contractors during the selection and on-boarding process, reducing the risk of non-compliance.

TREATMENT MC00606

Leadership and Commitment

A documented health and safety policy and related health and safety objectives are established and are compatible with the strategic direction of the organisation.

This treatment reduces the likelihood of the risk by providing clear and visible organisational health and safety commitments and expectations.

TREATMENT MC00607

Roles and Responsibilities

Health and safety responsibilities and authorities for relevant roles are assigned, documented and communicated at all levels within Council.

This treatment reduces the likelihood of the risk by ensuring clear and transparent responsibilities for organisational health and safety.

SIGNOFF(S):

Kelly Newell
Donna Tracey
Angela Parquist
Kelly Newell
Kurt Abbot
Reece Turner
Mervyn Balloch
William Gauntlett

DUE DATE:

FREQUENCY:

Once

SIGNOFF(S):

Lynn Shirley

DUE DATE:

02 Aug 2021

FREQUENCY:

The first Weekday of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

TREATMENT MC00608

Worker Engagement and Consultation
Documented processes are in place for the establishment, implementation and maintenance of a worker health and safety consultation and participation system.

This treatment reduces the likelihood of the risk by providing clear and transparent health and safety expectations to workers.

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

RESIDUAL

20.0

EXTREME

INHERENT

20.0

R00233

REPUTATION/ IMAGE, STRATEGIC, COMMUNITY PROJECTS, SERVICE DELIVERY

Community Expectations
Waikato District Council fails to meet key community expectations associated with the capital works program (and other key plans) as the result of failed processes, systems or due to a lack of capability.

Inconsistent knowledge, practices and or efficiency results in Council failing to deliver or perform against expected programme outcomes.

OWNER Tony Whittaker

CREATED 1/14/2021 11:35:15 AM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Likely (4)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

TREATMENT MC00121

Council has in place an Engagement Strategy which provides guidance on its community engagement activities and practices.

Engagement practices, including public meetings, are conducted to provide public engagement opportunities. These include but are not limited to:

- Long Term Plan, Bylaws and Annual Plans Special Consultative Procedure
- Reserve Management Plan (RMP - as per the Act)
- Policy or strategy (statutory) Special Consultative Procedure
- Policy or strategy (non-statutory) Section 82 and significance and engagement policy specification.

This treatment impacts the likelihood by providing Council employees a practical guide to how we engage and application of actions to deliver the strategy provide opportunities for people within the community to engage with Council in a variety of different mediums. The treatment impacts the likelihood of the risk .

TREATMENT MC00165

Significance & Engagement Policy

The policy outlines how WDC will assess "significance", as required by the LGA amendment bill. A particular issue is the determination of whether an issue is of "high" significance or not in regard to the impact on communities, rather than just on economic impact which is generally the current basis for council decisions.

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

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

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

TREATMENT MC00430

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

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

TREATMENT MC00431

In 2010 Council introduced a business specific Project Management Framework based on best practice project management methodology. In 2018 the methodology was reviewed and is currently being tested and rolled out to the business. The methodology provides a common and widely understood set of processes and tools to be used across Council to:

1. Deliver a consistent project approach
2. Align projects to strategic goals and outcomes
3. Facilitate collaboration between organisational teams
4. Offer an organisational view of all project work
5. Improve status/progress reporting
6. Increase project management knowledge
7. Identify opportunity for improvement and development

Dedicated project support staff augment and administrate the framework including delivery of system and methodology based training programmes.

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

TREATMENT MC00436

Implementation of Project Management Forum. The forum was mandated in September 2016 in response to recommendations of an external audit commissioned by Audit & Risk Committee during 2016. The Forum is primarily tasked to deliver priority recommendations that both aim to improve future project delivery at Council and provide greater consistency in project management and understanding across the organisation.

This treatment impacts the likelihood by promoting cross organisation buy-in and developing a consistent project minded culture.

SIGNOFF(S):

Roger MacCulloch

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 6 months

TREATMENT MC00438

Portfolio Management governance structure

The purpose of the governance structure is to:
- to prioritise a programme of work that delivers the Our Plan objectives

- to support and work with Project Managers to ensure projects are set up and executed correctly
- provide a level of governance and reporting medium for the programme to ensure transparency in project progress
- make decisions on project/programme specifics including; funding; resource allocation; prioritizing issues

This treatment impacts the consequence of the risk by ensuring that issues are identified and addressed in a timely manner and the likelihood by providing an additional, high level of governance and structure to projects that are likely to have strategic impact.

TREATMENT MC00457

Implementation of appropriate strategies and policies to ensure community needs are captured and met. These include, but are not limited to:

- Significance and engagement policy
- Community engagement strategy
- Customer complaints and compliments policy

This treatment impacts the likelihood of the risk by documenting Councils commitments and associated expectations relating to how councils engages with the community.

TREATMENT MC00458

Council has a Communications and Engagement Team who are well connected into the business and who are guided by a 2020 Communications and Engagement Strategy.

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

TREATMENT MC00459

CE and Executive Team provide updates to Councillors, Community Boards and Committees on community plans through forward facing meetings.

This treatment impacts the likelihood of the risk by ensure adequate engagement with the community by communicating relevant plans, decisions and actions and by providing opportunity (through Board or Committee, venue or other medium) for feedback.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 6 months

OVERDUE

SIGNOFF(S):

Jacob Quinn

DUE DATE:

01 May 2021

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 6 months

TREATMENT MC00460

Community Development roles and Operational Field Staff.

A number of roles including Youth Engagement Advisor, Iwi Liaison and Community Development Advisor, aim to ensure that appropriate engagement is conducted with specific community groups. These roles are targeted, extending and adding to the engagement activities of front facing field staff e.g. Animal Control, Building, Libraries etc

This treatment impacts the likelihood of the risk by facilitating consideration of communication and engagement practices for community minorities, isolated groups and/or key community stakeholders.

SIGNOFF(S):

Tony Whittaker

DUE DATE:

01 Apr 2022

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00461

Engagement Virtual Team

It is anticipated that the establishment of an Engagement Virtual Team will be one of the actions of the 2020 Engagement Strategy. This team will pull together key people from across the business so they can collectively ensure the Strategy is implemented.

SIGNOFF(S):

Jacob Quinn

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

This treatment will impact the likelihood of the risk by providing a dedicated team whose function is to ensure cross organisational strategic alignment.

TREATMENT MC00499

Council has in place a process that defines how we plan to implement new partnerships/long term contracts from the perspective of providing seamless integration of systems and resources at the point of requirements design and tender review.

SIGNOFF(S):

Jackie Bishop

DUE DATE:

01 Jul 2021

FREQUENCY:

The first Day of every 3 months

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

TREATMENT MC00610

Project Resources & PMO Structure

The organisation has a resource pool of trained project managers and project management office resources. Existing internal resources were trained over the course of 2018-2019 and skilled and experienced project managers were hired during the 2018 restructure.

SIGNOFF(S):

Alan Kuyper

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

This treatment reduces the likelihood of the risk by significantly increasing capability.

43

TREATMENT MC00611

Project Management System

The organisation has a dedicated, integrated project management system (CAMMs Project) which is consistently used for project planning, documentation and reporting.

This treatment impacts the likelihood and consequence of the risk by providing process, audit capability and project review.

TREATMENT MC00614

Council has in place a robust tender process that includes in-depth detail regarding contractual requirements and a comprehensive set of effective contract management processes. The Contracts & Partnering team work with the Procurement Manager to support employees in the application of the process by actively working with contract managers to improve contract management practice.

Long term public facing contracts and partnerships are effected through rigorous contractual agreements and continuous management and governance plans. These include terms relating to contractual service level agreements (monitored and reported against as key performance indicators), employee training plans, safety inductions (all employees), and audit expectations. Long term contracts and partnerships include (but are not limited to):

- Belgaria Aquatics
- City Care
- Franklin Trees
- Alliance
- Water Care
- HCC (for water supply & waste water treatment)

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

TREATMENT MC00615

Council's Contracts & Partnering, Legal and Procurement teams have developed a joint contracting Road-Map

The road-map impacts the likelihood of the risk by progressively improving contracting capability and standards, moving the organisation towards better/best practice in regard to procurement, contract design and contract management.

SIGNOFF(S):

Alan Kuyper

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Jackie Bishop

DUE DATE:

01 Sep 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Jackie Bishop

DUE DATE:

01 Sep 2021

FREQUENCY:

1st day of every 12 months

RESIDUAL
20.0
EXTREME

INHERENT
20.0

FINANCIAL, STRATEGIC, FINANCE, OFFICE OF CHIEF EXECUTIVE

Affordability
Waikato District Council is unable to deliver key community infrastructure and services due to insufficient funding streams.

Council is unable to provide or maintain required infrastructure or services due to a lack of funds sourced through rates or via other funding sources.

R00235

OWNER Alison Diaz
 CREATED 1/14/2021 11:37:33 AM
 RISK LIKELIHOOD Likely (4)
 DESCRIPTORS
 RISK CONSEQUENCE Catastrophic (5)
 DESCRIPTORS
 RESIDUAL RISK LIKELIHOOD Likely (4)
 DESCRIPTORS
 RESIDUAL RISK CONSEQUENCE Catastrophic (5)
 DESCRIPTORS

RESIDUAL
16.0
HIGH

INHERENT
20.0

COMPLIANCE/ REGULATORY, STRATEGIC, OFFICE OF CHIEF EXECUTIVE

Climate Resilience; Emission Reduction Targets
Waikato District Council is exposed to litigation or financial impact as the result of failing to meet legislative requirements associated with emissions reduction.

Council fails to implement key actions to align with national reduction targets resulting in either prosecution or a need to financially offset emissions

R00234

OWNER Gavin Ion
 CREATED 1/14/2021 11:36:17 AM
 RISK LIKELIHOOD Almost Certain (5)
 DESCRIPTORS
 RISK CONSEQUENCE Major (4)
 DESCRIPTORS
 RESIDUAL RISK LIKELIHOOD Likely (4)
 DESCRIPTORS
 RESIDUAL RISK CONSEQUENCE Major (4)
 DESCRIPTORS

TREATMENT MC00617

Climate Response and Resilience Policy
 The Climate Response & Resilience Policy demonstrates consideration for the needs of future generations by adopting best practice behaviours through a proactive climate change and emissions reduction strategy, and it aligns with Central Government legislation and Waikato District Council's existing commitments.

This treatment impacts the likelihood of the risk by providing guidance on Council's responsibilities regarding climate change including how the organisation undertakes actions that minimise the effects of Climate Change through:
 •the reduction of greenhouse gas emissions
 •the development of adaptation measures
 TREATMENT MC00618

Climate Response and Resilience Plan
 The Climate Action Plan outlines the Council's response to climate change and provides actions that will help Council teams and the District to mitigate, build resilience and adapt to climate change.

The plan impacts the likelihood and the consequences of the risk by providing WDC actions which, when put into effect, meet audit and statutory obligations, and community expectations, to mitigate and adapt to climate change.

SIGNOFF(S): Jim Ebenhoh
 DUE DATE: 01 Feb 2022
 FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Gavin Ion
 DUE DATE: 01 Aug 2021
 FREQUENCY: 1st day of every 6 months

RESIDUAL
16.0
HIGH

INHERENT
20.0

R00185

STRATEGIC, TECHNICAL, COMMUNITY ASSETS, SERVICE DELIVERY

**Asset Management;
Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.**

Assets failures (including Waters and Roothing) caused by poor planning, maintenance and or management.

OWNER Roger MacCulloch

CREATED 9/5/2016 11:06:29 AM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

45

TREATMENT MC00162

Activity Management Policy

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

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

TREATMENT MC00163

The WDC 2018-2048 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:

- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

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

TREATMENT MC00464

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

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

SIGNOFF(S):

Sue O'Gorman
Robert Ashley

DUE DATE:

01 Sep 2021

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Ross Bayer
Carole Nutt

DUE DATE:

01 Apr 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Sue O'Gorman
Robert Ashley

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

46

TREATMENT MC00465

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

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

TREATMENT MC00466

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

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

TREATMENT MC00527

Council has a dedicated asset management team. Key functions of the team include implementation of regular condition assessments (a requirement of both facilities maintenance and open spaces maintenance contracts) and monitoring asset related data to ensure it is maintained (current) and applied during the planning process.

This treatment impacts the likelihood of the risk by assisting Council to maintain asset data to enable appropriate decision making during planning. Furthermore, it impacts the consequence of the risk by alerting Council to asset condition which facilitates early intervention should it be required.

SIGNOFF(S): Ross Bayer
Megan May
DUE DATE: 01 Apr 2022
FREQUENCY: The first Day of every 12 months

SIGNOFF(S): Ross Bayer
Megan May
DUE DATE: 01 Apr 2022
FREQUENCY: The first Day of every 12 months

SIGNOFF(S): Robert Ashley
DUE DATE: 01 Jun 2021
FREQUENCY: The first Day of every 6 months

RESIDUAL
12.0
HIGH

INHERENT
20.0

R00128

STRATEGIC, TECHNICAL, INFORMATION MANAGEMENT, OPERATIONS

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

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

OWNER Geoff King

CREATED

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

47

TREATMENT MC00427

Cyber security insurance cover (CyberEdge Liability Insurance) has been purchased.

Inclusions listed are:

- Data administrative investigations
- Data administrative fines
- Electronic data
- Repair of policy holders reputation
- Repair of individuals reputation
- Notification and monitoring costs
- Forensic service costs
- Media content library
- Cyber extortion
- Network interruption insurance

This impacts the consequence of the risk by facilitating expert resources, financial support and remedial works in the event of an incident.

TREATMENT MC00428

IM Business Continuity Plan:

The IM team have in place an IM BCP including a disaster recovery plan to align the technical IT recovery procedures with the enterprise BCP. It includes;

- a communication plan
- prioritising the critical systems for recovery first
- regular tests of back up and recovering procedures
- simulations with various scenarios

This treatment impacts the consequence by detailing priority procedures in the case of an incident, ensures systems/process are fully functional and that staff are aware of their responsibilities and trained to manage them in the case of an event.

The suitability of the enterprise BCP is being reviewed in the 2020/21 year (see PR-1390 - led by the Projects & Innovation team)

SIGNOFF(S):

Alison Diaz

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

TREATMENT MC00433

Effective management & mitigation of cyber security risk is achieved through a balanced implementation of appropriate People, Process, & Technology controls.

Currently Cyber security is managed using security measures at various layers of connection.

- a) Firewalls
- b) Server
- c) PC
- d) User
- e) Physical
- f) Wireless access
- g) WDC website

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

The IM risk position is accessed through external audits & assessments (eg the 2015 SSS ICT Security Risk Assessment, 2017 Vo2 Cyber Security Protection assessment, & annual Audit NZ IS Controls audit) with plans put in place to address risks identified. The delivery of these actions are tracked through the Risk Register which is monitored through the Audit & Risk committee. Monitoring is also provided through the National Cyber Security Centre (NCSC) monitoring of our internet traffic.

The ALGIM Cyber Security maturity & benching marking assessment is currently underway, the outcome of which will inform our 3 year cyber security maturity improvement programme across people, process, & technology controls. The council is also adopting, where it is appropriate to do so, the AoG NZISM frameworks, with the adoption of the Cloud Risk Assessment framework currently underway.

TREATMENT MC00434

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

SIGNOFF(S):

Geoff King

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Feb 2022

FREQUENCY:

1st day of every 12 months

TREATMENT MC00612

Digital Road-map

The IM digital road-map includes outputs which seek to improve the cyber risk position, facilitate greater working flexibility and increase employee technical capability. It is embedded within the Innovation Chapter of Our Plan whereby the prioritized initiatives for 2020/21 were agreed by ELT.

Whilst the Our Plan & the Innovation Chapter does not have a specific section covering Cyber Security, initiatives to improve the councils cyber security risk position are being delivered through a number of projects including:

- PR-1462: Windows 10, Office 365, & Teams – implementation of Bitlocker resulting in the encryption of hard drives, remediation of AV for remote workers, implementation of Intune for device management, etc [In Progress, complete by Dec]
- PR-1212: Network Improvements – securing of WiFi [In Progress, complete by Dec]
- PR-1425: Single Sign On – Implementation of two factor authentication [Planned]
- BAU: Citrix Upgrade (secure ICA) [In Progress, complete by Dec]
- BAU: FortiGate firewall [In Progress, complete by Dec]

This treatment reduces the likelihood of the risk by facilitating improved information and data security, reporting, and remote capabilities through cloud based technology.

Planned work, to commence after Win10 & O365 implementation is completed, is the migration to Exchange Online & the implementation of the Microsoft Advanced Threat Protection solution.

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

TREATMENT MC00500

District Development (Growth) Strategy

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

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

RESIDUAL
12.0
HIGH

INHERENT
20.0

R00230

POLITICAL, STRATEGIC, COMMUNITY GROWTH, ECONOMIC & COMMUNITY DEVELOPMENT

**Growth;
Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts.**

This may include but is not limited to; decay in LOS, unmanageable funding allocations, speed of growth exceeding or not meeting growth forecasts, etc.

OWNER Clive Morgan

CREATED 8/14/2018 2:19:14 PM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

50

TREATMENT MC00590

Hamilton to Auckland Corridor Programme and Future Proof Partnership
This project examines growth pressures and opportunities across district boundaries.

This treatment impacts the likelihood of the risk through an enduring partnership approach, coordination of growth challenges and opportunities with the intention of giving effect to governments Urban Growth Agenda. It also impacts the consequence of the risk by ensuring transparency allowing for mitigation strategies to be implemented should developments arise.

TREATMENT MC00592

District wide & Local Area Blueprints
These documents capture communities visions and will help to inform future work programmes (including funding allocation).

This activity impacts the likelihood of the risk by ensuring that our growth management approach reflects community aspirations and provides a platform of understanding for Council to facilitate planning. Furthermore it provides an idea of the disruption that Council is trying to avoid. It also informs the growth strategy in coordination with other sub-regional initiatives e.g. corridor plan.

TREATMENT MC00593

District Plan Review
Incremental reviews are performed e.g. plan changes. Council is in the process of a comprehensive review (since 2014).

This treatment impacts the likelihood of the risk by setting the regulatory framework for sustainable use of natural resources and growth management to ensure it reflects strategic direction of Council and partners.

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

31 Aug 2021

FREQUENCY:

The last Day of every 6 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

31 Aug 2021

FREQUENCY:

The last Day of every 6 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

31 Aug 2021

FREQUENCY:

The last Day of every 6 months

51

TREATMENT MC00595

Integrated Land Use & Infrastructure Planning
This treatment is not stand alone, it informs all strategic, policy and infrastructure planning undertaken by Council.

This approach includes;

- Recognition of the need within Council for a more integrate, focused and agile approach e.g. the creation of the Community Growth Group
- Development and maintenance of relationships with partners/agencies/service providers to enable a more unified planning approach as well as increasingly collaborative work with our neighboring councils (Hamilton and Auckland) to manage cross-boundary effects of growth.
- Addressing climate change mitigation by factoring such considerations into our network infrastructure planning, protecting highly versatile soils for food production, and identification of hazards
- Ensuring that this integrated planning approach flows through into funding decisions in the next Long Term Plan.

This treatment impacts the likelihood and consequences of the risk.

TREATMENT MC00596

Community Growth Group

This group was created as part of the restructure in response to identified growth impact. The intent of the group is to ensure an integrated approach to land use, infrastructure planning and economic and social development across Council.

Within the Community Growth Group a Growth Analytics function has been created to monitor growth and population changes to better prepare us to respond to growth pressures.

This treatment impacts the likelihood of the risk by providing a dedicated team focusing on growth, growth management and community development.

TREATMENT MC00597

Implementation of National Policy Statement on Urban Development.

This action impacts the likelihood of the risk by ensuring that Council monitors the adequacy of residential and business land to meet forecast demand.

SIGNOFF(S):

Clive Morgan

DUE DATE:

28 Feb 2022

FREQUENCY:

The last Day of every 12 months

SIGNOFF(S):

Clive Morgan

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Mark Davey
Vishal Ramduny
Jim Ebenhoh

DUE DATE:

31 Aug 2021

FREQUENCY:

The last Day of every 6 months

RESIDUAL
9.0
MODERATE

INHERENT
16.0

R00190

PEOPLE, STRATEGIC, OFFICE OF CHIEF EXECUTIVE, PEOPLE & CAPABILITY

**People & Culture;
Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.**

Council are unable to recruit, promote or keep staff in core service positions due to a lack of appropriately trained people, industry competition or perceived or actual Council culture.

OWNER Vanessa Jenkins

CREATED 9/5/2016 12:22:54 PM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Moderate (3)

52

TREATMENT MC00474

HR Strategy

The HR Strategy guides the direction of Councils personnel management including but not limited to;

- Succession, recruitment and workforce planning
- Initiatives
- Support requirements (inc technology, market analytics and metrics)

This treatment impacts the likelihood by providing the structure to implement pro-active actions associated with attracting and maintaining resources.

TREATMENT MC00475

Maintenance of peripheral workforce.

Council's business groups maintain relationships with key consultancy practices for the purpose of employing specialist services and/or for providing resources where personnel vacancies exist or where it is identified that supplementary personnel are required in addition to the permanent workforce.

This treatment impacts the consequence of the risk by providing options for temporarily filling vacancies facilitating time for recruitment whilst maintaining business as usual.

TREATMENT MC00476

An organisational change program has been implemented to deliver initiatives associated with improved workplace culture and leadership. The program comprises a number of project work-streams championed by the Executive Leadership Team.

A Change Manager has been appointed to oversee and lead the process. Implementation is underway of new staff structure and reporting lines.

This treatment impacts the likelihood of the risk by providing a strategic approach to changing the organisational culture.

TREATMENT MC00600

Council has used new recruitment strategies with new media channels and new messaging which have increased the quality and quantity of applicants.

OVERDUE

SIGNOFF(S):

Vanessa Jenkins

DUE DATE:

01 Mar 2021

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Roger MacCulloch
Sue O'Gorman
Tony Whittaker

DUE DATE:

01 Oct 2021

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Aug 2021

FREQUENCY:

The first Day of every 3 months

SIGNOFF(S):

Jacob Quinn

DUE DATE:

Once

RESIDUAL
9.0
MODERATE

INHERENT
20.0

R00053

BUSINESS CONTINUITY, STRATEGIC, OPERATIONS, PROJECTS & INNOVATION

**Business Resilience;
Business function is significantly disrupted due to a lack of organisational resilience.**

Council operations are impacted through failure to create and prioritize action plans for implementation in the event of a business impact incident.

OWNER Kurt Abbot

CREATED

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

53

TREATMENT MC00138

The Business Continuity Project was completed as part of the Our Plan 2015/16 programme of work. As a result of the project the following business resilience planning and analysis has taken place;

- Departmental business continuity impact analysis has been performed and documented
- Potential governance was considered as part of the project closure resulting in the implementation of a structured incident management team (including associated communication procedures and processes) and is now monitored by the Process Improvement Forum.

A complete review and re-launch is underway during 2020 (PR-1390). As part of this programme, Council is developing a robust Business Continuity Framework. The purpose of the Framework is to provide the organisation the appropriate tools, templates and resources to create pragmatic plans that can be applied in the event of a significant incident to minimize disruption by managing and maintaining the delivery of critical services to our communities.

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

TREATMENT MC00456

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

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

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Dec 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Kelly Newell

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 6 months

TREATMENT MC00574

The Incident Management Framework (Business Continuity) is designed to respond the incidents significantly affecting business with the potential to have an effect on the community. This may occur prior to escalation to CDEM response or simultaneously where different management teams are required to manage different impacts.

Consistency in our approach to incidents and emergencies as an organisation means we have the ability to manage an event of any size, undertaken as a matter of scalability. Should an incident escalate and require a significant CDEM response all we would be required to do is increase the response capability. The alignment of our business continuity with CDEM practices means the training we undertake, the language we use and how we respond to our community is done efficiently and effectively to reduce the overall impact.

TREATMENT MC00601

Risk Management Framework:
Councils Risk Management Framework includes policy, processes, support, tools, templates and user guides. The Framework details organisational expectations and best practice risk management behaviours across all levels of the business.

This treatment impacts the likelihood of the risk by ensuring that Council employees are equipped to effectively identify and manage risks and the associated consequences. It assists employees to appropriately plan and implement contingency plans.

SIGNOFF(S):

Kelly Newell
Donna Tracey
Angela Parquist
Kelly Newell
Kurt Abbot
Reece Turner
Mervyn Balloch
William Gauntlett

DUE DATE:

FREQUENCY:

Once

SIGNOFF(S):

Katja Jenkins

DUE DATE:

01 Jun 2022

FREQUENCY:

1st day of every 12 months

TREATMENT MC00603

In-House Resilience Resources

Through the 2018 restructure a number of key resources were assigned to work in the business resilience space. These include;

- Risk Advisor; developed from part-time to a full time role with accountability for the Risk and Business Continuity portfolios
- Community Resilience Coordinator; a new role implemented through the restructure aiming to build strong relationships specific to community preparedness and resilience.
- Emergency Management Advisor; migrated from Civil Defence to a Council owned role through the restructure to deliver on the strategic direction for building resilience for the organisation and the community.

These resources operate independently and as a virtual team to provide internal and external risk and hazard identification, response and coordination, as well as liaising across regional and national stakeholder groups to enable continuous improvement and partnership opportunities.

This treatment impacts the likelihood of the risk by facilitating cross organisational oversight of resilience functions and enabling delivery of resilience related programmes (both internally and externally) through appropriate resourcing. It addresses the consequence through facilitation of appropriate response and contingency planning.

TREATMENT MC00604

Annual Resilience Work Programme (Appendix 2)

The programme is developed to address priority activities outlined through the CDEM capability assessment, the organisational change requirement and continuous improvement initiatives. It includes key pieces of work such as;

- Community Response & Resilience Planning
- Strategic Planning for Recovery
- Business continuity planning
- Public Education

This treatment impacts the consequence of disruptive events by increasing community preparedness, incorporating risk mitigation and response into community planning activities and through the contingency planning process.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Kelly Newell

DUE DATE:

01 Dec 2021

FREQUENCY:

The first Day of every 12 months

56

TREATMENT MC00605

Risk Culture Program:

The program aims to progress Councils risk culture by enabling an appropriate and consistent approach to risk taking and encouraging the use of risk practices to inform decision making. It focuses on educating teams on risk purpose, organisational risk appetite and application of risk practices.

This treatment impacts the likelihood by providing employees a greater level of understanding of appropriate risk practice and promoting the benefits of proactive risk management and continuity planning. It also addresses the consequences of the risk through developing organisational processes associated with contingency planning.

TREATMENT MC00612

Digital Road-map

The IM digital road-map includes outputs which seek to improve the cyber risk position, facilitate greater working flexibility and increase employee technical capability. It is embedded within the Innovation Chapter of Our Plan whereby the prioritized initiatives for 2020/21 were agreed by ELT.

Whilst the Our Plan & the Innovation Chapter does not have a specific section covering Cyber Security, initiatives to improve the councils cyber security risk position are being delivered through a number of projects including:

- PR-1462: Windows 10, Office 365, & Teams – implementation of Bitlocker resulting in the encryption of hard drives, remediation of AV for remote workers, implementation of Intune for device management, etc [In Progress, complete by Dec]
- PR-1212: Network Improvements – securing of WiFi [In Progress, complete by Dec]
- PR-1425: Single Sign On – Implementation of two factor authentication [Planned]
- BAU: Citrix Upgrade (secure ICA) [In Progress, complete by Dec]
- BAU: FortiGate firewall [In Progress, complete by Dec]

This treatment reduces the likelihood of the risk by facilitating improved information and data security, reporting, and remote capabilities through cloud based technology.

Planned work, to commence after Win10 & O365 implementation is completed, is the migration to Exchange Online & the implementation of the Microsoft Advanced Threat Protection solution.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Jun 2021

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Geoff King

DUE DATE:

01 Aug 2021

FREQUENCY:

1st day of every 12 months

RESIDUAL
9.0
MODERATE

INHERENT
16.0

R00188

POLITICAL, STRATEGIC, COMMUNITY GROWTH, ECONOMIC & COMMUNITY DEVELOPMENT

**Economic & Social Development;
Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.**

Council fails to promote and or identify opportunity for economic and social growth or fails to engage appropriately to encourage growth and development.

OWNER Clive Morgan

CREATED 9/5/2016 11:32:26 AM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

57

TREATMENT MC00163

The WDC 2018-2048 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:

- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

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

TREATMENT MC00469

Economic Development Strategy

The strategy assesses the economic profile of the district and identifies SWOT for the purpose of informing strategic direction.

There is a limited reference to social development within the strategy however community development initiatives are active and drafting a social development strategy has been scheduled for late 2019 - early 2020.

A regional economic development strategy is also in place to serve the wider community at a regional level, this strategy is aligned to the Waikato District EDS.

This treatment impacts the likelihood of the risk by ensuring that communities and businesses are engaged on an on-going basis, allocates effort and funding to targeted economic development initiatives and promotes the district as a viable prospect for business investment, residential and visitor (lifestyle) growth and development.

TREATMENT MC00471

Social Development Initiatives

Council has adopted a number of socially related strategies that aim to consider and provide for the social outcomes in the districts communities.

These include, but are not limited to:

- Place Making Strategy
- Heritage Strategy
- Youth Engagement Plan
- Grant Funding Scheme

Although these initiatives impact the likelihood of the risk by providing a degree of focus and resources dedicated to social development they are essentially limited as a result of no guiding social development strategy or policy (for example, the ex-Frankin Social Wellbeing Policy).

SIGNOFF(S):

Ross Bayer
Carole Nutt

DUE DATE:

01 Apr 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Clive Morgan

DUE DATE:

01 Aug 2021

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Julie Dolan

DUE DATE:

01 Aug 2021

FREQUENCY:

The first Day of every 6 months

TREATMENT MC00472

Cross Boundary Initiatives

These initiatives aim to foster integrated planning across territorial boundaries, ensuring greater efficiencies and settlement planning across boundaries.

Example:

- North Waikato Infrastructure Programme Business Case,
- Future Proof
- Waikato Plan
- MOU Auckland Council
- National Policy Statement on Urban

Development capacity (requires collaboration with HCC to make land available for infrastructure to support residential and commercial development)

This treatment impacts the likelihood of the risk by providing a holistic approach to economic development and preventing limitations associated with territorial authority boundaries.

TREATMENT MC00500

District Development (Growth) Strategy

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

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

TREATMENT MC00613

Mana Whenua Forum

Initial relationship building for the Forum is underway. Terms of Council engagement, representation and conflict resolution will be established along with set up, cost and levels of authority.

The implementation of the forum will impact the likelihood and consequence of this risk by providing an agreed regular engagement medium to broaden transparency, relationships and engagement opportunity.

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

OVERDUE

SIGNOFF(S):

Jacob Quinn

DUE DATE:

01 May 2021

FREQUENCY:

1st day of every 3 months

RESIDUAL
8.0
MODERATE

INHERENT
12.0

R00189

POLITICAL, STRATEGIC, COMMUNITY GROWTH, PLANNING & POLICY

**Regional & National Strategic Planning & Legislative Reform;
Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.**

Amendments to local or national legislation, government practices or other authorities require significant change to business operations.

OWNER Clive Morgan

CREATED 9/5/2016 12:21:58 PM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Moderate (3)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Likely (4)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Minor (2)

59

TREATMENT MC00135

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

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

TREATMENT MC00490

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

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

TREATMENT MC00491

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

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

TREATMENT MC00492

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

Regular meetings are held with Central Government ministers and with a key manager in the Department of Internal Affairs.

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

SIGNOFF(S): Gavin Ion
DUE DATE: 01 Aug 2021
FREQUENCY: 1st day of every 3 months

SIGNOFF(S): Jim Ebenhoh
William Gauntlett
DUE DATE: 01 Jul 2021
FREQUENCY: 1st day of every 3 months

SIGNOFF(S): Christine Pidduck
DUE DATE: 01 Aug 2021
FREQUENCY: 1st day of every 3 months

SIGNOFF(S): Gavin Ion
DUE DATE: 01 Aug 2021
FREQUENCY: 1st day of every 3 months

TREATMENT MC00500

District Development (Growth) Strategy

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

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

TREATMENT MC00598

Alignment of Council's "People and Capability" function to current and potential future needs of the organisation in terms of participating in, and responding to, national and regional strategic planning and legislative reforms.

This treatment impacts the likelihood of the risk by ensuring adequate numbers of staff, with diverse, flexible skills, including negotiation and persuasion, and the ability to provide value in a variety of planning and governance frameworks.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2022

FREQUENCY:

The first Day of every 12 months

OVERDUE

SIGNOFF(S):

Jim Ebenhoh
Vanessa Jenkins

DUE DATE:

05 Apr 2021

FREQUENCY:

The first Monday of every 12 months

Open Meeting

| | |
|---------------------------------|--|
| To | Audit & Risk Committee |
| From | Sue O’Gorman General Manager Customer Support |
| Date | 13 May 2021 |
| Prepared by | Mervyn Balloch Building Quality Manager |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Risk Conversations – Building Quality |

I. EXECUTIVE SUMMARY

The purpose of this report is to enable key staff within the organisation who are managing risk in their everyday activities (expect this to be third tier managers and/or team leaders) to come and share “their business”, from a risk perspective, with the Audit & Risk Committee. This will provide the Committee an opportunity to dialogue with these staff to obtain assurance, from a governance perspective, that appropriate controls and culture are in place.

The intention is to have one of these conversations at every Audit & Risk Committee meeting. The Building Quality Manager and Building Review Team Leader will attend the June Audit & Risk meeting for this purpose.

Attached is the business risks register for the Building Quality team. The register includes key operational risks and controls affecting this area of the business.

2. RECOMMENDATION

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

3. ATTACHMENTS

- Building Quality - Risk Register



62 Risk Register

Team / Project Name: **Building Quality**

Completed By: **Merv Balloch, Terrence Hayes**

Date: **6/04/2021**

| Risk Ref # | Risk Statement | Inherent Risk | | | Risk Treatment | Residual Risk score | | | Contingency action(s) | Risk Owner | Monitoring/ Reporting | Monitoring timeframe |
|----------------|---|---------------|-------------|----------|--|---------------------|-------------|----------|--|---|---|--|
| | | Likelihood | Consequence | Factor | | Likelihood | Consequence | Factor | | | | |
| | <i>Risk statement: "bad outcome, cause"</i> | | | | <i>What can we do about each significant risk to either eliminate it or reduce it?</i> | | | | <i>If the risk becomes reality...what action(s) will we implement?</i> | <i>Who has responsibility for monitoring and reporting this risk? (One person!)</i> | <i>What is the frequency for monitoring</i> | <i>Comment</i> |
| BQ-R001 | Waikato District is exposed to negative economic impacts (reduced capacity for growth) caused by Waikato District Council losing IANZ accreditation. | 1 | 4 | Low | <p>Employ trained and skilled staff.</p> <p>Develop a strong understanding of our requirements to meet IANZ accreditation standards.</p> <p>Engage with IANZ biannual audits.</p> <p>Recruit additional resources (currently underway).</p> <p>Resource to a level where we can ensure all the required auditing, training and continual improvement is carried out in order to meet the accreditation regulations to ensure WDC don't lose their accreditation.</p> | 1 | 4 | Low | Draw on all available contractor and Waikato Building Consent Group (WBCG) resources and expertise to assist in retaining WDC accreditation. | Merv Balloch | Annually | IANZ audits occur every two years. |
| BQ-R002 | Waikato District Council incurs unnecessarily high costs due to our reliance on contractors to meet building review and inspection service requirements (lack of appropriately qualified human resources, increased demand trend and competitive market). | 5 | 3 | High | <p>Implement overtime for existing staff (where appropriate and with consideration to burnout).</p> <p>Recruit additional resources (currently underway).</p> <p>Resource to a level where we don't need to use contractors. Ensure we have enough resources to cover for retirements, sickness, leave training and staff turnover.</p> | 4 | 3 | High | Implement fees and charges at a level that covers the costs of having to use contractors so that our ratepayers are not disadvantaged. It is important to realise that contractors are not always available and at present are fully committed across the country. | Merv Balloch | Weekly | Building consent trends continue to increase. At this stage resourcing is not meeting increasing demand requirements and Council is reliant on contractor. This cost is off set by funds from the building quality process. Recruitment is underway however filling positions is likely to take a number of months (finite resources within the market and a competitive market). Once positions are filled the residual risk is likely to decrease. |
| BQ-R003 | Waikato District Council fails to meet IANZ audit requirements as the result of prioritizing Building Consent Authority requirements e.g. processing and inspections, over MBIE model requirements (such as reviewing internal systems and audits). | 4 | 3 | High | <p>Provision of feedback (via the IANZ audit) to MBIE regarding LASS internal process requirements for maintaining Quality Manual and internal auditing of member Councils.</p> <p>Implement internal audit (the process exists however there is currently a resourcing deficit delaying implementation)</p> <p>Recruit additional resources (currently underway).</p> <p>Resource to a level where we can ensure that all the Building Consent Authority (BCA) requirements are fulfilled in the required timeframes to a satisfactory level.</p> | 4 | 3 | High | Draw on all available contractor and WBCG resources and expertise to assist in regaining Council's accreditation. | Merv Balloch | Annually | Audit outcomes are made available to Peer Councils and therefore poor outcomes have the potential for reputational damage. |
| BQ-R004 | Waikato District Council loses accreditation as the result of processing delays (outside of statutory requirements) due to a lack of building review officers or inspectors (lack of human resources) | 4 | 4 | High | <p>Implement overtime for existing staff (where appropriate and with consideration to burnout).</p> <p>Recruit additional resources (currently underway).</p> <p>Commit to resourcing to a level where we can ensure all consents are processed within the statutory timeframes. This would ensure Council doesn't lose their accreditation.</p> | 4 | 4 | High | Draw on all available contractor and WBCG resources and expertise to assist in regaining Council's accreditation. It is important to realise that contractors are not always available and at present are fully committed across the country. | Merv Balloch | Quarterly | WDC relies heavily on contractors at a high cost due to a lack of appropriately qualified people (finite resources within the market and a competitive market) Some leniency exists if a few delays are incurred however ongoing delays may result in accreditation being revoked. Contracting resources are only effective if consents are allocated within 10 days of submission. |
| BQ-R005 | Waikato District Council is unprepared in the event of legislative changes (associated with national housing demand). | 3 | 3 | Moderate | <p>Maintain relationship with peer Council's to support exposure to information regarding potential legislative changes.</p> <p>Ensure appropriate resourcing i.e. Having a fully staffed team with some extra capacity would help ease any sudden change in legislation. Almost without exception the changes in legislation over the last 10 years have resulted in council having more work not less.</p> | 3 | 3 | Moderate | Depending on the legislation change engage appropriate contractors to assist till we can resource ourselves to a position where we could carry out the work associated with whatever the changes required. | Merv Balloch | Quarterly | There is uncertainty with regard to the potential for legislative change e.g. previous change included requirement for team to achieve qualifications. Due to resourcing deficits this type of change would cause significant team disruption. Once fully resourced the residual risk will be reduced. |
| BQ-R006 | Waikato District Council loses key staff due to market competition. | 4 | 4 | High | Review salaries for the Building Unit staff to bring them into line with the private sector. If necessary increase consent costs to facilitate salary increases (user pays). | 4 | 4 | High | Draw on all available contractor and WBCG resources to cover staffing deficit. It is important to realise that contractors are not always available and at present are fully committed across the country. | Merv Balloch | Annually | e.g. Consentium offers higher remuneration, other districts have less growth pressure. BQ is self funded. Fund distribution could be considered to improve retention i.e. remuneration review. |
| BQ-R007 | Waikato District Council fails audit requirements due to internal administration requirements being deprioritized (lack of human resources) | 4 | 3 | High | <p>Recruit additional resources (currently underway).</p> <p>Commit to resourcing to a level where we can ensure all consent administration is carried out to support both the Building Consent Authority and Territorial Authority functions within the statutory timeframes. This would ensure WDC don't lose their accreditation.</p> | 4 | 3 | High | Draw on internal administration resources, if available. Failing that hire in temporary contractors. Down side to this is that it takes time to train temporary resources which exacerbates the situation. | Merv Balloch | Quarterly | Administration resource are often stretched as a result of having to support other parts of the business and when we use contractors there is always an administration component that is often overlooked. |



63
Risk Register

Team / Project Name: **Building Quality**

Completed By: **Merv Balloch, Terrence Hayes**

Date: **6/04/2021**

| Risk Ref # | Risk Statement | Inherent Risk | | | Risk Treatment | Residual Risk score | | | Contingency action(s) | Risk Owner | Monitoring/ Reporting | Monitoring timeframe |
|----------------|---|---------------|-------------|---------|---|---------------------|-------------|---------|---|---|---|--|
| | | Likelihood | Consequence | Factor | | Likelihood | Consequence | Factor | | | | |
| | <i>Risk statement: "bad outcome, cause"</i> | | | | <i>What can we do about each significant risk to either eliminate it or reduce it?</i> | | | | <i>If the risk becomes reality...what action(s) will we implement?</i> | <i>Who has responsibility for monitoring and reporting this risk? (One person!)</i> | <i>What is the frequency for monitoring</i> | <i>Comment</i> |
| BQ-R008 | The Building Quality team are unable to maintain appropriate business function due to a lack of capacity in our resources. | 5 | 4 | Extreme | Recruit additional resources (currently underway). Resource the team so there is capacity to cover possible retirement, or staff leaving. Succession planning to ensure we have built in redundancy Identify key development areas and potential resources for | 4 | 3 | High | See if there is capacity at other WBCG members or contractors to assist us. Failing that recruit to fill the gaps in the staff levels. Training of staff requires a great deal of time and effort from other staff which in tern slows the team down. | Merv Balloch | Annually | There are enough staff adequately prepared (training and experience) to fill vacancies (retirement or movement) so the business is able to future proof capacity requirements. Once |
| BQ-R009 | Waikato District Council is exposed to reputational damage (amongst peers) due to deprioritization of Territorial Authority requirements (potential to fail pending Territorial Authority audit). This includes swimming pools, BWOF's and Earthquake prone work. | 5 | 4 | Extreme | Recruit additional resources (approvals in place). Have enough resource to be able to carry out the required inspections and associated administration on both BCA and TA functions. | 5 | 4 | Extreme | We will apply whatever resource we can obtain from either within the team or externally from contractors, other WBCG members (provided they're available) to carry out the work. We are currently engaging a contractor to carry out the earthquake prone work. | Merv Balloch | Quarterly | It is likely that a Territorial Authority audit is pending. At this point it is probable that WDC will do poorly during the audit due to a lack of resources to focus on TA requirements. Impacts could also extend to increased cost e.g. fees for follow up on audit requirements, requirement for additional contract services. This situation would also compound existing over stretched administration to meet audit requirements. |

| | |
|---------------------------------|---------------------------------------|
| To | Audit & Risk Committee |
| From | TG Whittaker, Chief Operating Officer |
| Date | 31 May 2021 |
| Prepared by | A Diaz Chief Financial Officer |
| Chief Executive Approved | Y |
| Reference # | GOV1318/ 3097772 |
| Report Title | Deep Dive Report – Affordability |

1. EXECUTIVE SUMMARY

This report provides an opportunity for the Committee to discuss the management view of the affordability risk and assess the related control actions and mitigation procedures. The Committee's feedback will be used to establish an appropriate residual risk rating.

The report includes:

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

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received;

AND THAT the Committee support management's residual risk assessment of High (likelihood possible, consequence catastrophic).

3. BACKGROUND

3.1 RISK BACKGROUND

Affordability was added to Council's Strategic Risk register in December 2020. The risk was identified during a workshop facilitated by KPMG, where both Councillors and the Executive Leadership Team raised concerns that funding constraints could adversely impact council services. The resulting risk is described in the Strategic Risk Register as follows:

Affordability: *Waikato District Council is unable to deliver key community infrastructure and services due to insufficient funding streams.*

Impact: Council is unable to provide or maintain required infrastructure or services
Cause: lack of funds sourced through rates or via other funding sources.

Affordability has been highlighted as a strategic risk for the next 18 to 24 months due to:

- 1) Aging infrastructure:** The current state of our Three Waters activities has presented a number of challenges, particularly in wastewater, as evidenced by the issuance of abatement notices from the Waikato Regional Council. The contract with WaterCare Services Limited had envisaged a slow progression towards betterment over time with initial focus to 2028 on skill/capability lift and economies of scale related procurement savings, however, the underlying condition of the assets combined with increasing compliance expectations and anticipated growth means this approach is no longer possible. Significant investment is required to address aging water and wastewater assets, and solid waste, roading and parks and reserves assets to a lesser extent.

Council collects money to fund asset upgrades/replacements over the life of the asset, however, as regional consents are issued for a maximum of 35 years there is a mismatch between the funding horizon and when the next renewal is required.

- 2) Increasing compliance requirements:** Council is nearing the completion of the District Plan review, with commissioner decisions expected late 2021/early 2022. Council has a district plan deficit reserve of approximately \$3.8 million that needs to be recovered from ratepayers over the next ten years. Further budget is needed to resolve any appeals that may be lodged. These Resource Management Act processes are very expensive and once they are complete, the next mandatory national direction needs to be factored in (e.g., National Policy Statements (NPS) on Urban Development, Productive Land (Soils), and Indigenous Biodiversity). The Government's planned resource management reform programme will determine the timing, process, and content of the next District Plan review or its equivalent, but at this stage it is anticipated that these planning process costs will continue to fall to ratepayers.

In general, the regulatory environment is imposing more cost to protect people and the environment including healthy rivers, drinking water standards, climate change targets and consent conditions. Pending three waters reform work has meant that the standards associated with running water and wastewater services will inevitably increase. It is not yet clear what the reforms will mean for our communities but the type of treatment plants that will need to be built to achieve regional consent conditions will cost more (and will be earlier than originally anticipated given the infrastructure changes needed due to our growth requirements). Council has four wastewater consents expiring in the next ten years which will need funding,

- 3) Growth pressures, in particular servicing large scale greenfield development:** Forecast district growth will see a 21 percent increase in the number of homes (6,600) over the next 10 years. This is substantial and requires a significant investment in all of Council's activities. To date, large greenfield development in areas such as Pokeno, Te Kauwhata and Raglan, have been instigated via private plan changes and the associated

servicing has been an upfront consideration of the developer in terms of the success of their proposal. As Council moves towards achieving the desired level of land available for development under the NPS, it is likely we will need to incentivise greenfield development with new or expanded infrastructure solutions at a higher cost than is experienced currently and planned for.

Council currently funds growth associated capital works from charging development contributions. Depending on the relative speed of growth it can take 25 years or more to recover the infrastructure costs in full.

- 4) Economic uncertainty:** The potential economic impacts on the Waikato district as the global pandemic unfolds are largely unknown, however, recent submissions received on Council’s Long-Term Plan have indicated that ratepayers are feeling under pressure and are generally unsupportive of the rates increases that are proposed.

Between 60-70% of council’s funding comes via rates, and in addition to supporting operational costs, an increased capital programme to support growth will increase the need for loans, associated repayment costs and ongoing depreciation expenses which are funded through rates. Council’s rates revenue is a key determinant of borrowing capacity (able to borrow 175% of total revenue excluding development contributions and vested assets).

- 5) Covid recovery expectations:** The Government has an expectation that councils will play a role in the nation’s recovery, as evidenced by the “shovel ready projects” process. While this provides opportunities to seek new government grants, it is in addition to Council’s planned work programmes and therefore, takes more resources (extra staff and/or consultancy work) and cost.

This report focuses on risk, but it is important to note that some of the above also present opportunities, particularly where councils collaborate to influence outcomes. Examples include three waters reform and the wider review of Local Government. Opportunity cost could be considered one of the key risks, i.e., that Council fails to take advantage of the funding and financing opportunities to achieve its strategic objectives for the community.

4. DISCUSSION AND ANALYSIS

4.1 INTERNAL/EXTERNAL THREATS & IMPACT

The following information describes the risks, the possible triggers and related impact.

| RISK PORTFOLIO | RISK DESCRIPTION | RISK TRIGGERS | THREAT IMPACT |
|----------------|------------------|---------------------|---------------------------|
| Political | Council’s costs | Legislative changes | Rates increase to a level |

| | | | |
|--|--|--|---|
| <p>Risks that may impact on the organisations ability to achieve its strategic objectives created by political conditions.</p> | <p>increase to cover unfunded government mandates.</p> <p>Infrastructure to support growth is put in too early and economic conditions decline causing a delay in funding.</p> | <p>devolve responsibility to local authorities.</p> <p>The National Policy Statement on urban development capacity requires land to be serviced to incentivise housing supply.</p> | <p>that is unaffordable for property owners, compromising Council's cashflow.</p> <p>Growth slows and there is insufficient revenue to support repayment of loans and ongoing operational costs of new assets (i.e., stranded assets).</p> |
| <p>Compliance/Regulatory</p> <p>Risks related to WDC exposure to liability (legal action, fines, non-compliance against consent conditions, codes etc.)</p> | <p>Upgrades to wastewater and water treatment plants are not able to be completed in a timely manner due to funding constraints.</p> | <p>Drinking water and wastewater standards under new regulations change upcoming consent renewal requirements.</p> | <p>Potential for legal action and fines due to non-compliance with consent conditions.</p> |
| <p>Financial</p> <p>Risks related to the financial management of WDC and the ability to fund Council activities and operations now, and into the future. External economic factors related to changes in the prevailing market conditions that impact on the organisation's financial capability.</p> | <p>Council is unable to replace or renew existing infrastructure at the appropriate time due to insufficient replacement funds or debt constraints.</p> <p>Council is unable to deliver infrastructure and services due to the higher costs associated with large geographic spread.</p> | <p>Mismatch between consent or standard changes and useful lives of the underlying assets</p> <p>Lack of economies of scale means multiple assets are required to service small communities.</p> | <p>Asset conditions deteriorate, become non-compliant and/or unsafe. Loan funding increases to a level that is not supported by council's lenders (i.e., would breach debt caps)</p> <p>Costs are collectively higher, and rates and development contributions based on 'district-wide' principles to keep costs down, are more susceptible to causal nexus scrutiny.</p> |

A number of Councils strategic risks are interconnected. The strategic risks that may be influenced by and/or those that influence the affordability risk are shown below:

| STRATEGIC RISK DESCRIPTION | ASSOCIATION |
|---|---|
| <p>Growth Council experiences significant business, financial and community disruption as the result of inaccurate growth forecasts.</p> <p>This may include but is not limited to; decay in level of service, unmanageable funding allocations, speed of growth exceeding or not meeting growth forecasts, etc.</p> | <p>The relative speed of growth impacts the capital work programmes and in-turn revenue requirements.</p> <p>Inaccurate growth forecasts could lead to inaccuracies in development contribution levies resulting in refunds and/or legal challenge. Development contributions are a key growth funding source.</p> <p>Growth forecasts used for operational purposes may lead to under or overstated costs and/or revenue.</p> |
| <p>Asset Management; Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.</p> <p>Asset failures (including Waters and Roding) caused by poor planning, maintenance and or management.</p> | <p>Aging infrastructure coupled with increasing compliance expectations could mean that council cannot afford to address all asset management requirements.</p> <p>The timing of council's consent renewals puts additional pressure on funding. Asset failures can also lead to fines which are an unbudgeted expense that rates would need to fund.</p> |
| <p>Economic & Social Development; Waikato district suffers inhibited economic and social development and or missed funding opportunities as a result of poor planning, investment strategy, and or relationships.</p> <p>Council fails to promote and or identify opportunity for economic and social growth or fails to engage appropriately to encourage growth and development.</p> | <p>Council's financial strategy sets in place rates and debt limits based on the long-term plan programmes and borrowing capacity.</p> <p>Seeking funding opportunities for existing work programmes is advantageous, however, seeking new funding for new assets is likely to increase costs (depreciation, maintenance etc.) and could place pressure on rates and/or debt limits.</p> <p>Economic development opportunities that increase rating units or capital value in the district may be less problematic as off-balance sheet financing options can be explored (i.e., special purpose vehicles).</p> |

The issues below have also been considered during the risk assessment process:

Supply chain issues: infrastructure programmes may be delayed or become more expensive due to Covid pandemic related supply chain constraints. This could result in higher costs which may also impact affordability.

Resources: The labour force has been affected as border restrictions continue across the world. This combined with supply chain constraints and high demand for contractors due to national recovery efforts could result in a tightened contract market with costs going up.

Corner-cutting: Efforts to reduce costs could result in staff or contractors taking 'short-cuts' to get infrastructure and services delivered. This could result in controls being overridden. If this behaviour is normalised it could increase the risk of fraud, corruption and potentially undermine the quality of assets and safety outcomes.

Waka Kotahi NZ Transport Agency subsidy constraints: The funding assistance rate could be lowered, or the funding envelope could be lower than required to maintain assets in accordance with council's asset management planning. It has been signalled that subsidy may be more operational focused rather than asset renewal based. If subsidy does not support the categories of spend submitted by the roading team then funding will not align, and subsidy may not be able to be taken up in full as capital and operational funding are not transferrable.

4.2 INHERENT RISK SCORE

Inherent risk, for the purpose of this report, represents the amount of risk that exists in the absence of controls. The inherent risk has been assessed as follows:

Likelihood;

- Likely (4) – Strong probability of occurrence in the foreseeable future / History of frequent occurrence. 1-5 times per years. 50-80%

Consequence;

- Catastrophic (5) - Financial exposure ≥ \$1.5M in any 12-month period. Sustained high profile adverse national or local media campaign or irreversible loss of community confidence. Significant and prolonged political attention with non-achievement of LTP objectives across multiple years.

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

4.3 EXAMINE ASSOCIATED TREATMENTS

Treatments have been reviewed/established with consideration to the risks identified in this report. Many of the treatments identified are in place but not yet documented in Promapp. These treatments are shown as existing*.

| EXISTING/NEW | TREATMENT | IMPACT | COMMENT |
|---|--|--|---------|
| <p>Existing*</p> <p>Rate's remission & postponement policies</p> | <p>Rate's remission and postponement policies provide opportunities to remit or delay charges on a property.</p> | <p>This treatment impacts the likelihood of the risk by offering options for property owners facing financial hardship. Rates continue to be paid via a payment plan or are deferred to coincide with the sale of the property. Both arrangements allow penalties to be remitted keeping the amount owing to a minimum for the ratepayer, but the underlying council revenue remains intact.</p> | |
| <p>Existing</p> <p>Integrated planning: Long term planning (including infrastructure and financial strategies)</p> | <p>TREATMENT MC00602</p> <p>Integrated planning processes across Council (e.g., Growth and Economic Development Strategy, Spatial Plans, Structure Plans, Town Centre Plans, Infrastructure Strategy, Long Term Plan) will link social / recreational infrastructure planning with land use planning, as well as funding mechanisms such as development contributions, development agreements, financial contributions, rates, external grants etc.</p> | <p>This treatment impacts the likelihood of the risk by ensuring fit for purpose community infrastructure is planned for during the development process.</p> | |

| EXISTING/NEW | TREATMENT | IMPACT | COMMENT |
|---|---|---|--|
| <p>Existing*</p> <p>Available Funding streams</p> | <p>There are multiple funding mechanisms available to council via the Local Government (Rating) Act 2002, the Local Government Act 2002, the Infrastructure Funding & Financing Act 2020, the Land Transport Management Act 2003, and various other acts. Innovative ways to fund local infrastructure and enact enabling legislation is an ongoing commitment.</p> | <p>This treatment impacts both the likelihood and consequence of the risk by providing funding streams that are flexible and legislatively collectable.</p> | <p>Funding streams include: Rates, Development Contributions, User fees and charges, Waka Kotahi New Zealand Transport Agency subsidies, waste-minimisation levies, DIA grants, SPV levies, and borrowing.</p> |
| <p>Existing*</p> <p>Procurement plans</p> | <p>Procurement planning is linked to the project management framework and considers whole-of-life costs of infrastructure and service provision.</p> | <p>This treatment impacts the likelihood of the risk by assessing the market upfront before work is tendered and costs committed.</p> | |
| <p>Existing*</p> <p>Treasury risk management policy limits</p> | <p>The Treasury Risk Management Policy includes policies on liability management and investment. The limits within the policy allow for monitoring of the treasury function and signals where corrective action may be required.</p> | <p>This treatment impacts the likelihood of the risk by supporting prudent treasury management.</p> | <p>This treatment does not incorporate bank or LGFA funding limits i.e., council still subject to bank covenants.</p> |
| <p>Existing*</p> <p>Collaboration/cross boundary initiatives</p> | <p>Multi-council (e.g., Waikato Local Authority Shared Services) and/or crown partnerships reduce overall costs of procurement and programme delivery.</p> | <p>This treatment impacts the likelihood of the risk through the creation of economies of scale for delivery and funding/financing.</p> | <p>Council is proactive and is prepared to challenge the status quo notwithstanding the support you may or not have from partners (e.g., relationship with WaterCare following failure of waters CCO)</p> |

| EXISTING/NEW | TREATMENT | IMPACT | COMMENT |
|--|---|--|---|
| <p>Existing*</p> <p>Strengthening of political relationships “lobbying”</p> | <p>Council is an active participant in Futureproof and the Mayoral Forum which are key vehicles for engagement and lobbying government.</p> <p>The Mayor has a strong relationship with the Minister of Government.</p> | <p>This treatment impacts the likelihood and consequence of the risk as effective lobbying can open new funding opportunities.</p> | <p>Council has demonstrated success through lobbying such as securing inclusion in the Housing Infrastructure Fund process (which did not consider Waikato at the outset).</p> |
| <p>New</p> <p>Credit rating</p> | <p>Council can secure lower margins on borrowing from the Local Government Funding Agency by having a credit rating.</p> | <p>This treatment impacts the likelihood of the risk by reducing the cost of borrowing, and in turn interest repayments included within the rates charges.</p> | <p>Council is yet to seek a credit rating.</p> |
| <p>New</p> <p>Funding review: match funding for blueprints</p> | <p>The LTP has proposed re-purposing of council grants and donations to support blueprint initiatives.</p> | <p>This treatment impacts the likelihood of the risk through encouraging philanthropy within the district that helps deliver infrastructure or services.</p> | <p>At the time of writing this report, the funding review proposal is subject to LTP deliberations.</p> |
| <p>New</p> <p>Prioritisation based on risk assessment.</p> | <p>Council has a project management framework that prioritises work programmes based on a set of criteria. Financial impacts are part of the assessment.</p> | <p>This treatment impacts the likelihood of the risk because financial impacts are factored in at the project planning level (not only when forming budget).</p> | <p>Prioritising of projects is in its infancy so has been noted as ‘new’. In terms of working within a finite funding envelope, work programmes are prioritised every year during budgeting this is captured under the integrated planning treatment.</p> |

4.4 RESIDUAL RISK ASSESSMENT

This residual risk assessment considers all identified risk areas, risk treatments and treatment impacts. It is recommended that the residual risk is noted at:

Likelihood;

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

Consequence;

- Catastrophic (5) - Financial exposure \geq \$1.5M in any 12-month period. Sustained high profile adverse national or local media campaign or irreversible loss of community confidence. Significant and prolonged political attention with non-achievement of LTP objectives across multiple years.

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

It should be noted that the consequence remains at catastrophic based on the financial exposure criterion only. The financial exposure for each variance level should be reviewed.

4.5 FORECAST

District plan decisions on new industrial and residential zoning at Ohinewai, subject to appeals, will require significant upgrades of wastewater and water trunk infrastructure. Upfront developer investment, Housing Acceleration Fund, or working with Crown Infrastructure Partners all present an opportunity for council to secure financing without breaching debt limits. The residual risk assessment is likely to stay relatively high but stable for the next year or two.

Local Government reform has a horizon of approximately four years. The uncertainty regarding local authority structures and mandates will change the affordability risk during this time.

5. CONCLUSION

Council's integrated planning mechanisms prioritise work programmes within funding limits every year (rates, debt, subsidies, development contributions etc.). As the divide between optimised asset management planning and the ability to fund each request widens, other strategic risks may be impacted e.g., growth, asset management etc.

Recent legislation has introduced additional funding and financing mechanisms for councils which means we have more tools in the toolbox. However, with the vast geographic spread of the district we cannot always deliver work programmes and services that match every communities' expectations. The funding review work to support Blueprints is one initiative that could make more localised projects successful without reliance on council.

Ultimately, the future of local government reform will seek to address the mismatch between central government's requirement of local government and funding.

6. ATTACHMENTS

NIL

Open Meeting

| | |
|---------------------|--|
| To | Audit & Risk Committee |
| From | Alison Diaz Chief Financial Officer |
| Date | 26 May 2021 |
| Reference # | GOV1318/ 3097653 |
| Report Title | Insurable Risk Strategy update |

I. EXECUTIVE SUMMARY

With the tightening of insurance markets and reductions in capacity, council activities continue to experience insurance premium increases.

Insurance is a risk management tool which can assist when something occurs that falls outside the normal course of business. However, as these extraordinary events switch from 'what if' to 'when and how frequently', insurance as a risk management tool becomes less effective.

It is therefore important to take a strategic approach to insurance in line with risk appetite, tolerance, and an understanding of alternate risk mitigation tools.

Following the re-appointment of Aon NZ Limited (Aon) as the Waikato Local Authority Shared Services Limited (WLASS) broker, work on an insurable risk strategy started in late 2020, with a review of current insurable risk exposures. The attached report:

- Identifies and describes Council's insurable exposures to inform insurance coverage and limits, and
- Evaluates Council's approach to risk governance and risk management, identifying opportunities for improvement.

Council staff will assign priorities and agree actions, noting that some work is already underway in the quality asset data space in readiness for the 2021 insurance renewal, and that WLASS have agreed on a further loss modelling study to be undertaken this year by Aon.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Insurable Risk Profile



With you, every step of the way

Waikato District Council
Insurable Risk Profile | 2020

New Zealand's leading insurance broker.

aon.co.nz

Introduction

Overview

Waikato District Council engaged Aon's expertise to facilitate an insurable risk profiling workshop. The workshop involved a cross-section of participants from different parts of the organisation. Key objectives of the process are to:

- Identify and describe insurable exposures to inform insurance coverage and limits.
- Evaluate Waikato District Council's approach to risk governance and risk management, identifying opportunities for improvement.
- Develop an action plan to improve Waikato District Council's risk profile and optimise insurance outcomes.

The overall risk profiling process is shown below.



Context

Against a backdrop of accelerated change and uncertainty, the way organisations purchase insurance is evolving. Our clients are looking harder at their insurance expenditure and are demanding more innovative solutions. As such, insurance is increasingly seen as one of several tools in an organisation's risk management toolbox. There is now a greater focus on optimising the organisation's overall risk management programme to create and protect value.

Risk management embraces a more integrated approach, connecting all relevant risks to overall objectives and strategy. This integrated approach aims to help with the setting of priorities, to ensure the success of strategy execution and to protect the interests of stakeholders. These good practices are reflected in important risk management standards such as ISO31000. Although the basic principles of risk management could apply to every organisation, the optimal level of investment can vary. The risk maturity goals of an organisation may differ depending on the way it is structured, the complexity of its processes, the markets it operates in, or the nature of its activities.

At Aon we help our clients to establish their risk management needs and ambitions, and to design plans to progress risk management to the desired maturity level. Within this report, we aim to provide an overview of your risk and insurance programme to help set your broad "next step" priorities. Based on the outcomes we are at your disposal to further analyse and define your organisation's risk management needs.

Scope

The workshop covered modules as shown below.



Risk Governance

High-level organisational governance practices, culture and decision-making systems.



Technology

First and third party cyber exposures and associated risk management.



Material Damage

First party asset exposures (including business interruption) and associated insurance and risk management.



Risk Financing

Risk tolerance, retained risk and available risk financing tools.



Third Party Liability

Combined liability exposures and associated insurance and risk management.



Miscellaneous

Selection of other insurable risks.

The following sections contain tables for each module as described below:

- **Insurable Exposures** – lists the insurable risks covered in the workshop and provides a summary comment on the insurance cover in place and alignment with the underlying exposure (review is recommended if there is potential to better align).
- **Risk Management Evaluation** – presents ratings on key components of a robust risk and insurance programme. Ratings can be used to identify potential areas and priorities for improvement. For each component workshop participants were asked to rate their level of agreement with a statement that encompasses good performance in that area. The scale used is shown below.



Further commentary on Waikato District Council's insurable exposures and risk management can be found in Appendix A: Workshop Notes.

Results Summary

Risk Governance

| Component | Rating | | | | |
|--------------------------------|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| High Level Commitment | | | ● | | |
| Executive Leadership | | | ● | | |
| Transparent Risk Communication | | | | ● | |
| Culture of Risk Ownership | | ● | | | |
| Data and Analytics | | ● | | | |
| Stakeholder Participation | | | ● | | |
| Risk-Based Decision Making | | ● | | | |
| Risk Quantification | | ● | | | |
| Optimised Risk Profile | | | ● | | |

Material Damage

| Component | Rating | | | | |
|------------------------------|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Quality Asset Data | | | ● | | |
| Asset Exposure Understanding | | ● | | | |
| Network Resilience | | | ● | | |
| Disruption Risk Management | | | ● | | |
| Climate Change | | | | ● | |

Third Party Liability

| Component | Rating | | | | |
|------------------------|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Regulatory Compliance | | ● | | | |
| Quality Management | | | ● | | |
| Change Management | | | ● | | |
| Contract Management | | | ● | | |
| Communication Channels | | ● | | | |

Technology

| Component | Rating | | | | |
|----------------------------|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| IT Exposure Awareness | | | | ● | |
| IT Security and Continuity | | | | ● | |

Risk Financing

| Component | Rating | | | | |
|---------------------------|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Holistic Approach | | | | ● | |
| Risk Retention Capability | | | | ● | |
| Claim Preparedness | | | | ● | |

Opportunities and Actions

The following table lists opportunities for improvement and associated priorities and actions. Aon is at Waikato District Council's disposal to assist with implementation of actions as required.

| Opportunity | Priority | Action |
|---|----------|--------|
| <p>Culture of Risk Ownership: Continue development of risk culture, in line with Council's risk maturity roadmap. Opportunity to use case studies to promote an open culture and learning from negative outcomes. Potential to incorporate risk management responsibilities into job descriptions and performance evaluations where necessary.</p> | | |
| <p>Risk Quantification: opportunity to use data to better understand risk drivers. Identify risk drivers / precursors and consider developing Key Risk Indicators around these. Bow-tie analysis can be a useful process to implement for this purpose.</p> | | |
| <p>Risk-Based Decision Making: opportunity to formally include risk information in strategic decisions, including when evaluating options.</p> | | |
| <p>Risk Quantification: opportunity to include uncertainty in project forecasting and apply a risk management process to reduce uncertainty where possible.</p> | | |
| <p>Risk Financing: opportunity to document an insurance strategy to provide a roadmap for making decisions around the management of insurable risks to ensure prudent, effective and efficient risk financing over the long term.</p> | | |
| <p>Risk Financing: opportunity to develop an asset selection framework, based on event likelihood, consequence and reinstatement strategies, to guide which assets to insure and which assets to self-insure. This also informs which type of valuation is most appropriate for each asset and provides a foundation for pre-emptive discussions with insurers around assets that wouldn't be replaced like-for-like.</p> | | |
| <p>Quality Asset Data: opportunity to ensure insurance valuations are provided for the insurance schedule. These consider other factors such as demolition costs and an inflation provision for the rebuild period. Ensure Aon is advised when new assets are capitalised and that these are added to the insurance schedule immediately.</p> | | |
| <p>Quality Asset Data: opportunity to include comments on construction material, condition and risk controls for assets in the insurance schedule.</p> | | |
| <p>Quality Asset Data: underwriting surveys provide a summary of construction, occupancy, protections and exposure which supports the placement of large sites. Opportunity to commission a property underwriting survey for the Huntly Water Treatment Plant.</p> | | |

| | | |
|--|--|--|
| <p>Asset Exposure Understanding: a regional earthquake loss modelling exercise was completed in 2016 for four of the Waikato LASS Councils, including Waikato District Council. This analysis is now due for an update to account for changes in asset base and newer loss modelling methodologies and hazard/vulnerability understanding. Opportunity to undertake a more local study to inform Waikato District Council's sublimit and identify exposed assets in their portfolio.</p> | | |
| <p>Disruption Risk Management: a major event causing damage and interruption to a Water Treatment Plant or Waste Water Treatment Plant could result in significant Additional Increased Costs of Working (AICOW). Opportunity for Waikato District Council to quantify the financial impact if an event were to happen to ensure that the MDBI policy AICOW sublimit is sufficient.</p> | | |

Waikato District Council Insurable Risk Profile | 2020



Risk Governance Self-Evaluation

| Component | Statement | Council Response | Rating |
|-----------------------|---|--|--------|
| High Level Commitment | Councillors understand and commit to risk management. | <ul style="list-style-type: none"> ▪ General agreement of risk profile. ▪ Highest strategic risk identified by WDC is harm to workers. This is followed by project failure. ▪ Audit and Risk Committee (ARC) (4-5 staff) go through risk profile every 3 months. ▪ Standard papers are reviewed and specialists from the business brought in to present to the committee. ▪ Committee has an independent chair and is more focused on risk than audit. ▪ Councillors have been involved in work around risk appetite statements which have been in place for two years and are reviewed annually. ▪ Strategic risks are reviewed annually. This includes identifying gaps between risk appetite and strategic risk ratings. Emerging risks are reviewed each quarter. ▪ Council has been assessed by KPMG for Risk Maturity. ▪ Top emerging risks include: flexible working, climate change, changes to legislation (including RMA), and central government influence. ▪ There is a risk that central government could support a large block of land to be developed under the new urban development framework. This would reprioritise growth resources within council and necessitate significant re-planning. ▪ Councillors commitment to risk management is mostly contained within ARC but not across whole council. Would rate as a 4 within ARC but 2-3 elsewhere. main challenge is commitment. | 3 |
| Executive Leadership | Senior leaders drive risk management processes and development. | <ul style="list-style-type: none"> ▪ Council has a Risk Advisor (but currently no Risk Manager). ▪ Risk Advisor role includes: <ul style="list-style-type: none"> ○ Developing the risk management framework and ensuring is followed. ○ Educating people within the organisation. ○ Encouraging a good risk culture, e.g. through engagement plans. ○ Raising new risks. ○ Supporting the Executive Leadership Team (ELT). ▪ There is variability amongst the ELT. Overall, leaders complement each other with their skill sets. Each ELT member is aware of what is happening across the business. Risk maturity has improved over COVID19 with many risk assessments undertaken. ▪ Overall still dependent on risk advisor to drive the risk process, however, the council is at a turning point and it will eventually become internally driven. | 3 |

| Component | Statement | Council Response | Rating |
|---------------------------|--|---|--------|
| | | <ul style="list-style-type: none"> ▪ Council uses the All-of-Government Enterprise Risk Maturity Framework to self-assess. | |
| Transparent Communication | Risk There is consistent and routine risk reporting throughout the organisation. | <ul style="list-style-type: none"> ▪ Risk communication throughout the organisation includes: <ul style="list-style-type: none"> ○ Blogs ○ Risk as an agenda item for team members. ○ Monthly report to ELT. ○ Quarterly reporting to ARC ○ At least 3 workshops annually (covering risk appetite statements and strategic risks). ○ Other ad hoc risk reporting. ▪ Incident Management Team (IMT) effective for managing risk. Structured same way as civil defence / emergency management teams. ▪ IMT could form if a risk is elevated – not always reactive, e.g. formed to plan COVID response prior to lockdown. | 4 |
| Culture of Risk Ownership | Risk There is a risk culture that encourages engagement and accountability at all levels. | <ul style="list-style-type: none"> ▪ Council has developed a roadmap for improving risk maturity. Culture is a significant piece they are working on. Need to educate people to change the culture. Focusing on risk conversations (i.e. don't need to do a register for everything.) ▪ Rating would be a 5 for Council's approach to Zero Harm. All individuals show accountability ▪ For other areas of risk there still tends to be a negative culture around negative outcomes, e.g. people will try fix issues themselves without escalating the issue or seeking support. ▪ Council is expecting this to change over next 18th months. Risk team is working with the ELT to build trust across the organisation. Will start using case studies to educate. | 2 |
| Data and Analytics | Council uses internal and external data and information to identify existing and emerging risks. | <ul style="list-style-type: none"> ▪ Council has established a business intelligence team. ▪ Council has several examples of using surveys to gather data to inform decisions. ▪ Otherwise limited use of data to explore information on risk drivers. ▪ Hasn't implemented Key Risk Indicators. | 2 |
| Stakeholder Participation | Stakeholders collaborate in risk management, strategy development and policy setting. | <ul style="list-style-type: none"> ▪ Where Council has large contracts, there are conversations around Risk Management and Risk Appetite and Business Continue (e.g. Watercare). ▪ There is a shared risk model with the District Roding Alliance (roading network works undertaken in conjunction with Downer - WCC staff co-located). | 3 |

| Component | Statement | Council Response | Rating |
|----------------------------|---|---|--------|
| | | <ul style="list-style-type: none"> ▪ Council receives input from peers through the Regional Risk Forum. ▪ Procurement team has been helping smaller contractors, e.g. with zero harm. ▪ Community consultation is undertaken but often not viewed as “risk”, e.g. Iwi consultation. | |
| Risk-Based Decision Making | Risk information is incorporated into decision making and the governance processes. | <ul style="list-style-type: none"> ▪ Some limited use of risk information in strategic planning, investment decisions or projects. Mostly gut feel. More art than science. ▪ Risk of government change of focus captured as a significant forecasting assumption in Long Term Plan. ▪ Some alignment of risk management and budgeting processes. ▪ COVID risk incorporated very well in planning. ▪ An Extreme risk for Council is: “Council fails to produce required project benefits due to poor delivery of projects and programmes caused by a lack of procedure or capability.” | 2 |
| Risk Quantification | Quantification methods are used to understand risk and demonstrate added value through risk management. | <ul style="list-style-type: none"> ▪ Quantitative growth forecasts. ▪ Risk assessment criteria is a combination of qualitative and quantitative. Framework developed in house based on ISO31000 standard. ▪ Don't tend to monitor the effectiveness of risk controls, e.g. animal control education provided but don't collect data on effectiveness. ▪ Forecasting needs improvement, e.g. projects often not completed as per forecast. | 2 |
| Optimised Risk Profile | Council leverages risk management to create and protect value. | <ul style="list-style-type: none"> ▪ Risk appetite statements reflect opportunities. ▪ Throughout COVID19 management Council began to look at opportunities, e.g. flexible working, technology investment. ▪ Starting to talk about risk as an enabler. Don't want to be paralysed by risk. Linked with culture around negative outcomes. ▪ Councillors provide guidance on where risk averse or ok to make mistakes if there are opportunities. ▪ Some parts of organisation very risk averse. Consent planners very protective of professionalism and integrity. High value placed on views from industry and peers. | 3 |

Risk Management Self-Evaluation

Risk Financing

| Component | Statement | Council Response | Rating |
|---------------------------|--|---|--------|
| Holistic Approach | There is a holistic approach to risk financing which considers the range of tools available. | <p>Council uses the following risk financing strategies and tools:</p> <ul style="list-style-type: none"> Insurance Disaster Recovery Reserves. These are replenished through rates. Primarily used for storm weather events, e.g. slips – maintenance works on unsealed roads. Used for Kaikoura impact on Raglan and assessment of managed retreat around Port Waikato. In an event council would repurpose budget to recover. This could be in the range of tens or hundreds of millions. Predicated on people still paying rates (even if they don't have a house). Debt - Council's Treasury Risk Management Policy has set a limit of 150% a prudent limit. this allows some headroom with LGFA – about \$30-35m available. Council has a banking facility - \$15m available. | 4 |
| Risk Retention Capability | Retained risks are understood and managed in relation to risk tolerance. | <ul style="list-style-type: none"> Council is proposing to increase the investment in its disaster recovery fund to self-insure for events that may not trigger the natural disaster insurance policy claim criteria. A specific budget has been set aside each year to re-build the balance of the disaster recovery fund. \$122,000 has been set aside in the first year, \$242,000 in the second year and \$781,000 in the third year. This fund will continue to be replenished and built upon throughout the ten years. Additionally, a new roading budget of \$800,000 per annum was established for emergency works with a further \$300,000 of minor event emergency works budget per annum. This \$1.1 million of annual budget is additional to funds held in the disaster recovery reserve. An unbudgeted loss of approximately \$500,000 equates to a 1% rate increase. Council's General Accounting Reserve Fund can be used for contingencies. | 4 |
| Claim Preparedness | There are claims processes in place and clarity around insurance and government response. | <ul style="list-style-type: none"> Council has a good understanding of insurance and government response. Council purchases a sidecar for the Central Government 60% up to a total of \$10m. Noted that Central Govt may not contribute to rebuild in a relatively remote area. | 4 |

Material Damage

| Component | Statement | Council Response [Aon Prompts] | Rating |
|------------------------------|--|---|--------|
| Quality Asset Data | There is clarity around assets owned and valuations data is suitable for insurance purposes. | <ul style="list-style-type: none"> ▪ Generally good clarity around assets owned. Knowledge of above ground assets better than below ground. ▪ Have just done an extensive exercise to identify properties owned. Working through to interrogate data and provide lists to various parts of the business. Less likely now for unknown assets to pop out of the woodwork. Some assets covered on behalf of other entities. ▪ Gap in capitalisation. Works can be completed but not capitalised until end of defects period. This could lead to data lag. ▪ Council recently completed valuations across the portfolio (depreciated replacement cost and optimised replacement cost.) ▪ Noted that insurance valuations consider other factors such as demolition costs and an inflation provision for the rebuild period. Need to understand what assets Council would rebuild like for like and how long it would take. ▪ Currently no asset selection framework that links with insurance schedule. | 3 |
| Asset Exposure Understanding | Large property and network exposures are understood and managed effectively. | <ul style="list-style-type: none"> ▪ Activity Plan documents risk profile. ▪ Safety audit recently completed at main office site. ▪ Property exposures and risk controls not likely to be communicated through to insurers. ▪ Earthquake PML based on understanding of areas of liquefaction. Regional loss modelling exercise completed in 2016 now dated and due for an update. ▪ Flood mapping completed several years ago - provides indication of vulnerable areas. ▪ Some vulnerable areas mostly on tank water. ▪ Underwriting property surveys not completed for high-value (>\$20M), heritage (Cat 1 or Cat 2), or lifelines (water treatment or wastewater treatment) property sites. | 2 |
| Portfolio Resilience | There is a shared understanding and defined approach to improving portfolio resilience. | <ul style="list-style-type: none"> ▪ Some resilience projects in place but no formal resilience programme. ▪ Bottom up understanding of where critical assets are. Know where redundancies need to be in place. Solutions not always in place. Budget limitations. ▪ Wastewater pipeline under harbour at Raglan. Raglan is a known issue. Water sourced from a spring. Will always be a resilience issue unless there is a very large investment. ▪ Northern part of district managed by Watercare. A lot of work underway in exposed areas. ▪ Flood mapping Tamahere. | 3 |

| Component | Statement | Council Response [Aon Prompts] | Rating |
|------------------------------------|---|--|--------|
| Disruption Management Risk | Disruption exposures are identified, quantified and managed. | <ul style="list-style-type: none"> ▪ BCPs in place across the business. These were put to the test by COVID19 and reviewed / updated following lockdown. tested by COVID. ▪ Key infrastructure and categoric failure documented very well. Including shared lifelines assets with NZTA. ▪ Key disruption impacts not yet quantified. If water treatment facility lost, what would it cost to supply water to the community? ▪ Impact of Kaikoura event on Raglan was a real example. Could use this information to quantify other scenarios. ▪ Quantifying financial impacts of disruptions would increase the score on this component. | 3 |
| Climate Change | Council has climate governance arrangements in place and considers climate risk in asset management strategies. | <ul style="list-style-type: none"> ▪ Council has a climate change resilience group and a draft policy ready for presentation to council. ▪ Different types of impacts are understood, e.g. weather, sea level rise, slips. ▪ Long term plan supports emergency works. Managed retreat discussions in place for some areas. ▪ Preliminary meetings with OAG made it very clear that Council need Climate Change Adaptation focus in activities. ▪ Need to understand the accumulated global impact and impacts on industry in the district. | 4 |
| Material Damage Claim Preparedness | There are claims processes in place and clarity around insurance and government response. | <ul style="list-style-type: none"> ▪ There are ad hoc records of below deductible losses, but these are not captured comprehensively. ▪ Council has a disaster recovery fund which has been called upon for self-insurance – primarily for roading. ▪ IMT is a useful tool for claims situations. Team was formed in response to the Kaikoura event. ▪ Government response for roading is well understood. | 3 |

Third Party Liability

| Component | Statement | Council Response [Aon Prompts] | Rating |
|-----------------------|--|--|--------|
| Regulatory Compliance | Statutory requirements are understood and monitored. | <ul style="list-style-type: none"> ▪ Monitoring of regulations historically has been done within respective teams that have obligations. A number of these are required to undertake external audit activities. ▪ Zero Harm requires internal audits completed around obligations under the Health and Safety at Work Act. ▪ A recent audit picked up that Council doesn't run a programme across the organisation to monitor legislative compliance Council is now looking at the ComplyWith tool to fulfil this function. This will create greater visibility across the Council. ▪ Some items within the roading team are pushed to the Alliance. ▪ Overarching monitoring will increase score through increased confidence that the right activities are being undertaken. | 2 |
| Quality Management | Quality management systems are in place to prevent and mitigate liability exposures. | <ul style="list-style-type: none"> ▪ Several quality management systems in place but there are gaps across the business. ▪ Quality systems in place for consents. Many levels of review and sign off. Alliance also has quality management systems. ▪ Council usually requires suppliers to operate a quality management system. ▪ Noted that approximately 80% of local government liability claims are around building consenting. ▪ Resource consents require a sign off to confirm areas have been completed (but not a review of quality of information and decisions). ▪ Council keeps track trends around legal challenges against them. Mitigation is to go to court and get a decision, i.e. test liability exposure. | 3 |
| Change Management | Change management systems are in place to prevent and mitigate liability exposures. | <ul style="list-style-type: none"> ▪ Role handovers – there are different processes. Some parts of the business will document everything – others don't. it comes down to relationships. If the person indicates early that they are leaving, then there will be a more formal handover. ▪ Council has key person exposures in critical areas. BCP work is identifying single points of failure. Will ask each team leader if there are key people in their department and whether their roles are linked to any processes. ▪ Council has a Change Manager. In 2018 council went through a large organisational change to resource more appropriately. There are assigned Change Agents within the organisation to support and facilitate change. ▪ There are currently multiple changes occurring at the same time. These include: <ul style="list-style-type: none"> ○ Ongoing restructuring ○ Flexible working ○ Water governance board | 3 |

| Component | Statement | Council Response [Aon Prompts] | Rating |
|------------------------|---|--|--------|
| | | <ul style="list-style-type: none"> ○ Rollover of alliance ○ Facilities management contract ○ IT data warehousing ○ HR information system ○ Partnering with central government. ○ Large legislative change – many amendments and new bills, including: three waters, zero carbon bill, privacy, RMA, urban development, consenting changes, infrastructure financing. ○ Collaboration for money saving is a new trend about how councils will operate. <ul style="list-style-type: none"> ▪ Council is working to understand the reform process and what it means for the business. RMA changes would need to take a cross-organisational approach. ▪ Generally good systems but many large changes in the environment could test those systems. | |
| Contract Management | Contract management systems are in place to prevent and mitigate risk | <ul style="list-style-type: none"> ▪ Council has recently established a contract management roadmap which considers contract templates. ▪ Don't yet have a contract register. ▪ Currently clauses are different across different contracts. On the journey to improve. ▪ Roadmap is being implemented with milestones over the next 3, 12 and 24 months. it will consider three aspects to contract management: 1) procurement, 2) legal, 3) contract management over time. ▪ Council will soon have decision tree matrices for different types of services and contracts. ▪ Council has a dedicated commercial lawyer and contracts team. There was an intensive review of the Alliance MOU. | 3 |
| Communication Channels | There are clear channels of communication between departments. | <ul style="list-style-type: none"> ▪ There is no lack of intent, but interdepartmental communication has been a challenge due to COVID impacts. ▪ Risks associated with flexible working are being reviewed and monitored. ▪ Need a single source of truth for decision making. Processes have improved. Need to be more formally embedded. ▪ Legal team tends to be engaged on issues too late. this was better before lockdown but has shifted the wrong way. ▪ Working from home impacts how different departments are working together. Some virtual teams have continued to work very well through lockdown. ▪ Noted that a large component in the TCC Bella Vista case was lack of interdepartmental communication. | 2 |

| Component | Statement | Council Response [Aon Prompts] | Rating |
|--------------------|---|---|--------|
| Claim Preparedness | There are claims processes in place and clarity around insurance and government response. | <ul style="list-style-type: none"> ▪ Legal business plan covers liability risk, omission, escalation. Council take a conservative approach to notification. What are the triggers for council to notify broker? ▪ IMT is helpful in this space. There is a process that documents “when”, “how”, “who” with regards to forming the IMT. ▪ Noted it is a requirement under liability insurance policies to notify if there are circumstances which could lead to a claim. | 3 |

Technology

| Component | Statement | Workshop Comments [Prompts] | Rating |
|----------------------------|---|---|--------|
| IT Exposure Awareness | Council and staff are aware of the range of exposures and potential impacts have been quantified. | <ul style="list-style-type: none"> ▪ SSS performed an audit in 2016. This outlined key areas for improvement and put into a strategic roadmap which was monitored by the ARC. All but 2 have been closed out. ▪ Follow up cyber security assessment to be completed following framework developed for local government. ▪ Staff made aware through blogs on intranet, reminders on staff emails “if you see this, this is what it is”. ▪ Do generic training well. Would like to do some more targeted training but limited by budget. ▪ Cryptolocker experience prompted an education programme. ▪ More marketing and sales emails coming through since COVID. | 3 |
| IT Security and Continuity | Council maintains effective IT security and is prepared to manage a disruptive event. | <ul style="list-style-type: none"> ▪ Council has BCPs and Disaster Recovery Plans (covers technical aspects). Have specific BCPs for each. ▪ Have just successfully tested BCP through COVID. ▪ Can shut down the affected system and restore it from back up. ▪ Not be dependent on a single environment. ▪ Biggest single suppliers – Microsoft Azure (AOG contract), TechnologyOne. ▪ Payroll supplier required to provide audit report. ▪ Soon there will be technological be integration with Watercare. | 3 |
| Claim Preparedness | There are claims processes in place and clarity around insurance and government response. | <ul style="list-style-type: none"> ▪ Previous issue was dealt with successfully. Accessed support. ▪ Changes to privacy act will put a higher duty of reporting, however, Council's approach is to advise anyway. | 4 |

Insurable Exposures

Material Damage

| Risk | Description | Insurable Exposures | Approximate PML (\$M) | Cover |
|-----------------------|---|---|---|--|
| Damage to Single Site | Site-specific event such as fire, explosion, external impact, flooding or extreme weather. | <p>Potential scenarios include:</p> <ul style="list-style-type: none"> Head offices – high value but not critical. Huntly treatment site would be critical – 10s of millions. Worst case would be loss of whole site. Need to look at how the site would respond to an earthquake. Explosion risk at swimming pools / aquatic centre). Sink hole. Coastal erosion. Tainui bridge would be a major cost to repair/reinstate. Train stations – warping. Flooding impacting electrics. | <p>\$36.3m on Tainui Bridge \$12.2m Head Office \$7.6m Huntly Water Treatment \$3.9m Huntly Aquatic Centre</p> | MDBI |
| Business Interruption | Loss of income or increased costs arising from damage to first party assets or third-party assets you are dependent on. | <ul style="list-style-type: none"> Relatively low revenue, e.g. from rental properties. Would need to relocate people from head office – low cost. What would be the continuity plan if treatment plant lost for a significant period? Huntly biggest town by population – roughly 8,000 people. Lessons learned in Christchurch. Potable water supply and extraction of waste is the immediate risk to community. With a low population water supply is relatively manageable. Estimates indicate mobile plant could be provided for \$2m. Could supply 1/3 | \$10m, 24-month indemnity period | MDBI Additional Increased Costs of Working Machinery Breakdown |

| Risk | Description | Insurable Exposures | Approximate PML (\$M) | Cover |
|------------------------------|---|---|-----------------------|---|
| | | <p>of the populations so would need 3 at a total cost of \$6m</p> <p>May need to look at doing a specific WDC water supply study to confirm AICOW</p> | | |
| Natural Catastrophe | Regional-scale event such as wind, flood, landslip, earthquake, tsunami, or volcano. | <ul style="list-style-type: none"> ▪ High-level regional loss modelling conducted in 2016. ▪ Huntly was one of the epicentres. ▪ Needs to be revisited at a WDC-level | TBD | Infrastructure Sub-Limit: 40% of \$100m |
| Damage to Construction Works | Physical damage to property, loss of income, increased costs or delay in start-up revenue arising from damage to construction works | <ul style="list-style-type: none"> ▪ Delay of start-up - with Councils it is often a delay of revenue not a loss of revenue. ▪ Major projects in next 12-18 months – several in water in roading space. Largely compliance projects. ▪ \$5-6M project coming up. ▪ Bigger project in Raglan in a few years. ▪ All council's services are run under contract. ▪ No specialist equipment with a particularly large lead time. | \$5-6m | Separate Contract Works cover purchased for large projects. |

Third Party Liability

| Risk | Description | Insurable Exposures | Approximate PML (\$M) | Cover |
|------------------------|---|---|-----------------------|--|
| Public Liability | General liability for damage, personal injury or pure economic loss happening in connection with the Council. | <ul style="list-style-type: none"> ▪ Third party property damage or personal injury. Councils have a relatively low exposure. ▪ Someone on site causing damage to property. Responsibility as a property owner usually well understood. | TBD | Public Liability Limit: \$160m |
| Professional Liability | Liability incurred by giving negligent advice or through a breach of professional duty. | <ul style="list-style-type: none"> ▪ Consents in areas that turn out to have issues, e.g. prone to flood or climate change issues ▪ Council relatively risk averse in the consenting space however there is a push to change risk appetite. ▪ Potential design issues, e.g. peer reviewing engineer reports or council makes a design change which is not compliant. If Councils sign-off, then could prejudice opportunity to recover from engineer. ▪ If council commissions engineer to build bridge then wouldn't peer review design report. ▪ Professional agreement requires contractor to arrange peer review (possible future change). | \$20m - \$30m | Professional Indemnity Limit: \$160m |
| Environmental Damage | Liability because of emission, discharge, release, or escape of any contaminants, irritants, or pollutants. | <ul style="list-style-type: none"> ▪ Does Council go through a process to identify environmental impacts and risks of activities? ▪ Noted that public liability covers sudden and unexpected pollution but not gradual. ▪ Indemnity provisions in contracts. ▪ Asbestos removal. | TBD | Environmental Liability policy not purchased. |

| Risk | Description | Insurable Exposures | Approximate PML (\$M) | Cover |
|----------------------|---|---|-----------------------|---------------------|
| Management Liability | Liability resulting from a negligent act or omission, or misstatement or misleading statement of a director or officer. | <ul style="list-style-type: none"> ▪ CCOs include Strada Corporation (dormant), Waikato Regional Airport, Waikato LASS, Waikato District Community Wellbeing Trust. ▪ Protections provided for council staff under LGA. | \$1m | Trustees liability. |
| Statutory Liability | Fines or penalties imposed for unintentional breaches of certain statutes. | <ul style="list-style-type: none"> ▪ Zero harm – H&S the major exposure. Privacy issues. | \$1m | Statutory Liability |

Technology

| Risk | Description | Insurable Exposures | Approximate PML (\$M) | Cover |
|----------------------|---|---|-----------------------|-------------------------|
| Data Breach | Destruction, alteration or release of data resulting from unauthorised access or breach of data security. | <ul style="list-style-type: none"> ▪ Personal banking data held by Council for payment. ▪ Signatures, home address, bank account. ▪ Data held in disparate data sets. Biggest threat would be an internal threat, e.g. someone who knew how to use the system. Externally would be harder to collate something useful. ▪ Parks and Recreation, e.g. dog registrations. ▪ Noted, some cases in the US where local government was targeted with ransomware. | \$1m | Cyber Liability policy. |
| Network Interruption | Loss of income and extra expenses because of a system failure or network security breach. | <ul style="list-style-type: none"> ▪ Cyber security is rated as a high risk in strategic risk register. CyberEdge Liability insurance purchased. ▪ TechnologyOne is the enterprise management system – content management, property rates, finance, document storage. If this system failed, then would switch to Tuakau data centre. ▪ Robust testing process for updates or patches released into production environment. ▪ Can't plug non-council device into the network. ▪ Other periphery systems: project, strategic, risk. ▪ SCADA is transitioning to Watercare by end of year. Manual workaround. ▪ Backup data centre in Tuakau office. Regular tests on operation. | \$1m | Cyber Liability policy. |

Miscellaneous

| Risk | Description | Insurable Exposures | Cover |
|-------------------------------|---|---|--|
| Aviation Incident | Physical damage or liability relating to the use or management of airports, aircraft or UAVs. | Material exposure. | Aircraft Hull and Liability for drones Airport Owners and Operators Liability |
| Marine Incident | Physical damage or liability arising out of the use of watercraft. | Material exposure. | Marine Hull policy |
| Motor Vehicle Incident | Loss or damage to vehicles or third-party liability in connection to vehicles. | Material exposure. | Motor Vehicle |
| Employer's Liability | Damages for claims from an employee sustaining personal injury during their employment. | Material exposure. | Employer's Liability |
| Personal Accident | To provide cash benefits in the event of death or disablement following accident to insured person. | Applies to accidental death only. Intended to cover costs of a by-election. | Personal Accident |
| Employment Disputes Liability | Liability for claims against employers arising from disputes such as wrongful termination, harassment and discrimination. | Material exposure. Policy typically won't trigger unless due process followed, which reduces the likelihood of an incident in the first instance. | Not insured. |
| Employee Crime | Financial loss due to employee crime, e.g. theft, fraud, embezzlement. | Material exposure. | Crime / Fidelity |
| Travel Incident | Baggage, medical costs and other travel related risks. | Material exposure. | Through Air NZ. |
| Damage to Forestry | Damage to forestry due to specified perils including, but not limited to, fire and lightning. | Material exposure. | Standing Timber policy |
| Loss of or Damage to Fine Art | Loss of or damage to fine art, e.g. due to fire, theft. | Material exposure. | Sublimit under MD policy. |

| Risk | Description | Insurable Exposures | Cover |
|---------------------------------|---|--|---------------|
| Event Incident | Liability relating to an event or first party losses from cancellation, abandonment, disruption or rescheduling of an event. | Soundsplash in Raglan. Provide reserve for use. Money spent through traffic management. No direct revenue loss. Not run by Council. No material exposure identified. | Not insured. |
| Agricultural Incident | Physical damage or liability relating to bloodstock, farms, livestock or growing crops. | Own about 100 cattle. Wainui Reserve farm (house on property schedule). No material exposure identified. | Not insured. |
| Rolling Stock Incident | Physical damage to rolling stock. | No material exposure identified. | Not insured. |
| Group Life, Health and Benefits | Benefits including a variety of special forms of insurance including life insurance, long term disability, salary continuance, medical expenses and superannuation. | Not purchased | Not purchased |

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Gavin Ion Chief Executive |
| Date | 24 th May 2021 |
| Prepared by | Lynn Shirley Zero Harm Manager |
| Chief Executive Approved | Y |
| Reference/Doc Set # | GOV1318 / 1866302 |
| Report Title | Waikato District Council Zero Harm Report |

1. EXECUTIVE SUMMARY

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

2. RECOMMENDATION

THAT the report from the Chief Executive be received.

3. REPORT

Primary Objective

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

Disciplined Management Systems

Zero Harm "Work Safe, Home Safe" Strategic Plan for FY20/21

The Zero Harm Team has commenced a review of Council's health and safety performance and implementation of the Zero Harm Strategic Plan activities for FY20/21 in preparation for developing the FY21/22 plan.



Performance and Reflections Year to Date include:

- 69 tasks fall out of the Strategic Plan (17 completed, 27 underway and 25 not yet started)
- 4 Total Recordable Injuries (TRIs) have occurred (*Lost Time Injury* – dog bite, *Medical Treatment Injury* – contusion to hand while trying to break up a dog fight, *Restricted Work Injury* – rolled ankle while walking on flat ground, *Restricted Work Injury* – strained back while assisting dog from swimming pool during Pound Pups pool party)
- 1 WorkSafe NZ notifiable event (dog bite)
- 194 events reported in BWare Safety Manager
- 16 First Aid Injuries (FAIs) and 92 Near Accidents reported in BWare
- 2398 Safety Engagement Conversations recorded in BWare

Training and Competency

Over the last three months the Zero Harm Team has continued to arrange and coordinate the delivery of training to support;

- the management of the critical risk of workplace violence
- the management of the critical risk of asbestos
- the application of contractor health and safety management requirements
- the auditing of Council’s health and safety management system

The table below illustrates the training that has been organised or delivered.

| Training delivered or planned | Number of workers required to complete training | Number of workers trained |
|--|---|---|
| Situational Safety and Tactical communications Training (2-day course delivered by CERT) | 11 | 10 (<i>one worker still to complete day 2 due to illness</i>) |
| Asbestos Awareness Training (Online course delivered by Safety n Action) | 12 | Training currently underway (<i>3 out 12 completed</i>) |
| Contractor Health and Safety Management (1-day course delivered by Impac) | 39 | Training booked for 10 th and 16 th June |
| Health and Safety Representative Stage I Training (2-day course delivered by Impac) | 1 | 1 |
| Situational Safety and Tactical communications Training (1-day course delivered by CERT) | 140 | 10 training courses booked during June and July |
| Auditing Health and Safety Systems (ISO 19011 and ISO 45001) (2-day course delivered by Impac) | 3 | Training booked for 24 th and 25 th June |

Contractor Management

The Zero Harm Team has continued to work closely with the Legal Team and the Contracts & Compliance Officer to ensure our contractor management processes are integrated and Council’s Zero Harm requirements are reflected correctly in procurement and contractual documentation. The Legal Team and the Contracts & Compliance Officer are also attending the upcoming contractor health and safety management training course.

The Zero Harm Team continues to provide a significant amount of health and safety technical advice to Contract Managers due to the amount of work currently being organised. This activity continues to be captured in the Zero Harm monthly dashboard.

Interaction with Other PCBUs

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

Key activities undertaken in the past three months include;

- The review of contract specific health and safety plans for the Te Awa Cycleway construction in the Managaonua Gully, the Huntly Grandstand Roof Replacement and Tamahere Hall Roof repair
- Development of a Health and Safety Expectations Framework for the tree maintenance tender
- Completion of Fire and Emergency Services NZ (FENZ) Fire Evacuation Scheme Approval for 8A Brownlee (WDA Depot)
- Commencement of monthly Waikato Waters health and safety governance meeting
- Attendance at quarterly Facilities Maintenance contract health and safety governance meeting
- The review of contract specific health and safety plans for the district-wide playground renewal and minor maintenance contract and the Huntly Library lift replacement.
- Site visits to the Te Awa cycleway construction in the Managaonua Gully during large tree felling work and the Huntly Grandstand Roof repair work.
- Health and Safety Governance meeting with the Alliance at Brownlee Avenue including planning for the completion of a site traffic management risk assessment
- Commencement of a fortnightly Health and Safety Governance meeting with Woodlands Estate



Huntly Grandstand
roof replacement
project



Managaonua Gully
cycleway

Zero Harm Auditing and Assurance

The Zero Harm Team continues to progress the completion of the actions from the KPMG H&S Governance Audit. Council received 29 improvement actions and to date we have now completed ~ 86% (25 actions). The following table provides an update on the remaining four actions.

| Proposed Corrective Action | Timeframe | Current Status | Action Owner |
|--|------------------|--|---------------------|
| Work with those ELT members who are yet to attend to the internal People Leader Health and Safety training modules. Schedule training for them and their People Leaders. | June 2022 | Safety Culture and Leadership Standard has now been developed and ready for circulation with the ELT. Once this has been reviewed and implemented a training gap analysis can be undertaken and training delivered. | Lynn Shirley |
| Develop health and safety legislative obligations register. | December 2021 | Funding was approved via LTP for Year One to purchase and implement ComplyWith (an electronic legislative compliance tool). The contract is currently being finalised. A project plan has been developed in conjunction with the Projects & Innovation Team to support implementation. It is anticipated that implementation will be completed by the end of 2021. | Christine Pidduck |
| Conduct gap analysis using newly developed obligations register | December 2021 | Will be completed as part of ComplyWith implementation. | Christine Pidduck |
| Develop assurance plan for health and safety management system and where possible integrate into existing audit programme. | June 2022 | Development of an internal audit programme has commenced. Training is being undertaken in June 2021 to support the delivery of this internal audit programme and a trial of the audit tool and approach has been undertaken. Action to continue the implementation of the audit programme is part of the Zero Harm Strategic H&S Plan for 2021/2022. | Lynn Shirley |

Critical Safety Risk Management

Working with Dangerous Animals

Critical Risk Bowtie control development has progressed steadily and to a high standard with the assistance of an external facilitator. The facilitator confirms that the Animal Control (AC) team have shown exceptional collaboration and engagement to make the processes fit for purpose for use by the team.

Of particular importance is the Sensory Risk Assessment Promapp process (*also known as Dynamic Risk Assessment*) which is a fundamental way of working for the AC team to ensure safety. It is now documented, agreed, and forms the basis of most of the work the team do.

All other high and medium risk controls have been worked on and improved or introduced where they didn't already exist. The AC team have agreed to use their Personal Safety devices (monitored by Guardian Angel) for welfare check ins while not in the office. The AC team is also currently working on a training process, to ensure that the Promapp processes don't just exist, but are trained at the appropriate time, including refresher training.

The 'project' which is phase one (the high and medium risk controls from the Bowtie) will be nearing the close out summary stage over the next few weeks. The AC team, supported by

the Continuous Improvement Analyst have made forward planning workshops to capture those things that were deemed lower risk in the Bowtie, and those additional things that have become apparent after the team have done a gap analysis as part of this process. Zero Harm, the Animal Control Team Leader and Community Safety Manager will be meeting over the next few weeks to do a full review of all bowtie actions including those that were assigned to teams outside of Animal Control. Progress overall, the quality of the outputs, and the engagement of those who use the processes has been particularly pleasing to see.

Asbestos and Workplace Violence

The six-monthly risk reviews have been recently completed for both of these critical risks. The Zero Harm Team is in the process of finalising the risk review reports so they can be presented to the Executive Leadership Team by the Critical Risk Champions. They will also be shared with the Safety Action Team.

People and Organisational Safety Culture

Health and Safety Governance

The Executive Leadership Team have continued to progress the completion of the activities detailed in their H&S Governance Activity Plan for FY20/21. One of the key activities to be completed in the next two months is the communication and sharing of the FY21/22 Zero Harm Strategic Improvement Plan. To help support the sharing of this information, a video has been developed by the Chief Executive for the Executive Leadership Team to cascade to all their teams. The completion of the activities is being tracked in BWare.

Safety Culture and Leadership

The Zero Harm Team has completed a draft 'Safety Culture and Leadership Standard' that will form part of Council's documented Zero Harm Safety Management System. This is currently with the Executive Leadership Team for review. Once approved the Zero Harm Team will commence the development of a Safety Leadership survey for People Leaders to understand what training and support, they require.

Safety Engagement Conversations

A total of 710 Safety Engagement Conversations were recorded in BWare for February, March and April 2021. This is a 58% increase when compared to the same period the previous year.

Work is currently underway on developing a new form in BWare to record Safety Engagement Conversations. The intent of the new form is to enable the capture of better data for trend analysis.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

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

4.2 OPTIONS

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

5. CONSIDERATION

5.1 FINANCIAL

There are no direct financial requirements identified in this report.

5.2 LEGAL

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

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

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

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

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

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

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

6. CONCLUSION

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

7. ATTACHMENTS

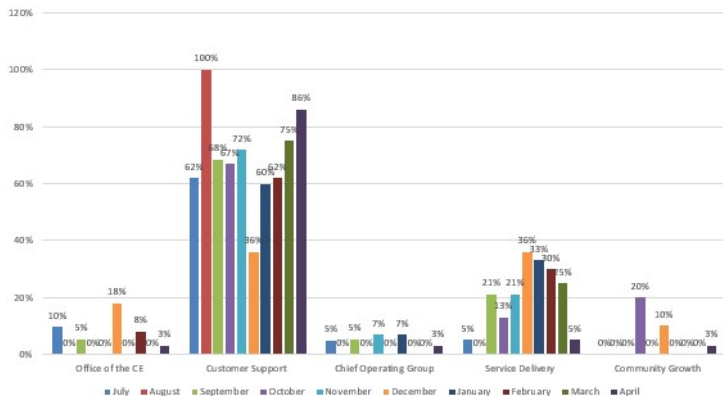
Zero Harm Dashboard – (April 2021)

Zero Harm Performance Dashboard - April 2021

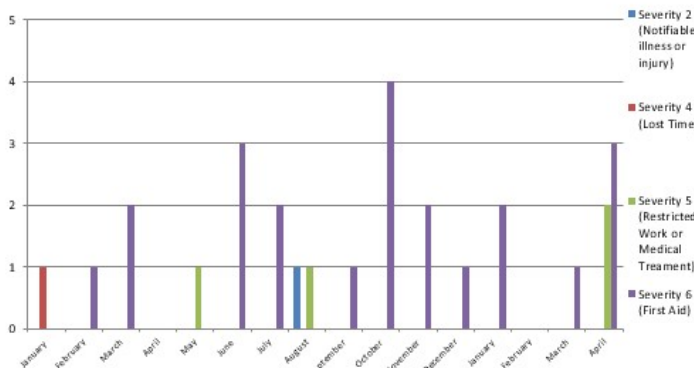


Event Management

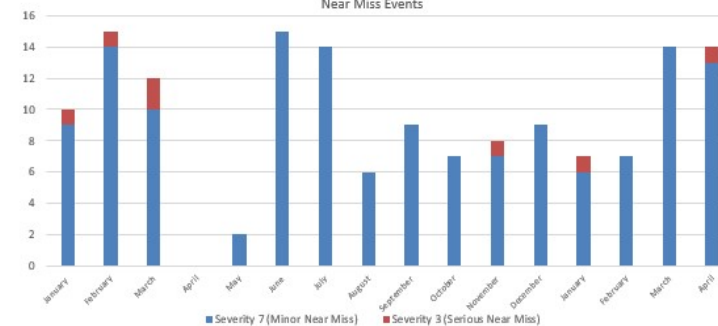
Percentage of Total Events Reported by Business Unit



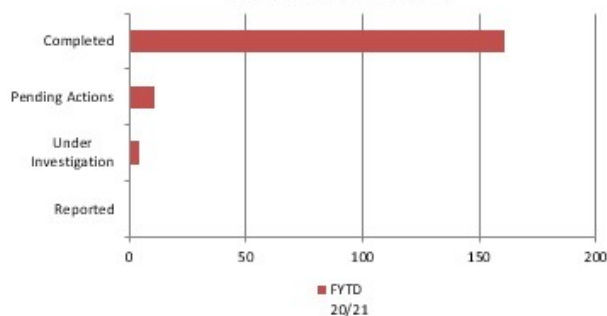
Personal Injury Events by Severity Rating



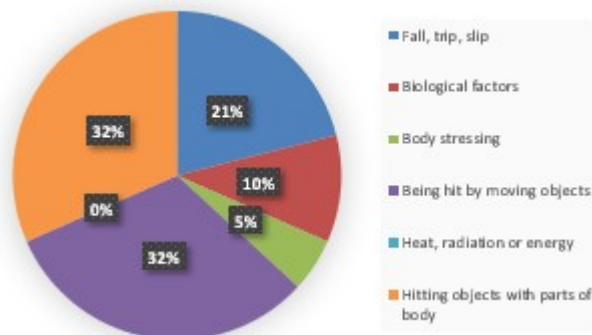
Near Miss Events



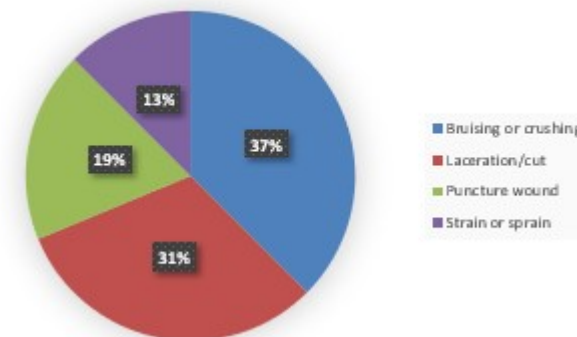
Event Management Status



Mechanism of Harm Year to Date

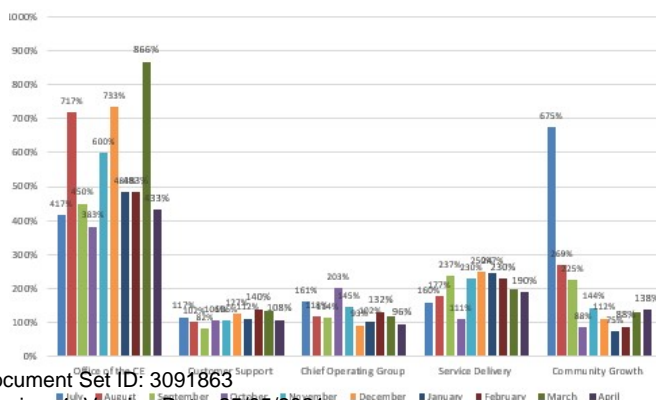


Nature of Injury Year to Date

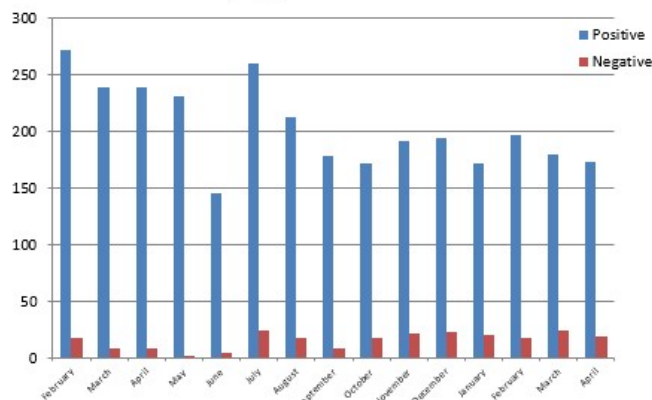


Safety Leadership

Safety Engagement Conversations (Percentage of target)



Nature of Safety Engagement Conversation



Key Take Outs

A summary of key insights in relation to Event Management and Safety Leadership and Engagement

- Two Restricted Work Injuries (RWIs) occurred in April. Both of these events are currently under investigation.
- Total health and safety event reporting remains consistent with previous months. Of the events that occurred in April 86% of these were reported by the Customer Support business unit.
- There are a number of events moving through the Event Management Process. Currently there are 11 events with 'pending actions'. These corrective actions need to be completed before the event can be closed. The timely completion of corrective actions remains a focus for the Executive Leadership Team (ELT) and the Zero Harm Team.

Zero Harm Performance Dashboard - April 2021



Contractor Safety Management

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

| Interaction with other PCBUs | | |
|---|--|---|
| Issues Raised/ Opportunity for Improvement | Actions (Us and Others) | Other Comments |
| Questions raised by Woodlands Office Team regarding the management of contractors undertaking work at the Estate | Discussed how Woodlands Estate and WDC could use a coordinated approach to contractor health and safety management | Fortnightly meeting established between WDC Venue and Events Team, Zero Harm and Woodlands to progress a coordinated health and safety approach |
| Lack of approved Evacuation Scheme at Brownlee Avenue Depot | Have re-submitted additional information to FENZ for Evacuation Scheme approval | On site traffic management risk assessment now scheduled to be undertaken |
| Limited health and safety information provided for three year district-wide playground renewal and minor maintenance contract | Contract Specific Health and Safety Framework being developed to provide clear expectations to main contractor | |

Contractor Safety Management



Work continues to progress on the Tamahere section of the Te Awa Cycleway through the Managaonua Gully. Critical health and safety risks associated with recent work have included the felling of two large trees. Specialist sub-contractors were engaged to undertake this high risk work. A site visit and review of the associated risk management plan for work was undertaken by the Council Contract Manager and Zero Harm team.



Critical Risk Management



In March work commenced on repairing the Huntly Grandstand roof and its support structure. The Main Contractor for the project is Industrial Site Services (ISS) Ltd. There are a number of critical health and safety risks associated with the work being undertaken including; working at height, falling/dropped objects and work in close proximity to high voltage power lines.

The following contractor H&S management activities have been undertaken to date by the WDC Contract Manager with support from the Zero Harm team;

- Review and approval of Contract Specific H&S Plan

- A number of worksite visits and a field based audit of Contract Specific H&S Plan application

Document Set ID: 3091863
Version: 1, Version Date: 25/05/2021

Worker Engagement

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

- SAT discussed a recent event where a land owner transported staff in their vehicle during a site visit and the risks associated with loss of control of the vehicle. SAT has requested the Executive Leadership Team (ELT) discuss and define risk appetite associated with this activity and provide feedback to enable risk control options to be identified and implemented.
- A SAT Representative who recently attended the Stage One (2 day) Health and Safety Representative training provided very positive feedback on Council's health and safety management approach following reflection with fellow course attendees.
- SAT also discussed the upcoming COVID vaccinations for Group 4 (everyone in Aotearoa aged 16 and over who have not been vaccinated in one of the three previous groups). The team agreed that we should continue to promote the latest information that is being provided by the Ministry of Health and the New Zealand Government.



Open Meeting

| | |
|---------------------------------|---|
| To | Audit and Risk Committee |
| From | Sue O’Gorman General Manager Customer Support |
| Date | 21 May 2021 |
| Prepared by | Sarah Bourke |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Resource Consent Compliance Monitoring – KPMG Audit report |

1. EXECUTIVE SUMMARY

In December 2020 we commissioned KPMG to undertake a review and audit of our Monitoring function, as a result of some high-profile monitoring matters.

The review was aimed at assessing the end-to-end resource consent monitoring process and identify the areas of weakness or risk within the existing structure and framework.

KPMG finalised the report in May 2021 and a copy is **attached** for the Committee’s attention.

The report highlights 3 High Risk areas for improvement and 4 Medium Risk areas.

Staff are supportive of the findings of KPMG and committed to address or mitigate the identified risk.

The purpose of this report is to introduce KPMG’s report for discussion.

2. RECOMMENDATION

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

3. ATTACHMENTS

Resource Consent Compliance Monitoring – 11 May 2021 - KPMG



Resource Consent Compliance Monitoring

Waikato District Council

INTERIM REPORT

11 May 2021

kpmg.com/nz

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Disclaimers

Inherent limitations

This report has been prepared in accordance with our Terms of Reference dated 21 December 2020. The services provided under our Terms of Reference (Services) have not been undertaken in accordance with any auditing, review or assurance standards. The term "Audit/Review" used in this report does not relate to an Audit/Review as defined under professional assurance standards.

The information presented in this report is based on that made available to us in the course of our work, publicly available information and information provided by Waikato District Council. We have indicated within this report the sources of the information provided. Unless otherwise stated in this report, we have relied upon the truth, accuracy and completeness of any information provided or made available to us in connection with the Services without independently verifying it.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, Waikato District Council Management, personnel and stakeholders consulted as part of the process.

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Internal controls

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed are on a sample basis. As such, except to the extent of sample testing performed, it is not possible to express an opinion on the effectiveness of the internal control structure.

1. Executive summary

Introduction

Waikato District Council (WDC) has acknowledged a desire to improve the framework that it has in place to ensure the effective monitoring of resource consent conditions. WDC Management has requested KPMG perform a review of this framework and provide guidance on key opportunities for improvement.

This report is KPMG's interim report on findings from the review.

Objective, scope and approach

The objective of KPMG's review was to assess WDC's framework for monitoring resource consent compliance. The review assessed the end to end resource consent monitoring process from the point in which a resource consent with conditions is approved, through to the completion of monitoring. Selective testing was performed across the process to determine if the framework is being applied effectively in practice.

Further detail on the scope and approach taken to deliver this review is provided in Appendix 1.

Overall rating

Based on the results of the review, KPMG has rated the control environment relating to resource consent compliance monitoring as:

| | |
|----------------|------------|
| Overall rating | Developing |
|----------------|------------|

Refer to Appendix 2 for the classification of the overall ratings.

Key strengths

We observed the following key strengths at WDC:

- The consents monitoring team have a strong relationship with the legal team allowing for effective and efficient interaction between the teams throughout the monitoring process.

- Several opportunities for improvement to the framework have been raised by Management during KPMG's review. This evidences a strong desire and commitment to continually improve WDC's current processes.
- WDC is developing a new operational key performance indicator (KPI) that will directly showcase the monitoring team's commitment to addressing public complaints in relation to non-compliance with resource consent conditions.

Key findings/observations

Overall WDC's resource consent compliance monitoring framework is largely reactive in its approach. Although there is a high level of awareness of compliance requirements in WDC, a more formal and documented end-to-end compliance framework is needed. Management has drafted a framework/strategy which is in the process of being socialised and approved. This should be prioritised.

Summarised below are the number of findings identified by the risk ratings.

| | High | Medium | Low |
|-------------------------------|------|--------|-----|
| Total internal audit findings | 3 | 4 | 0 |

A key theme arising out of KPMG's review relates to the monitoring team's incapacity to fulfil the roles and responsibilities required for an effective resource consent compliance monitoring framework, and the effect this is having on staff and WDC's ability to mitigate risks associated with resource consent compliance.

As a matter of priority, KPMG recommends that Management perform further work to provide sufficient background and supporting information to assist with WDC's consideration of appetite for the impacts experienced, and decisions regarding the resulting required structure and approach for the monitoring team.

Other findings from KPMG's review include:

- The consent risk rating process, which drives the prioritisation and frequency of monitoring, is inconsistent in its application. There is limited documentation supporting the application of the process.

- Quality assurance/peer reviews of monitoring processes undertaken by officers are not regularly carried out. The monitoring team has performed some quality assurance recently (e.g. for the Puke Coal consent) however this was one-off and there is no formal plan in place to continue to perform quality assurance/peer reviews in the future.
- There is limited engagement between planners and monitoring officers when defining/identifying consent conditions and analysing the impact of these on WDC's ability to monitor these conditions. As a result, monitoring officers are often being asked to monitor conditions that are impractical and/or difficult to monitor.
- There is no formal training (both for new joiners and refresher training) to ensure that staff understand key processes and expectations, consistency of delivery across staff and that systems are being used as intended.
- Reporting to Senior Management and the Audit and Risk Committee is limited. One KPI is reported, which relates to the percentage of consents over two years old, that have been monitored in the past two years.

Refer to Appendix 2 for the classification of the internal audit ratings.

More detailed findings and recommendations are included in Section 2 of this report.

Management action plans

The findings and recommendations were discussed with Management. Management action plans have been included in this report.

Overall Management comments

In late 2019 and early 2020 we had a change of Operational Management of the Monitoring and Bylaws team, within both the Team Leader and the Manager position (collectively 'Management').

The benefit of this is that the team and framework can be seen through fresh eyes. Accordingly, since the new Management came on board, and balanced with understanding the business, the organisational context and risk appetite, operational

matter management issues and staffing issues, Management have noted several concerns and potential issues with the existing framework. The issues and concerns were raised by Management throughout the course of this audit and are generally reflected in this document. Only one issue has been raised which wasn't previously part of the Management's feedback, which is around legal review of abatement notices.

What this means is that the results of this Audit are not disputed in any way, but what is apparent is that we will need combined effort, direction and resources in order to take the function from where it is today, to where it needs to be. We're looking forward to that challenge.

2. Detailed findings and recommendations

1. Incapacity of the monitoring team to fulfil their roles and responsibilities

Rating of finding: High

Finding

A key theme arising out of KPMG's review relates to the monitoring team's incapacity to fulfil the roles and responsibilities required for an effective resource consent compliance monitoring framework, and the effect this is having on staff and WDC's ability to mitigate risks associated with resource consent compliance.

A monitoring officer's role encompasses a variety of activities. Examples include conditions monitoring, routine bring-ups, addressing backlog, customer calls and emails, site visits, Local Government Official Information and Meetings Act requests, Ombudsman requests and enforcement.

KPMG's review has highlighted that:

- 1 The monitoring team is not able to keep up with its current workload based on current staff numbers, the approach to monitoring, and the breadth of day-to-day responsibilities of the monitoring team. There is also a large backlog of resource consents which the monitoring team has not been able to monitor.
- 2 There is a sense that monitoring staff are feeling overwhelmed by their current workload, the existence of the monitoring backlog and the balancing of their day-to-day responsibilities.
- 3 Continuous quality assurance/peer reviews of monitoring processes are not being performed. Although there have been some instances of this occurring recently, performing these reviews on an ongoing basis is considered not sustainable due to incapacity within the monitoring team.
- 4 There is a need to create a formal training programme (both for new joiners and for current staff). However, Management consider it is unlikely that there will be capacity within the monitoring team to develop, support and implement this programme.

Recommendations

— WDC should consider its appetite for the impacts that are resulting from the current structure and approach taken by the monitoring team. To support these discussions, Management should perform further work to provide enough background and data/supporting information to form the basis of discussion and decision-making.

Once WDC has defined its appetite, an appropriate approach and associated resourcing for the monitoring team can then be confirmed.

Agreed Management actions

— Further work is required from a business analysis perspective in order to fully understand the issue and the resolution. We do believe that extra resource is required in order to make inroads into the backlog of resource consents, bearing in mind new consents are granted each day.

| Responsibility | Manager and Team Leader | Target date | Problem statements and proposed solutions understood by end of Q3 2021, i.e. 30 September 2021 |
|-----------------------|-------------------------|--------------------|--|
|-----------------------|-------------------------|--------------------|--|

2. Risk ratings are inconsistent and not subject to oversight or approval**Rating of finding: High****Finding**

WDC currently uses a risk rating process to drive the prioritisation and frequency of monitoring. KPMG identified the following areas for improvement in the consent risk rating process:

- The risk score assigned to consents is at the discretion of the monitoring officer with no oversight or approval of the risk score.
- There is no review of the whole portfolio of consents requiring monitoring to ensure that the relative risk assessments make sense.
- The risk score can be changed in the system by any staff member. This means an officer can reduce the frequency of monitoring without there being an adequate reason to do so. This could result in non-compliance and/or complaints.
- There is no guidance available to monitoring officers on how frequently a consent needs monitoring after the risk score has categorised into low, medium or high. However, the draft framework/Monitoring and Enforcement Strategy document does reference the frequency that should be followed for each category.
- There is no formal checking that the frequency of monitoring is being followed by officers.

KPMG's sample testing showed two out of four samples were incorrectly risk rated. When KPMG re-assessed one of the two, it did not change the overall risk category, which was low.

The other sample, which was the Puke Coal consent, was rated medium. From the documents reviewed, KPMG found that the consent went to the Environmental Court and the amount of public scrutiny received after the landfill fire suggested that this should have been rated higher, potentially becoming a high risk consent as opposed to medium.

Recommendations

- Perform quality assurance/peer reviews of resource consents, including the risk rating process and frequency of monitoring (see finding #3).
- Socialise and obtain approval of the Monitoring and Enforcement Strategy document and consider creating a checklist that supports its implementation. The checklist should include the following:
 - Recording of the risk score allocated to a consent and the rationale/justification for the risk score applied.
 - Frequency of monitoring required, and the date entered into the property and rates (P&R) system when the monitoring officer was allocated the consent. This will assist with assessing if there are delays getting to the monitoring of a consent.
 - Confirmation of meetings held with planners prior to the consent being granted.

The checklist should be reviewed/approved and filed within the ECM system. This can form part of the quality assurance/peer review process noted finding #3.

Agreed Management actions

- A draft monitoring and enforcement strategy have been started by the current Management which is under development. This document has not yet been socialised with the rest of the organisation management, but it is intended to be once the first draft is available as a starting point. That document is intended to sit across all compliance functions. Once that strategic direction is set, a checklist and documentation that picks up the strategic direction will be prepared and implemented by the Monitoring team. We will continue to progress with that work and seek to put the strategy in front of Council by the end of 2021.

| | | | |
|-----------------------|--|--------------------|-------------|
| Responsibility | Manager (for strategy), Team Leader (for checklists) | Target date | End of 2021 |
|-----------------------|--|--------------------|-------------|

3. Lack of quality assurance framework for compliance monitoring**Rating of finding: High****Finding**

Currently there is no quality assurance/peer review of processes followed and documentation maintained by monitoring officers. As a result, there is no reporting to Management on findings from these reviews. Management has acknowledged this as being a gap in the compliance monitoring framework. Generally, monitoring service requests (complaints) take priority for the monitoring team, which have been increasing over the past couple of years (refer to the table in Appendix 3).

As a result of the Puke Coal incident, the monitoring team has performed a review of documentation on monitoring the six active consents for this site. The review has utilised two staff resources (one senior and one junior officer) and taken a total of approximately 35 hours to complete.

Given current resourcing constraints within the team to address the current and back log workload, there appears to be limited capacity for quality assurance/peer reviews to be undertaken by individuals within the monitoring team. Three other consents have also been identified as requiring review due to the nature of the activities. These consents have more complex conditions to comply with and have more environmental impacts, which can lead to increased public scrutiny. However, due to limited capacity, these reviews have not been able to be undertaken.

Recommendations

A proactive quality assurance/peer review process will generally improve the consistency of quality over monitoring activities and may help reduce complaints by ensuring that correct monitoring is being carried out. In particular, WDC should:

- Create and resource a quality assurance process/framework. This should include regular (e.g. monthly) sample testing of consents to ensure that key monitoring processes have been followed and consistency of application. Other elements to consider include:
 - The number of consents to be checked
 - The selection process (i.e. a risk based approach focusing on the medium to high risk rated consents)
 - Checks that the monitoring officer has not missed any conditions when preparing the monitoring plan/report
 - Checks that the frequency of monitoring is being followed by the monitoring officer. This includes looking at the report dates, the events log within the P&R system and saving communications within the ECM system.
- Findings from the quality assurance/peer review process should be reported to the monitoring team leader and other Senior Management. Relevant findings can be incorporated into refresher training as noted in finding #5.

Agreed Management actions

- Quality assurance and peer reviews (including risk rating process and frequency of monitoring) is not currently available given the lack of resource available. We will consider whether there is the ability for the internal audit system to provide assurance or request additional assistance in our conversations with Council leadership and Elected Members.

| | | | |
|-----------------------|-------------------------|--------------------|--|
| Responsibility | Manager and Team Leader | Target date | End of Q3 2021, i.e. 30 September 2021 |
|-----------------------|-------------------------|--------------------|--|

4. Limited collaboration when defining/identifying consent conditions to be monitored**Rating of finding: Medium****Finding**

WDC Management has acknowledged that there is limited engagement between planners and monitoring officers when defining/identifying consent conditions. As a result, monitoring officers are often being asked to monitor conditions that are impractical and/or difficult to monitor.

Recommendations

- Develop a process whereby planners and monitoring officers collaborate to ensure that resource consent conditions are clearly defined, practical and able to be monitored effectively and efficiently. This should also assist with better establishing the risk rating of a consent as monitoring officers can understand the reasoning and risks that the planner is looking to capture within the condition.

Agreed Management actions

- We have set up a monthly meeting between the consents team and the Monitoring team to discuss the feedback on consent conditions. We will look towards being included in the process prior to the drafting of the condition to the extent we can do so with resourcing challenges without impacting on the turnaround times for the Consents function.

Responsibility

Team Leader

Target date

End of Q3 2021, i.e. 30 September 2021

5. No formal training is delivered to support application of the framework**Rating of finding: Medium****Finding**

WDC Management has acknowledged that there is a lack of formal training for monitoring staff, both for new joiners and for existing staff, to support effective and consistent application of the consent monitoring framework. KPMG found no evidence of training delivered and undertaken by monitoring staff.

The current training process is reliant on new joiners pairing up with more experienced monitoring officers to learn the expectations of their role and how to meet these. There is no guidance material that a new, or existing monitoring officer, can refer to if they have questions. Also, as there is no documented training and guidance material, this creates a risk in the event of staff turnover.

Recommendations

A formalised new joiner and refresher training programme would help to instil good practices and consistency of application of the framework. There is also an opportunity for this training programme to encourage knowledge sharing across the monitoring team.

- Create and implement a formal training programme for new joiners and existing monitoring team staff. Formally record and monitor completion of the relevant training completed by staff. The training programme should include a mixture of “classroom” based training and on-the-job supervision.

Examples of topics that could be covered by the training include:

New joiners

- The key monitoring processes that a monitoring officer is required to follow (use of the Promapp process maps – updated as required – may be relevant/useful).
- Key systems used as part of the monitoring process, including how these systems should be used. Screenshots and/or physical walkthroughs could be used to show how these systems can be navigated effectively.
- Use of good practice examples from past consent monitoring to help show how to monitor consents. A variety of examples should be used covering the spectrum of complexity that occurs.
- Document storage protocols and record maintenance e.g. saving work in the ECM system.

Refresher training for existing staff

- Key risks that have been identified whilst monitoring and how these risks have been assessed and mitigated.
 - Areas where opportunities for improvement have been identified e.g. from peer reviews/quality assurance processes (see finding #3).
 - Recap on key monitoring processes and document storage protocols.
-

Agreed Management actions

— Formal training will need to be developed however we will work with the innovation team on using the available resources in Promapp around training records. Likely to require additional resource support.

| | | | |
|-----------------------|-------------------------|--------------------|-------------------------------|
| Responsibility | Manager and Team Leader | Target date | Target date currently unclear |
|-----------------------|-------------------------|--------------------|-------------------------------|

6. Limited reporting on relevant KPIs**Rating of finding: Medium****Finding**

The KPI visible to Senior Management and the Audit and Risk Committee, is the percentage of consents over two years old that have been monitored in the past two years. Although not a formal KPI, decisions to prosecute have also been regularly reported.

We understand that a new officer was hired several years ago to specifically deal with the back log of consents to ensure that the KPI is met. However, focus has shifted to addressing complaints and monitoring current consents, leaving no further progress being made in relation to the back log.

Appendix 3 sets out results from data analytics/testing over this area that highlights:

- There are 799 land use consents that are overdue for monitoring:
 - 243 of these are rated moderate or high; and
 - 170 that have never been looked at before.
- 50.3% of consents that require monitoring were monitored during the last calendar year.

Recommendations

- Determine WDC's appetite for the lack of monitoring the back log of consents. Define an appropriate approach and the required resource implications for discussion at Council level.
- Develop internal Management reporting to raise visibility of key numbers and report these to Senior Management and the Audit and Risk Committee where appropriate. Examples of key KPIs/metrics that could be reported include:
 - Total number of overdue consents (shown by risk rating to show priority areas)
 - Total number of consents that have been monitored (shown via risk rating)
 - Consents at different stages of enforcement (letter of infringement, abatement notice, prosecution), showing overall fines that have been collected
 - Number of complaints. Note that this will require implementing a process whereby monitoring staff link all resource consent complaints to a land use consent/monitoring number in the P&R system.

Agreed Management actions

- The backlog of consents will need to be put to Council leadership and Elected Members to ascertain the risk appetite associated with it. Management believe we will need to put additional resource to this issue after discussing with Council leadership and governance.
- We will look at running regular reports for leadership.

| Responsibility | | Target date | |
|-----------------------|----------------------------------|--------------------|--|
| | Manager and Team Leader | | Mid 2021, end of July 2021 |
| | Team Leader and Business support | | End of Q3 2021, i.e. 30 September 2021 |

7. Evidence of legal review of abatement notices**Rating of finding: Medium****Finding**

Monitoring officers are responsible for sending the draft abatement notice to the legal team for review before it is sent to a customer. During our walkthrough of this process, it was highlighted in one example that the changes suggested by the legal team were not copied over to the abatement notice, and evidence of this being sent to the legal team was not saved in ECM.

At no point is the abatement notice signed off before being sent out to a customer.

Recommendations

- Formalise the monitoring team's use of the legal team's new central email inbox for all abatement notices to ensure the legal team reviews each notice.
- Implement a peer review of all abatement notices to ensure changes requested by Legal have been made before the notice is sent to the client.
- Save emails and sign off evidence from the above into ECM for quality assurance/peer review purposes.

Agreed Management actions

- We will implement a new Promapp process around abatement notices.

Responsibility

Team Leader

Target date

Mid 2021, end of July 2021



Appendices

Appendix 1: Objective, scope and approach

Objectives

KPMG reviewed WDC's framework for monitoring resource consent compliance. The review assessed the end to end resource consent monitoring process and involved selective testing to determine if the framework is being applied effectively in practice.

The end to end resource consent monitoring process was defined as consisting of the steps taken from when a resource consent with conditions is approved by the planning team through to the completion of monitoring. This included the processes associated with non-compliance e.g. Letter of Direction, Infringement Notices, Abatement Notices, Prosecution.

Scope

This review included the following areas:

- Governance and culture.
- Existing policies and procedures to guide WDC's approach to resource consent condition monitoring.
- Use of processes to prioritise and focus monitoring on consents (e.g. those that can be perceived as higher risk).
- Monitoring procedures and documentation of that monitoring.
- Use of systems to manage scheduling of monitoring assessments and documentation.
- Quality assurance framework for resource consent compliance.
- Training and supervision to support the application of the framework.
- Issues management and escalation.
- Reporting provided to Senior Management Team and Audit Risk Committee.

Approach

The review was completed in accordance with KPMG's Internal Audit Methodology and followed the approach described below:

Planning

1. Obtained and reviewed key documents relating to WDC's resource consent monitoring framework e.g. policies, procedures, framework document, training and guidance material, reporting examples. These documents included:
 - Draft Compliance and Enforcement Strategy (2018)
 - Draft Monitoring and Enforcement Strategy
 - Risk rating process/guidance document matrix
 - ProMapp processes for:
 - Surrender of LUC
 - Carry out site inspection/investigation
 - Issue abatement notice
 - Issue infringement notice
 - Issue letter of direction
 - Monitor conservation covenants
 - Monitor LUCs
 - Prepare cases for prosecution
 - Processing a monitoring service request
 - Respond to monitoring service request.
2. Identified key stakeholders and agree timings for interviews.

Fieldwork

3. Interviewed key stakeholders.
4. Performed selective testing to determine if the framework is being applied effectively in practice. Testing included a sample from across offices and monitoring staff. Testing was performed across the framework areas outlined in the scope and included:
 - A walkthrough with a Monitoring Officer to understand the end to end process. This included understanding key steps in the process, policies/guidance available, systems used/relied upon, templates used, review and approval processes etc.
 - Interview with the Team Leader to understand KPIs and extent of management monitoring/reporting.
 - Testing of a sample of resource consents, which covered different monitoring staff and office locations to determine whether key steps in the process were being followed e.g. risk rating/prioritisation process.
 - Interviews with all monitoring staff to understand the current work environment.
 - Where the testing has resulted in exceptions/findings, the specific testing performed has been outlined the finding.
5. Identified potential opportunities to improve the effectiveness of the resource consent compliance monitoring framework.
6. Discussed findings with the Project Sponsor and other key stakeholders. This was to ensure factual accuracy and validity of the issues identified.

Reporting

7. Drafted this report detailing the findings and opportunities for improvement and provided to Management for documentation of their intended action plan.
8. Issued the final report including Management actions plans to address the findings.

Appendix 2: Ratings and classifications

Overall rating

The overall ratings are defined as follows:

| Rating | Definition |
|----------------------|--|
| GOOD | The controls are fit for purpose and are being performed in a manner which effectively mitigates the identified risks. |
| EFFECTIVE | Despite the fact that some control weaknesses were identified, existing controls within the audited process are considered to be generally adequate, appropriate and effective. They ensure that the audited business processes will achieve their control objectives. |
| DEVELOPING | Control weaknesses were identified which, if not appropriately addressed, could in the future result in the audited business processes not achieving their control objectives. |
| NOT EFFECTIVE | Existing controls are considered to be inadequate and ineffective to ensure that the audited business processes will achieve their control objectives. Significant improvements are required to improve the adequacy and effectiveness of the control environment. |

Risk rating

The risk rating assigned to the findings is determined based on an assessment of the impact of the business and the likelihood of the risk occurring, defined as follows:

| Rating | Definition |
|---------------|--|
| LOW | Matters which are unlikely to have a significant impact on the system of internal control, but should be addressed as part of continuous improvement. |
| MEDIUM | Matters which are important to the system of internal control and should be addressed as soon as possible. |
| HIGH | Matters which are fundamental to the system of internal control. The matters observed can seriously compromise the system of internal control and data integrity and should be addressed as a matter of urgency. |

Appendix 3: Results from data analytics

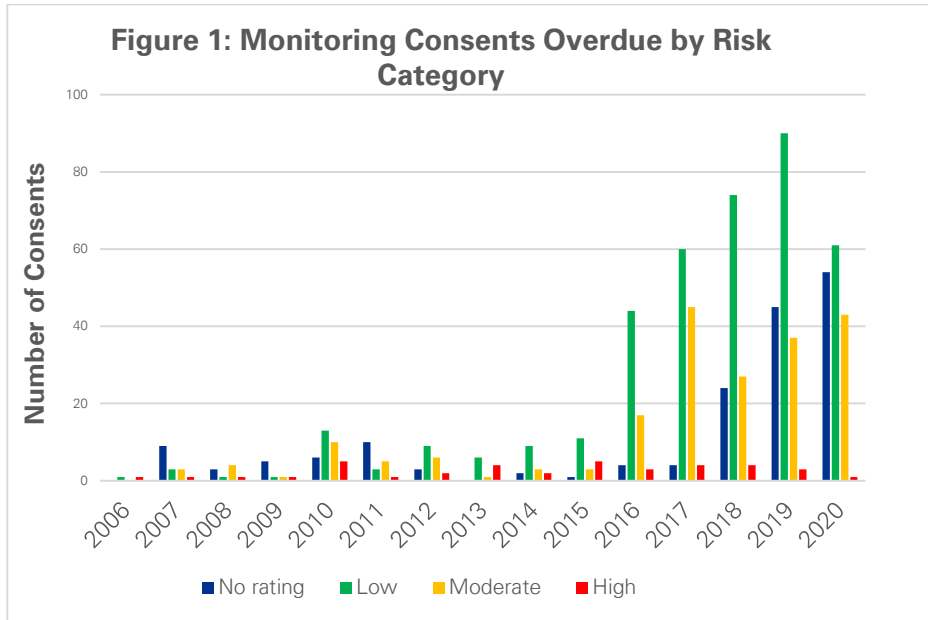


Figure 1: This shows the number of resource consents that require monitoring that are overdue categorised by the initial date they were granted and by risk category.

All inspection dates have been checked and all are before 31 December 2020. This means that the monitoring officer has set this date in the events log and it has not been revisited.

During testing of the overdue report, KPMG found that three monitoring numbers have inspection dates prior to the start date of the MON number. The monitoring consent numbers are MON1262/20 and LUC0185/20, MON1183/11 and FLUCM80002, MON1204/21 and LUC0173/21.

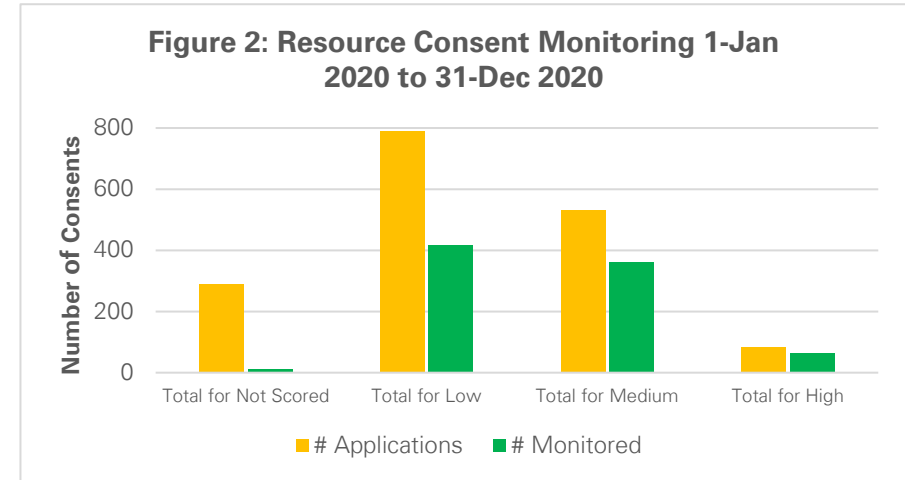


Figure 2: This shows the number of resource consents that have been granted and the number that were able to be monitored by staff throughout the past calendar year. Overall there has been just over 50% monitoring of current consents at WDC, which require monitoring.

The number of resource consents is the total figure that require monitoring and not what has been granted in the past calendar year.

Figure 3: National Monitoring Service Data

| | Complaints - Excessive Noise | Complaints - Other RMA | # of Other RMA Complaints where Non-compliance was Confirmed | % of Total RMA Complaints that were Non-compliant (KPMG Added) | Infringement Notices | Abatement Notices | Recommendations to Prosecute | Decisions to Prosecute | Prosecutions Initiate |
|----------------|------------------------------|------------------------|--|--|----------------------|-------------------|------------------------------|------------------------|-----------------------|
| 2018-19 | - | 244 | 138 | 57% | 16 | 6 | 1 | 1 | 1 |
| 2019-20 | 960 | 428 | 103 | 24% | 6 | 3 | 1 | 1 | 1 |

Figure 3: The data used in the above table was taken from data that WDC provides to the Ministry for the Environment. The date range for this data is from 1 July to 30 June 2020.

The data shows complaints have risen in the past year, which may be attributable to the COVID-19 lockdown and the inability of the monitoring staff to perform site visits. However, the percentage of complaints that resulted in non-compliance being found has reduced. This shows that the monitoring team has been providing quality monitoring of consents making sure the public is not being affected by non-compliance.

There is also a small number of consents that have gone to prosecution for non-compliance. As recommended in finding #6 reporting on these and outlining the status of these consents to Senior Management will help show the need for additional resources to help with prosecutions.

Contact us

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Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Sue O’Gorman General Manager Customer Support |
| Date | 26 May 2021 |
| Prepared by | Mervyn Balloch – Building Quality Manager Terrance Hayes – Team Leader Building Review |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | IANZ Audit Report |

I. EXECUTIVE SUMMARY

This report covers the recent International Accreditation New Zealand (“IANZ”) audit of Waikato District Council’s (“Council”) Building Control Authority (“BCA”) functions and highlights key attributing factors for its subsequent findings. The audit aims to identify non-conformances with New Zealand standards. Findings from the audit can be put in two categories:

- Procedures (written) which can be resolved by updating written processes; and
- Implementation (action) which can be resolved by updating how processes are carried out.

In total 31 general non-conformances (“GNC’s”) and 2 serious non-conformances (“SNC’s”) were identified. An extract of the IANZ report, containing details of all non-conformances and responsive actions is contained in Appendix I. The deadline for resolving the audit actions is 06 June 2021. At the date of submitting this report Council has submitted responses to IANZ and all actions have been addressed with both SNC’s and 28 GNC’s having been cleared. The 3 remaining GNC’s are being processed by IANZ technical experts.

2. RECOMMENDATION

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

3. BACKGROUND

IANZ conducts a bi-annual audit for Council. Outcomes from the previous two audits have resulted in Council having four GNC’s in 2017 and five in 2019. This most recent audit was notably more thorough than previous ones, compounding the number of non-conformances in a relatively short period (2 years) resulting in a significant increase in the number of identified non-conformances.

Council is required to have an audit on an annual basis, with IANZ carrying out the audit every second year. In February 2020 our internal audit was conducted using a contractor who did not identify any specific GNC's but more offered commentary on our processes and all suggestions were actioned at this time.

Three key reasons have been identified for the increase:

1. Resourcing

Most of the non-conformances relate to administration of the continuous improvement register, administrative functions such as meetings, monitoring contractor performance, and internal reviews and audit. Workload priority has been placed on Council's core customer focused services that have legislative timeframes; processing building consents and inspections. Initially a recession was predicted post-COVID and the revenue budget was reduced by 20% for the 2020/21 Annual Plan to reflect this. What has in fact occurred is that the construction industry is continuing to operate well above pre-COVID levels with increases of 25 - 30% in consent numbers at times. In addition to this we have been struggling to recruit the right people into existing vacancies and this has created a resourcing deficit. In response to the resourcing deficit, the organisation's past approach has been to engage contractors to supplement work requirements at a recoverable cost of approximately \$60,000 per month. The contractors also have substantial workloads and have been unable to provide the level of resource that Council requires. Having identified to the CEO that workloads show no signs of decrease approval to hire four additional resources has been granted. Recruitment is also continuing to fill vacancies that occurred over the last 12 months, and we have been partially successful in this regard. It should be noted that we are operating in a highly competitive market.

2. Quality Assurance Manual standard

Another significant portion of the non-conformances which relate to administration, internal audit, and reporting, can be attributed to the standard of the Quality Assurance ("QA") manual. This manual is followed by all the councils who are part of the Waikato Building Consent Group ("WBCG") which is a group within the Waikato Local Authority Shared Services ("WLASS"). Updates have been made to this manual when identified and an audit process has occurred for this manual on an annual basis through WBCG staff employed by the WLASS.

IANZ, through the audit process, identified that the QA manual does not meet audit requirement standards. They have alerted the Ministry of Business, Innovation and Employment ("MBIE") of the identified shortcomings (see Appendix 2). It should be noted that at the date of submitting this report that these GNC's have now all been cleared.

3. Expired Competency Assessments

The audit report states that all but one of the Building Consent Officers had out of date competency assessments. During November 2020 Council employed an external contractor, with technical expertise, to carry out the competency assessments. Due to unforeseen personal circumstances outside of Councils control, the contractor failed to complete the assessments prior to the IANZ audit and timeframes did not permit a new contract being

tendered. Only one assessment is outstanding at this stage and will be completed in the coming months (dependant on resourcing availability).

The high number of non-conformances identified during the audit process has highlighted some key risks and issues that need to be addressed, specifically: risk associated with a lack of appropriate resourcing; and with the upkeep and progress of the QA manual.

Resolving the non-conformances is critical to Council to ensure we retain our building consent accreditation. All non-conformances require actions to resolve them. At the time of writing this report:

- Both SNC's and 28 GNC's have been cleared.
- All items have actions that have been approved by IANZ and have been implemented.
- Appropriate evidence of the actions has been provided to IANZ.
- We are now working with IANZ to clear the final non-conformances.

4. DISCUSSION

Council has initiated recruitment to address the resourcing deficit. Consideration also needs to be given to future proofing the team e.g., succession planning, development, and remuneration (in place of utilising contracted services). Ensuring existing knowledge and skills are maintained within the team, will reduce risk exposure associated with resourcing and maintain successful delivery of the BCA functions going forward.

In relation to the QA manual, during previous audits a WBCG Manager was in place who carried out, as one of the functions of the role, a 'Cluster Quality Assurance System Manager'. The WBCG restructured two years ago, and the manual has been maintained through updates and audits on an annual basis by a WBCG contractor. The WBCG is currently recruiting for a full time Quality Assurance Manager, has assisted with the responses required by IANZ.

One other factor influencing the audit outcomes is that this audit was notably more thorough than previous ones, compounding the number of non-conformances in a relatively short period (2 years). This difference is demonstrated by a higher level of attention to detail which resulted in some very minor points being raised as non-conformities e.g., changes to the wording in processes. Council has no control over how the audit is conducted and is obligated to comply with the process and findings.

As an outcome of the most recent audit, due to the large number of non-conformances identified, IANZ have made the decision to return in 12 months instead of 24 months to conduct an additional targeted review of the BCA functions. The review is conducted at Councils cost.

5. ATTACHMENTS

Appendix 1 – Extract from the IANZ Audit Report (Records of Non-Conformance)

Appendix 2 – MBIE letter to Waikato Building Consent Group / WLASS

RECORDS OF NON-COMPLIANCE

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 1 |
| Breach of requirement: | Regulation 7(2)(b) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Implementation was not effective where the BCA was receiving applications without current lawful established use recorded and sometimes recorded incorrectly</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>): Training provided for vetting staff. Audit targeted sample of applications.</p> | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>): Send audit of sample.</p> | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|--|--|
| RECORD OF NON COMPLIANCE #: | SNC 1 |
| Breach of requirement: | Regulation 6A |
| Finding: | Serious Non-compliance |
| FINDING DETAILS | |
| Procedures were not available to view | |
| BCA ACTIONS REQUIRED | |
| Please analyse the cause of the above finding and then develop and implement an action plan to address the finding. | |
| Please provide the action plan to IANZ for acceptance in the space provided in this report. | |
| Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided. | |
| Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below. | |
| IMPORTANT DATES | |
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| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action <i>(To be provided by BCA): Find the relevant procedures.</i> | |
| Proposed evidence of implementation <i>(To be provided by BCA): Supply the relevant procedures.</i> | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 2 |
| Breach of requirement: | Regulation 7(2)(d)(iii) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Implementation was not effective where the BCO's (except one) did not have up-to-date Competency Assessments therefore the Skills Matrix was not current.</p> <p>2 Implementation of allocation of work under a suitable supervision process had not been initiated for staff whose Competency Assessments were out of date.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
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| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (To be provided by BCA):</p> <ol style="list-style-type: none"> 1. Retrieve competency assessments from the assessor. Update skills matrix. 2. Update procedure to ensure staff out of competency are under peer review. | |
| <p>Proposed evidence of implementation (To be provided by BCA):</p> <ol style="list-style-type: none"> 1. Provide competency assessments and skills matrix. 2. Provide updated procedure, | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 3 |
| Breach of requirement: | Regulation 7(2)(d)(iv) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>I Implementation was not effective where the BCA was not always considering Specified Systems during processing.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
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| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>): Training provided to BRO's. Training plan updated. Sample of consents to be audited.</p> | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>): Training plan provided. Results from targeted audit to be provided.</p> | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 4 |
| Breach of requirement: | Regulation 7(2)(d)(v) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Implementation was not effective where the BCA reported they were issuing Form 5s without conditions under s75-s77 as required under s77(5).</p> <p>2 Implementation was not effective where the BCA was not always recording Specified Systems on the Form 5.</p> <p>3 Implementation was not effective where the BCA was not always recording Performance Standards on the Form 5, or were recording Performance Standards that did not align with the applicant's submitted information.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
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| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Training provided & add condition for form 5. 2. Training provided 3. Training provided | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Provide audit of sample consents. Training plan provided. 2. Provide audit of sample consents. Training plan provided. 3. Provide audit of sample consents. Training plan provided. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|---|
| RECORD OF NON COMPLIANCE #: | GNC 5 |
| Breach of requirement: | Regulation 7(2)(f) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Application for a code compliance certificate</p> <p>1 Procedures did not meet requirements where they indicated the BCA would not start the statutory clock until after a final inspection.</p> <p>24 month CCC decision</p> <p>2 Implementation was not effective where the BCA had 549 consents in their system where there had been no application for CCC and the BCA had not made a decision to issue/not issue CCC at 24 months.</p> <p>3 Procedures did not address the requirement to make a decision to issue/not issue CCC within 20 working days of the 24 month anniversary of the issue of consent where there had been no application for CCC.</p> <p>Compliance schedules</p> <p>4 Implementation was not effective in the following ways:</p> <ul style="list-style-type: none"> the BCA was not indicating Performance Standards on the Compliance Schedules, Inspection, Maintenance and Reporting requirements were not specific for Specified Systems Specified Systems were recorded on a Compliance Schedule where they had not been part of the initial application (i.e. recorded on the Form 5). | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> Process to be updated to address the finding. CCC decision made – letter to be sent to owners. Process to be updated. Training module provided. | |

Proposed evidence of implementation (*To be provided by BCA*):

1. Provide updated process.
2. Provide updated stats, having resolved 30 each month.
3. Provide updated process.
4. Mock consents, and training plan.

Evidence of implementation and discussion:**NON COMPLIANCE CLEARED****Signed:****Date:** [Click here to enter a date.](#)

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 6 |
| Breach of requirement: | Regulation 7(2)(h) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures did not specify a nominated person to be responsible for the effective and consistent functioning of the Complaints process.</p> <p>2 Procedures did not discuss that the BCA would ensure appropriate levels of objectivity and fairness to all parties.</p> <p>3 Procedures did not discuss that the BCA would enable Complaints to be prioritised.</p> <p>4 Procedures did not discuss that the BCA would ensure remedies proportionate to the issues raised.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (To be provided by BCA):</p> <ol style="list-style-type: none"> 1. Procedure to be updated. 2. Procedure to be updated. 3. Procedure to be updated. 4. Procedure to be updated. | |
| <p>Proposed evidence of implementation (To be provided by BCA):</p> <ol style="list-style-type: none"> 1. Provide updated procedure. 2. Provide updated procedure. 3. Provide updated procedure. 4. Provide updated procedure. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|--|---|
| RECORD OF NON COMPLIANCE #: | GNC 7 |
| Breach of requirement: | Regulation 8(1) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 While undertaking an annual planning exercise to assess whether the BCA had sufficient employees and contractors, implementation was not effective where the BCA had not recorded the volume of work performed in the previous two years.</p> <p>2 Procedures did not prompt the BCA to record (if appropriate) the volume of work they intended to process for any other BCA.</p> <p>3 Procedures and Implementation did not address the requirement to record known pressures impacting on the performance of building control functions such as limited access to technical leadership or specialist technical resource.</p> <p>4 Procedures and Implementation did not address the requirement to record any known internal/external factors that might impacting on the performance of building control functions such as new electronic systems, interest rates and pandemics.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> Will submit previous 2 years work. Procedure to be updated. Procedure to be updated – Annual meeting to be booked. Procedure to be updated – Annual meeting to be booked. | |
| <p>Proposed evidence of implementation <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> Records to be provided again. Provide updated procedure. Provide updated procedure and minutes from initial meeting. | |

4. Provide updated procedure and minutes from initial meeting.

Evidence of implementation and discussion:

NON COMPLIANCE CLEARED

Signed:

Date: [Click here to enter a date.](#)

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 8 |
| Breach of requirement: | Regulation 8(2) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures did not require the BCA to record the Full Time Equivalents needed by the BCA (capacity).</p> <p>2 Procedures and Implementation did not require the BCA to record the Full Time Equivalent needed at each level of competency (capability).</p> <p>3 Procedures and Implementation did not require the BCA to record where there were capacity and capability gaps.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> 1. Procedure to be updated. 2. Procedure to be updated and records made. 3. Procedure to be updated and records made. | |
| <p>Proposed evidence of implementation <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> 1. Updated procedure to be provided. 2. Provide updated procedure and appropriate records. 3. Provide updated procedure and appropriate records. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 9 |
| Breach of requirement: | Regulation 9 |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Implementation was not effective where the BCO's (except one) did not have up to date Competency Assessments, therefore the Skills Matrix was not current.</p> <p>2 Implementation of a suitable allocation process had not been initiated for staff whose Competency Assessments were out of date.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> Update skills matrix Complete competency assessments. | |
| <p>Proposed evidence of implementation <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> Provide updated skills matrix. Provide current competency assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 10 |
| Breach of requirement: | Regulation 10(3)(a) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Implementation was not effective where all except one of the BCA's Competency Assessments for processing staff were out of date</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Complete competency assessments. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 11 |
| Breach of requirement: | Regulation 10(3)(b) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Implementation was not effective where all except one of the BCA's Competency Assessments for processing staff were out of date</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Complete competency assessments. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 12 |
| Breach of requirement: | Regulation 10(3)(c) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Implementation was not effective where all except one of the BCA's Competency Assessments for processing staff were out of date</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Complete competency assessments. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 13 |
| Breach of requirement: | Regulation 10(3)(d) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Implementation was not effective where all except one of the BCA's Competency Assessments for processing staff were out of date</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Complete competency assessments. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 14 |
| Breach of requirement: | Regulation 10(3)(e) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Implementation was not effective where all except one of the BCA's Competency Assessments for processing staff were out of date</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Complete competency assessments. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 15 |
| Breach of requirement: | Regulation 10(3)(f) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Implementation was not effective where all except one of the BCA's Competency Assessments for processing staff were out of date</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Complete competency assessments. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 16 |
| Breach of requirement: | Regulation 11(2)(a) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| Procedures did not address the requirement to perform Training Needs Assessments annually | |
| BCA ACTIONS REQUIRED | |
| Please analyse the cause of the above finding and then develop and implement an action plan to address the finding. | |
| Please provide the action plan to IANZ for acceptance in the space provided in this report. | |
| Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided. | |
| Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below. | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Procedure to be updated. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated procedure. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 17 |
| Breach of requirement: | Regulation 11(2)(b) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures and Implementation did not address the requirement to record desired outcome from any training to be undertaken.</p> <p>2 Procedures and Implementation did not address the requirement to record a timeframe within which training would be undertaken.</p> <p>3 Procedures and Implementation did not address the requirement to record when completion of training had occurred.</p> <p>4 Procedures and Implementation did not address the requirement to record (prior to training) how application of training would be monitored.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p><u>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later</u> than the "Date final evidence of implementation is required from BCA" indicated below.</u></p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> 1. Update training plan. 2. Update training plan. 3. Update training plan. 4. Update training plan. | |
| <p>Proposed evidence of implementation <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> 1. Provide updated training plan. 2. Provide updated training plan. 3. Provide updated training plan. 4. Provide updated training plan. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 18 |
| Breach of requirement: | Regulation 11(2)(d) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>Procedures and Implementation did not address the requirement to record the results from review of the application of training.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action <i>(To be provided by BCA):</i> Update training plan. | |
| Proposed evidence of implementation <i>(To be provided by BCA):</i> Provide updated training plan. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 19 |
| Breach of requirement: | Regulation 11(2)(e) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures did not describe the BCA's supervision processes.</p> <p>2 Implementation of a suitable supervision process had not been initiated for staff whose Competency Assessments were out of date</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> Procedure to be updated. Retrieve competency assessments. | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> Provide updated procedure. Provide competency assessments. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 20 |
| Breach of requirement: | Regulation 12(2)(b) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures did not prompt the BCA to consider scope of services and deliverables for any new contractor.</p> <p>2 Procedures did not discuss appointment of an assessment team or individual with authority to engage contractors.</p> <p>3 Procedures did not discuss how prospective contractors were sought e.g. direct approach or tender.</p> <p>4 Procedures did not discuss rules or criteria that may apply e.g. Territorial Authority Procurement Policy.</p> | |
| BCA ACTIONS REQUIRED | |
| Please analyse the cause of the above finding and then develop and implement an action plan to address the finding. | |
| Please provide the action plan to IANZ for acceptance in the space provided in this report. | |
| Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided. | |
| Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below. | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Procedure to be updated. 2. Procedure to be updated. 3. Procedure to be updated. 4. Procedure to be updated. | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Provide updated procedure. 2. Provide updated procedure. 3. Provide updated procedure. 4. Provide updated procedure. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 21 |
| Breach of requirement: | Regulation 12(2)(c) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Contracts did not clearly describe Performance Standards and how they would be monitored.</p> <p>2 Contracts did not describe measures to be taken if Performance Standards were not met.</p> <p>3 Contracts did not specify that there was a requirement to maintain annual Competency assessments.</p> <p>4 Contracts did not require the contractor to adhere to the BCA's (or their own) procedures and systems</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p><u>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed no later than the "Date final evidence of implementation is required from BCA" indicated below.</u></p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Create contract with appropriate details. 2. Create contract with appropriate details. 3. Create contract with appropriate details. 4. Create contract with appropriate details. | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Provide the updated contract. 2. Provide the updated contract. 3. Provide the updated contract. 4. Provide the updated contract. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 22 |
| Breach of requirement: | Regulation 12(2)(e) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| Procedures did not clarify that the BCA would monitor the contractors against the Performance Standards specified in their contract. | |
| BCA ACTIONS REQUIRED | |
| Please analyse the cause of the above finding and then develop and implement an action plan to address the finding. | |
| Please provide the action plan to IANZ for acceptance in the space provided in this report. | |
| Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided. | |
| Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below. | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Procedure to be updated. | |
| Proposed evidence of implementation (To be provided by BCA): Provide updated procedure. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 23 |
| Breach of requirement: | Regulation 14 |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| Procedures did not clarify whether the BCA would/would not supply equipment to contractors. | |
| BCA ACTIONS REQUIRED | |
| Please analyse the cause of the above finding and then develop and implement an action plan to address the finding. | |
| Please provide the action plan to IANZ for acceptance in the space provided in this report. | |
| Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided. | |
| Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below. | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
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| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (<i>To be provided by BCA</i>): Procedure to be updated. | |
| Proposed evidence of implementation (<i>To be provided by BCA</i>): Provide updated procedure. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 24 |
| Breach of requirement: | Regulation 16(1) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| Procedures did not clarify that the BCA was giving each consent and amendment to a consent a unique number. | |
| BCA ACTIONS REQUIRED | |
| Please analyse the cause of the above finding and then develop and implement an action plan to address the finding. | |
| Please provide the action plan to IANZ for acceptance in the space provided in this report. | |
| Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided. | |
| Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below. | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (<i>To be provided by BCA</i>): Add the word "unique" to the procedure. | |
| Proposed evidence of implementation (<i>To be provided by BCA</i>): Provide updated procedure. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 25 |
| Breach of requirement: | Regulation 17(2)(b) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 The Quality Policy did not address the requirement to specify quality Performance Indicators.</p> <p>2 The Quality Policy did not address the requirement to commit to Continuous Improvement.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> 1. Policy to be updated 2. Policy to be updated | |
| <p>Proposed evidence of implementation <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> 1. Provide updated policy. 2. Provide updated policy. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | SNC 2 |
| Breach of requirement: | Regulation 17(2)(d) |
| Finding: | Serious Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures and their Implementation did not address the requirement to undertake regular performance reporting against their Quality Policy Objectives.</p> <p>2 Procedures and their Implementation did not address the requirement to state the frequency of their regular performance reporting against their Quality Policy Objectives.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Process to be updated, template for report created. 2. Process to be updated, template for report created. | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Provide updated process and initial report. 2. Provide updated process and initial report. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

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| RECORD OF NON COMPLIANCE #: | GNC 26 |
| Breach of requirement: | Regulation 17(2)(e) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Implementation was not effective where the BCA was not clearly responding to all issues identified in performance of building control functions via internal audits.</p> <p>2 Implementation was not effective where the BCA was not clearly responding to issues identified in accreditation assessments.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Continuous improvement register to be updated. 2. Continuous improvement register to be updated. | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Provide updated continuous improvement register. 2. Provide updated continuous improvement register. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 27 |
| Breach of requirement: | Regulation 17(2)(h) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures and their Implementation did not address the requirement to have an audit schedule that covered all functions to be audited (and audit those functions) every 12 months.</p> <p>2 Procedures did not specify the scope to be audited in each audit.</p> <p>3 Procedures did not address the requirement to describe a framework for classifying non-compliance identified in audits.</p> <p>4 Procedures did not address the requirement to submit a report to the BCA's Quality Manager and Responsible Manager.</p> <p>5 Procedures and Implementation did not address the requirement to take action within a defined time to address adverse findings.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Procedure to be updated, audit template created and audit carried out. 2. Procedure to be updated. 3. Procedure to be updated. 4. Procedure to be updated. 5. Procedure to be updated and action taken. | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> 1. Provide updated procedure, template and results of audit. 2. Provide updated procedure. 3. Provide updated procedure. 4. Provide updated procedure. 5. Provide updated procedure, actions taken to resolve this audit. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 28 |
| Breach of requirement: | Regulation 17 (3A) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures did not address the requirement to report and record concerns regarding building practitioners</p> <p>2 Procedures did not address the requirement to evaluate the seriousness of the concerns about building practitioners.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> Procedure to be updated. Procedure to be updated. | |
| <p>Proposed evidence of implementation <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> Updated procedure to be provided. Updated procedure to be provided. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|--|
| RECORD OF NON COMPLIANCE #: | GNC 29 |
| Breach of requirement: | Regulation 17(4) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures (Management Review and Reporting 17(2)(d), Internal Audit 17(4) and Review of Effectiveness of Quality System 17(5)) did not specify that Quality Assurance matters would be communicated to BCA staff as an output of any relevant finding from those reviews.</p> <p>2 Procedures (Continuous Improvement 17(2)(e)) did not specify that Quality Assurance matters would be communicated to BCA staff as an output of any relevant Continuous Improvement.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p>Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
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| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> Procedures to be updated. Procedure to be updated. | |
| <p>Proposed evidence of implementation (<i>To be provided by BCA</i>):</p> <ol style="list-style-type: none"> Provide updated procedures. Provide updated procedure. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

| | |
|---|---|
| RECORD OF NON COMPLIANCE #: | GNC 30 |
| Breach of requirement: | Regulation 17(5) |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| <p>1 Procedures and Implementation did not require the review of the Effectiveness of their Quality Policy.</p> <p>2 Procedures and Implementation did not require the review of the Effectiveness of the BCA Management Review and Reporting, Internal Audits and Continuous Improvement Systems.</p> <p>3 Procedures and Implementation did not require the review of the Effectiveness of Employee and Contractor engagement with the QA System.</p> <p>4 Procedures and Implementation did not require the review of the Effectiveness of Employee and Contractor engagement with the Continuous Improvement System.</p> <p>5 Procedures and Implementation did not require the review of the Effectiveness of the BCA 's management of Conflicts of Interest.</p> <p>6 Procedures and Implementation did not require the review of the Effectiveness of the BCA 's Communication of QA matters.</p> <p>7 Procedures and Implementation did not require the review of the Effectiveness of the BCA 's system (Continuous Improvement) for making changes to their QA System.</p> | |
| BCA ACTIONS REQUIRED | |
| <p>Please analyse the cause of the above finding and then develop and implement an action plan to address the finding.</p> <p>Please provide the action plan to IANZ for acceptance in the space provided in this report.</p> <p>Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided.</p> <p><u>Once the action plan and proposed evidence has been accepted by IANZ</u>, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below.</p> | |
| IMPORTANT DATES | |
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| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| <p>Plan of action <i>(To be provided by BCA):</i></p> <ol style="list-style-type: none"> 1. Procedure to be updated and initial review carried out. 2. Procedure to be updated and initial review carried out. 3. Procedure to be updated and initial review carried out. | |

4. Procedure to be updated and initial review carried out.
5. Procedure to be updated and initial review carried out.
6. Procedure to be updated and initial review carried out.
7. Procedure to be updated and initial review carried out.

Proposed evidence of implementation (*To be provided by BCA*):

1. Provide updated procedure and initial review.
2. Provide updated procedure and initial review.
3. Provide updated procedure and initial review.
4. Provide updated procedure and initial review.
5. Provide updated procedure and initial review.
6. Provide updated procedure and initial review.
7. Provide updated procedure and initial review.

Evidence of implementation and discussion:

NON COMPLIANCE CLEARED

Signed:

Date: [Click here to enter a date.](#)

| | |
|--|--|
| RECORD OF NON COMPLIANCE #: | GNC 31 |
| Breach of requirement: | Regulation 18 |
| Finding: | General Non-compliance |
| FINDING DETAILS | |
| The BCA had not managed two staff on their five year until retirement exemption. Specifically the implementation requires the BCA to record a date at which the five years expires and to suitably manage any staff still working after their declared date of retirement. | |
| BCA ACTIONS REQUIRED | |
| Please analyse the cause of the above finding and then develop and implement an action plan to address the finding. | |
| Please provide the action plan to IANZ for acceptance in the space provided in this report. | |
| Please provide details of the records of the evidence that will be supplied to address the non-compliance in the space provided. | |
| Once the action plan and proposed evidence has been accepted by IANZ, and implemented by the BCA, please provide complete evidence to demonstrate that the findings have been addressed <u>no later than</u> the "Date final evidence of implementation is required from BCA" indicated below. | |
| IMPORTANT DATES | |
| Plan of action from BCA due by: | 2/04/2021 |
| All action plans accepted by IANZ: | Click here to enter a date. |
| Date final evidence of implementation is required from BCA: | 19/05/2021 |
| Final date non-compliance to be cleared by: | 2/06/2021 |
| EVIDENCE | |
| Plan of action (To be provided by BCA): Date to be recorded for five-year expiration. | |
| Proposed evidence of implementation (To be provided by BCA): | |
| Exemptions provided with added dates. | |
| Evidence of implementation and discussion: | |
| NON COMPLIANCE CLEARED | |
| Signed: | Date: Click here to enter a date. |

File ref: 0060421

6 April 2021

Kevin French and Gavin Ion
 Waikato Building Cluster Group

By email:

LASS CE kelvin.french@waikatolass.co.nz

Cluster chair Gavin.Ion@waidc.govt.nz

Dear Kevin and Gavin,

RE: Clarification QA manager arrangements for cluster-group councils'

The reason I am contacting you is because we recently met with International Accreditation New Zealand (IANZ) in their capacity as the appointed accreditation body for the BCA accreditation scheme and during that meeting the following matter was discussed.

IANZ indicated that they had recently undertaken a couple of assessments of member Waikato-cluster BCAs and had observed that the named 'cluster quality assurance system manager' (per Regulation 17(3)) of the Building (Accreditation of Building Consent Authorities) Regulations 2006 was not fulfilling their role with respect to quality assurance management and Regulation 17(3). I have included the below excerpt from the 'Waikato Cluster group manual' for your reference.

MBIE considered it important to bring this matter to your attention, given it has been brought to ours. It seems that in the past, the cluster quality manager was actively engaged in quality management processes and auditing of each of the BCAs in the cluster group, as well as being directly involved in each of the biennial BCA accreditation assessments. However, this does not appear to be the case following recent personnel changes within the cluster.

We are keen to better understand whether there is a change in approach, or perhaps the BCA cluster manual is misrepresenting the current state? Either way it would be good to get your collective views on this.

7.03 ROLES AND RESPONSIBILITIES REG. 17(3)

The WBCG Manager, Natalie Allam, is the named person responsible for managing the building control Quality Assurance System, associated documentation and is responsible for:

- Periodic review, revision and re-authorisation of documentation
- Effective maintenance of the building consent system and associated documentation

Each individual BCA is required to have a named person responsible for managing and reviewing their BCA desk files associated with the cluster Quality Assurance system. This person will be named in the BCA desk files.



I should add, that we have been informed that the current person performing 'WBCG Managers' role will not be undertaking the functions as is defined in the manual and a new Quality Manager will be appointed to lead quality assurance including the review/redevelopment of the Manual etc. If this is the case, then until they are appointed we expect to see the number of general non-compliances relating to QA matters increasing during upcoming cluster group BCA assessments (as has been the case in the recent assessments, most recently for Matamata-Piako).

We would ask that you turn your mind to resolving these issues as soon as is possible given the manual does not appear to be accurate in its current state and the impact of not having a quality manager is affecting multiple BCAs. We suggest that the QA situation be highlighted to IANZ in advance of each biennial assessment or via the WBCG for the cluster-group as a whole.

We would ask that you keep IANZ and MBIE up-to-date with your appointment process and give some thought to how you might address this issue before IANZ arrive on site for their next cluster BCA assessment.

Yours sincerely,



Paul Hobbs

Principal Advisor Building System Assurance

Building and Tenancy branch | Te Whakatairanga Service Delivery group
Ministry of Business, Innovation and Employment

Copy to IANZ, Adrienne Woollard

Open Meeting

| | |
|---------------------------------|--|
| To | Audit & Risk Committee |
| From | TG Whittaker Chief Operating Officer |
| Date | 27 May 2021 |
| Prepared by | A Diaz Chief Financial Officer |
| Chief Executive Approved | Y |
| Reference # | GOV1318/ 3097639 |
| Report Title | Procurement and Contract Management Update |

1. EXECUTIVE SUMMARY

The objective of this report is to brief the Audit & Risk Committee on improvement initiatives to better manage procurement and contract management risk.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. PROCUREMENT AND CONTRACT MANAGEMENT UPDATE

Currently there are over 170 processes in Promapp that are tagged as either Procurement or Contract Management related. The procurement and contract management roadmap (developed in 2020) when complete will connect relevant procurement, legal, health and safety and contract management processes into a relevant and effective workflow.

The roadmap work programme will simplify the current framework into four distinct stages of the procurement and contract lifecycle; pre-procurement, plan, source and manage.

Recent deliverables and work-in-progress is outlined below:

- An updated Procurement Policy was approved in May 2021. The policy includes a new financial threshold/risk criterion and aligns with the regional procurement policy.
- Associated processes, forms and guidance materials have been developed and will be available within Promapp before the end of the financial year.
- Remaining processes tagged to procurement and contract management are under review (archive, refresh, or re-assign).
- Procurement expediency workshops are held regularly to support current year capex delivery.
- Templated contracts from Terrace Publications are available, and in use.

- A contracts register has been created along with a contracts and compliance dashboard.
- A contracts calendar is being developed
- The Roding Team have established a procurement calendar for 2021/22 covering both timings and likely procurement approach
- Health & safety linkages to the contract lifecycle are currently being mapped.
- A contracts 'roadshow' is also underway.

3.1 RESOURCES

The Procurement Manager role is currently vacant. Until this role is filled, a contract role is being used to progress the roadmap deliverables. The community projects team has been working with the new forms and templates as early adopters, and staff within that team have provided additional support to other teams who are less familiar with procurement processes.

There are two additional vacancies in the Procurement Team that will be progressed once the Manager is on board and the Contracts & Partnering Team has included a 24-month resource in the Long-Term Plan to assist in the rollout of best practice contract management.

3.2 PROBITY

Probity, in terms of procurement, is the evidence of ethical and fair behaviour in the end-to-end process and considers both the documentation aspects as well as how we work. Probity requires acting such a way that there can be no perception of bias, influence, or lack of integrity.

Council procurements valued at over \$1 million are subject to an external probity audit. Council has a probity contract in place with Audit New Zealand. Recent discussions have highlighted that procurement maturity is improving with an agreement that real-time audits for some teams can be moved to retrospective arrangements.

With the gap in procurement resourcing, internal probity audits on lower value procurements have not been conducted since the end of March. Documentation is still being reviewed through a probity lens, and the controls environment to mitigate bias/influence are in place and being adhered to, but it has not been practicable to have an assigned auditor across the end-to-end process.

4. ATTACHMENTS

NIL

Open Meeting

| | |
|---------------------------------|--|
| To | Audit & Risk Committee |
| From | Alison Diaz Chief Financial Officer |
| Date | 27 May 2021 |
| Prepared By | Colin Bailey Finance Manager |
| Chief Executive Approved | Y |
| Reference # | GOV1318/ 3097689 |
| Report Title | 2020/21 Annual Report preparation |

I. EXECUTIVE SUMMARY

Attached is the Audit Plan for 30 June 2021 received from Audit New Zealand.

The plan details the areas of focus and lays out the proposed timetable for the completion of the Annual and Summary Reports and Audit Opinion.

In addition to the areas of focus identified by Audit New Zealand, the possible early adoption of PBE IPSAS 41 Financial Instruments will also be reviewed.

Work is underway to prepare for the audit and particular focus is placed on the areas of focus and risk. The overall level of risk associated with the annual audit is deemed low.

2. AREAS OF RISK

A. Audit New Zealand (Audit NZ) has identified four areas of focus:

1. The risk of management override of internal controls.

Audit NZ will be testing the appropriateness of selected journal entries, reviewing accounting estimates and evaluating any unusual or one-off transactions.

2. Service performance reporting.

In the 2019/20 audit, Audit NZ attempted to test a sample of call-outs to supporting documentation to confirm the accuracy of the resolution times recorded. The testing identified that while the District Council has a system in place to capture the appropriate response time, Audit NZ were unable to obtain sufficient appropriate evidence to support the accuracy of the recorded times. This was despite trying various approaches and working with management and Watercare staff.

3. Valuation of assets.

3.1. Revaluation

The council last revalued infrastructure assets and operational and restricted land and buildings as at 30 June 2020. Infrastructure asset classes will all be revalued for the year ending 30 June 2021.

3.2. Fair value assessment

Management must complete a fair value assessment of infrastructure asset classes as at balance date. This is to ensure there are no significant differences between fair value of the assets as at 30 June 2021 and carrying value that would trigger a need for the council to extend the revaluation through to balance date.

3.3. Impairment

Management must assess whether there is any indication that assets may be impaired. If there is an indication of impairment, then they must estimate the recoverable service amount of the asset. This is to ensure the carrying amount of an asset does not differ materially from its recoverable amount.

The judgemental nature of asset revaluations, fair value assessments, and impairment assessments creates a risk of bias or error in the assumptions and inputs used. Due to the value of the asset classes in question, any bias or errors in the inputs used or calculations performed could result in a material misstatement of council's financial statements.

4. Capital projects including work in progress.

Council continues to have a significant ongoing capital programme. Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects.

Audit NZ will review the accounting for costs incurred on capital projects, including:

- Reviewing assumptions and judgements used by management in classifying costs as either capital or operational in nature.
- Appropriate capitalisation point for completed assets, including transfers from work in progress.
- The reasonableness of depreciation rates and useful lives applied to asset components.
- The disclosures included within the financial statements, including those relating to capital commitments.

5. Impact of three waters reform.

During 2020/21, the Council signed a nonbinding Memorandum of Understanding (MOU) with the Crown. By signing this MOU, the District Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform. On signing of the MOU, the Council subsequently received a share of \$761 million Crown stimulus funding, which was the first tranche of funding that was provided under the reform programme. It is important that the Council is appropriately accounting for its share of the funding and is meeting the obligations of the funding agreement. Audit NZ expect the Council has taken steps to:

- Consider the implications of any government announcements about three waters reform up to the date of authorisation of the financial statements. This includes the impact on financial statements and disclosures, including subsequent events disclosures.
- Ensure any Crown stimulus funding resulting from the three waters reform programme received by the council has been appropriately accounted for in accordance with PBE accounting standards and the terms of the agreement.
- Audit NZ will continue to monitor developments related to the three waters reform. If any substantive announcements are made before the financial statements are authorised for issue, we will discuss the implications of these on the District Council and on our audit report with management and the Council. We will gain an understanding of the water stimulus funding agreements signed by the District Council. If water stimulus funding is material to the financial statements, we will review this to ensure that revenue recognition is in line with PBE accounting standards.

B. Public Benefit Entity Standard IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments (PBE IPSAS 41) becomes effective for the year ending 30 June 2023, or the second year of the 2021-31 LTP. PBE IPSAS 41 can be early adopted.

Paragraph 41 of PBE FRS 42 Prospective Financial Statements requires prospective financial statements to be prepared in accordance with the accounting policies expected to be used in the future for reporting historical financial statements. This means that a local authority's forecast financials included in the 2021-31 LTP will need to reflect this new accounting standard.

The main changes for council in adopting of PBE IPSAS 41:

- Introduces a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. This could result in some instruments moving from amortised cost accounting to fair value accounting, or vice versa.
- Applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.
- Introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management

strategies and the accounting treatment for instruments held as part of the risk management strategy. Entities that adopt PBE IPSAS 41 have a choice of either adopting the new hedging model of PBE IPSAS 41 or continuing to apply the hedging model of PBE IPSAS 29.

The standard will also mean consequential changes to council's relevant accounting policies.

Auditors NZ will confirm whether Council will early adopt PBE IPSAS 41 for LTP 2021/31 and whether that decision will impact the preparation of their financial statements for the year ending 30 June 2022.

If council decides not to early adopt PBE IPSAS 41, council may have to present financial instrument accounting policies for the first year under PBE IPSAS 29 (30 June 2022) of the LTP separately from the accounting policies under PBE IPSAS 41 for the remaining years when there are differences between them. Council may also need to include the financial impact of the change in accounting policy in its financial forecasts, if significant.

3. ISSUES AND RISKS

Management has identified areas that need close attention. These are:

A. Service performance reporting.

For 2020/21 Audit NZ were unable to obtain sufficient appropriate evidence to support the accuracy of the recorded times for addressing faults for Three Waters. Watercare immediately put in place a manual system for documenting the recorded times to address the issues identified through the final audit process. For the period between 30 June 2020 and the commencement of the manual process in November 2020, management will be unable to provide the evidence needed to support the accuracy of recorded times. Audit NZ have indicated they will review the times recorded over both periods and compare the recorded response times for consistency. They have indicated this may be enough to avoid an issue, however there is no certainty that this approach will provide a satisfactory outcome.

B. Capital projects including work in progress.

The value of capital projects in progress has increased over a number of years. A full review is nearing completions and there is likely to be an amount that can no longer be considered for capitalisation, for the following reasons:

- Projects have been deemed completed and included in the annual asset revaluation, while the costs remain in work in progress.
- Preliminary costs (e.g., for feasibility studies, cost estimates) have been incurred for projects that have not gone ahead and have not been removed from work in progress.

The review will be completed, and a report made to Council before 30 June 2021.

C. Timeline.

Audit work has commenced for the 2020/21 financial year with the final audit for the Annual Report running from 16 August - 20 September 2021.

Management have plans in place to meet the above dates. Risks have been identified, based on previous experience and actions have been taken to mitigate these. For example, the 2020 the asset valuation data was received late and was incomplete. Staff have put in place a robust process with asset owners and valuers to ensure this situation does not arise again.

4. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

5. ATTACHMENTS

- Audit Plan for the year ending 30 June 2021
- Audit NZ guidance on PE IPSAS 41 Financial Instruments

Audit Plan

Waikato District Council

For the year ending 30 June 2021

Audit Plan

I am pleased to present our audit plan for the audit of Waikato District Council for the year ending 30 June 2021. The purpose of this audit plan is to discuss:

| | |
|------------------------------|----|
| Audit risks and issues | 2 |
| Group audit | 8 |
| Our audit process..... | 9 |
| Reporting protocols | 15 |
| Audit logistics | 16 |
| Expectations..... | 19 |

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 a risk based public sector audit, which means that we focus on the areas that are most important in that context.

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

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

Nāku noa, nā



Clarence Susan
Appointed Auditor
18 May 2021

Audit risks and issues

Focus areas



Based on the planning work and discussions that we have completed to date, we set out in the table below the main audit risks and issues. These will be the main focus areas during the audit.

| Audit risk/issue | Our audit response |
|---|---|
| The risk of management override of internal controls | |
| <p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p> | <p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties. |
| Service performance reporting | |
| <p>Performance reporting is an integral part of measuring the District Councils' performance. It is important these results are fairly stated to ensure stakeholders get an accurate understanding of the performance.</p> <p>In the 2019/20 audit, we attempted to test a sample of call-outs to supporting documentation to confirm the accuracy of the resolution times recorded. Our testing identified that while the District Council has a system in place to capture the appropriate response time, we were unable to obtain sufficient appropriate evidence to support the accuracy of the recorded times. This was despite trying various approaches and working with District Council and Watercare staff.</p> | <p>Our audit response includes:</p> <ul style="list-style-type: none"> • reviewing the controls and systems for service performance reporting, including improvements implemented as a result of our prior year findings; • performing tests of detail over material service performance measures; and • obtaining explanations for significant variances to target and prior year for all other performance measures. |

| Audit risk/issue | Our audit response |
|---|---|
| Valuation of assets | |
| <p>Revaluation</p> <p>The District Council periodically revalues land and buildings and infrastructure assets. PBE IPSAS 17, <i>Property, Plant and Equipment</i> requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>The District Council last revalued infrastructure assets and operational and restricted land and buildings as at 30 June 2020. We understand the infrastructure asset classes are all scheduled for revaluation during the year ending 30 June 2021.</p> <p>Fair value assessments</p> <p>If asset classes are revalued as at a date other than 30 June 2021, the District Council will need to complete a fair value assessment of these asset classes as at balance date.</p> <p>This is to ensure there are no significant differences between fair value of the assets as at 30 June 2021 and carrying value that would trigger a need for the District Council to extend the revaluation through to balance date.</p> <p>Impairment</p> <p>At each reporting date management must assess whether there is any indication that assets may be impaired. If management identifies any indication of impairment, then they must estimate the recoverable service amount of the asset.</p> <p>This is to ensure the carrying amount of an asset does not differ materially from its recoverable amount.</p> <p>The judgemental nature of asset revaluations, fair value assessments, and impairment assessments creates a risk of bias or error in the assumptions and inputs used. Due to the value of the asset classes in question, any bias or errors in the inputs used or calculations performed could result in a material misstatement of the District Council's financial statements.</p> | <p>Our audit response includes:</p> <ul style="list-style-type: none"> • reviewing the information and instructions provided to the valuer and other relevant controls that management have put in place over the valuation; • seeking assurance from the valuer that the valuation has been completed in accordance with the appropriate valuation and accounting standards; • reviewing the scope of the valuation and assessing the competence of the valuer, the completeness of the data, and reasonableness of the assumptions underlying the valuation; • reviewing the revaluation adjustments and ensuring these have been correctly accounted for; • reviewing the District Council's assessment of fair value against carrying value for each asset class not scheduled to be revalued as at 30 June 2021. We will consider the reasonableness of assumptions and judgements applied in making the fair value assessments; and • reviewing management's impairment assessments and evaluating the reasonableness of significant assumptions used in the assessments. |

| Audit risk/issue | Our audit response |
|---|---|
| Capital projects including work in progress | |
| <p>The District Council continues to have a significant ongoing capital programme.</p> <p>Accounting for capital projects, whether completed during the year or in progress at balance date, requires assumptions and judgements to be made that can have a significant impact on the financial statements. Management and the Council are responsible for managing the financial statement risks associated with capital projects. This includes ensuring:</p> <ul style="list-style-type: none"> • project costs are reviewed to ensure these are appropriately classified as capital or operational in nature; • work in progress (WIP) balances for projects already completed or available for use are transferred to the appropriate class of asset in a timely manner and depreciated accordingly from the date of capitalisation; • WIP balances on projects that span an extended period of time are assessed regularly for impairment over the period of the project. Costs no longer meeting criteria for recognition as an asset should be expensed in a timely manner; • asset components are identified at an appropriate level, and appropriate useful lives are assigned to these components on completion; • the value and remaining useful life (RUL) of existing assets remains appropriate given replacement projects underway; and • capital commitments related to contracts entered into before balance date are disclosed in the notes to the financial statements. | <p>We will review the accounting for costs incurred on capital projects, including:</p> <ul style="list-style-type: none"> • reviewing assumptions and judgements used by management in classifying costs as either capital or operational in nature; • appropriate capitalisation point for completed assets, including transfers from work in progress; • the reasonableness of depreciation rates and useful lives applied to asset components; and • the disclosures included within the financial statements, including those relating to capital commitments. |

| Audit risk/issue | Our audit response |
|---|--|
| Impact of three waters reform | |
| <p>The three waters reform programme is one of the most significant policy programmes affecting local authorities. This is a three-year programme of work in three tranches.</p> <p>During 2020/21, the District Council signed a non-binding Memorandum of Understanding (MOU) with Crown. By signing this MOU, the District Council agreed to participate in the exploration of future service delivery options for the three waters services and to collaborate with agencies involved in the reform.</p> <p>On signing of the MOU, the District Council subsequently received a share of \$761 million Crown stimulus funding, which was the first tranche of funding that was provided under the reform programme. It is important that the District Council is appropriately accounting for its share of the funding and is meeting the obligations of the funding agreement.</p> <p>Much of the policy is still to be developed, with significant announcements about the form of future water services entities expected in year one (1) of the 2021-31 long-term plan (LTP) period (2021/22). The District Council will then need to decide whether to opt out of the proposed new service delivery model. There is still considerable information to come as to what these reforms may mean for the District Council before this decision will be made.</p> <p>We would expect the District Council has taken steps to:</p> <ul style="list-style-type: none"> consider the implications of any government announcements about three waters reform up to the date of authorisation of the financial statements. This includes the impact on financial statements and disclosures, including subsequent events disclosures; and | <p>We will continue to monitor developments related to the three waters reform. If any substantive announcements are made before the financial statements are authorised for issue, we will discuss the implications of these on the District Council and on our audit report with management and the Council.</p> <p>We will gain an understanding of the water stimulus funding agreements signed by the District Council. If water stimulus funding is material to the financial statements, we will review this to ensure that revenue recognition is in line with PBE accounting standards.</p> |

| Audit risk/issue | Our audit response |
|--|--------------------|
| <ul style="list-style-type: none"> ensure any crown stimulus funding resulting from the three waters reform programme received by the District Council has been appropriately accounted for in accordance with PBE accounting standards and the terms of the agreement. | |

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 the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to the Council? Has appropriate action been taken on any lessons learned?

Our responsibility

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

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

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

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

Group audit



The group comprises:

- Waikato District Council; and
- Waikato District Community Wellbeing Trust.

Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component.

For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team or brought to our attention by the component auditor. We will communicate deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team or brought to our attention by the component auditor.

Our audit process

Initial planning

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

Understand your business and environment

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

Assess audit risk

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

Evaluate internal controls

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

Finalise the audit approach

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

Gather audit evidence

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

Conclude and report

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

Materiality

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

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

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

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

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

Financial statements materiality

For planning purposes, we have set **overall materiality** for the financial statements at \$169,400,000 based on budgeted total assets. This is subject to change once the actual results for the current year are available. For this audit we are only applying this overall materiality to the fair value of property, plant and equipment.

| | |
|---------------------------------|---------------|
| Group overall materiality | \$169,400,000 |
| Group specific materiality | \$3,830,000 |
| Group clearly trivial threshold | \$191,500 |

For this audit we have set a lower, **specific materiality** of \$3,830,000 for all items not related to the fair value of property, plant and equipment. A lower specific materiality is also determined separately for some items due to their sensitive nature. For example, a lower specific materiality is determined and applied for related party and key management personnel disclosures.

| | |
|----------------------------------|---------------|
| Parent overall materiality | \$167,710,000 |
| Parent specific materiality | \$3,790,000 |
| Parent clearly trivial threshold | \$189,500 |

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

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial**. We consider misstatements less than \$191,500 to be clearly trivial unless there are qualitative considerations that heighten its significance. We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement, we will seek written representations from management and the Council on the reasons why the corrections will not be made.

Misstatements

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

Overall financial statement materiality does not apply to any matters of effectiveness and efficiency, waste, or a lack of probity or financial prudence.

Materiality for service performance information

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

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

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

| Material measure | Materiality |
|---|-----------------------|
| <p>The extent to which the local authority's drinking water supply complies with:</p> <ul style="list-style-type: none"> a) part 4 of the drinking-water standards (bacteria compliance criteria), and b) part 5 of the drinking water standards (protozoal compliance criteria). | 0% of reported result |

| Material measure | Materiality |
|--|-----------------------|
| Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response time measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. | 5% of reported result |
| The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system. | 5% of reported result |
| Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: <ul style="list-style-type: none"> a) abatement notices; b) infringement notices; c) enforcement orders; and d) convictions; received by the territorial authority in relation to those resource consents. | 5% of reported result |
| Where the Council attends to sewerage overflows resulting from a blockage or other fault in its sewerage system, the following median response time measured: resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault. | 8% of reported result |
| The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. | 5% of reported result |
| The average quality of ride on a sealed local road network, measured by smooth travel exposure. | 8% of reported result |
| The percentage of building consent applications that are processed within 20 working days. | 8% of reported result |

Professional judgement and professional scepticism

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

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

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

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

How we consider compliance with laws and regulations

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

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

Rates are the District Council’s primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge. The District Council should ensure it has appropriate processes in place, including seeking legal advice where appropriate, to ensure compliance of its rates and rating processes with legislation.

For 2020/21 we will again consider the District Council’s compliance with aspects of the LGRA that potentially materially impact on the financial statements. Principally this means a focus on the rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS).

We will also review selected differentially set and/or targeted rates to assess whether the matters and factors used are consistent with the LGRA.

We will follow up any issues identified from our review of rates in previous years.

We stress that our review of compliance with legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The District Council is responsible for ensuring that it complies with applicable laws and regulations.

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 District 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 District Council or by one or more of its members, office holders, or employees.

Reporting protocols

Communication with management and the Council



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

Reports to the Council



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

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

Audit logistics

Our team



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

Our senior audit team members are:

| | |
|------------------|------------------------------------|
| Clarence Susan | Appointed Auditor |
| Debbie Perera | Engagement Quality Review Director |
| Kataraina Macown | Audit Manager |
| Megan Wittstock | Assistant Manager |

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Our proposed timetable is:

| | |
|--|-------------------|
| First interim audit begins | 3 May 2021 |
| Second interim audit begins | 24 May 2021 |
| Draft report to the Council issued | 16 June 2021 |
| Draft financial statements and statement of service performance available for audit (including notes to the financial statements) with actual year-end figures | 12 August 2021 |
| Final audit begins | 16 August 2021 |
| Other annual report content available in draft including Mayor's report | 9 September 2021 |
| Final financial statements available, incorporating all the amendments agreed to between us | 9 September 2021 |
| Verbal audit clearance given | 16 September 2021 |
| Audit opinion issued | 20 September 2021 |
| Draft report to the Council issued | 8 October 2021 |

There is the possibility that, due to the continuing impact of Covid-19 and the application of our job priority framework, there may be disruptions that will require changes to the timetable proposed above. Where this arises, we will discuss a revised timetable with you.

AuditDashboard

During the audit, your staff provide us with a significant number of files. These files contain information that we have asked for about your internal controls or financial and non-financial information to support the contents of your annual report. When all of this information is available in a timely manner, it helps the audit process to run as smoothly and effectively as possible for both you and us.

During 2021 we are implementing a new online portal called AuditDashboard. AuditDashboard allows for easier collaboration and file sharing between Waikato District Council and your audit team. It is a robust, secure digital platform that is specifically designed to streamline the process of sharing information with us. More information on this new tool can be found at: [Information about AuditDashboard](#).

The benefits of AuditDashboard

Your team will be invited to collaborate on one central request list in a shared space. The ability to drag and drop files makes it easy to fulfill requests. Real-time status updates provide greater visibility to everyone and helps to keep everyone organised and on the same page. It will be easy to:

- see what has been asked for;
- assign specific tasks to your own people and see who each request is assigned to;
- see when each request is due and track the progress of requests;
- exchange information securely; and
- see what has been uploaded.

Rather than obtaining information from management as we need it, we will send requests in advance. Your team will have time to gather the relevant information, upload the files, and submit them to us at any time that suits them up to the due date. When we start work, we will already have access to this information and can get started straight away.

We intend to start using AuditDashboard at our second interim audit stage. We have provided the Chief Executive with an overview and agreement to use AuditDashboard. We expect compliance with this agreement will already be covered by your computer-use policy. We need to receive the agreement back prior to implementing AuditDashboard on your audit.

We will work with your team to onboard them to AuditDashboard, answer any questions you might have, and ensure your team understands how to use it.

Expectations



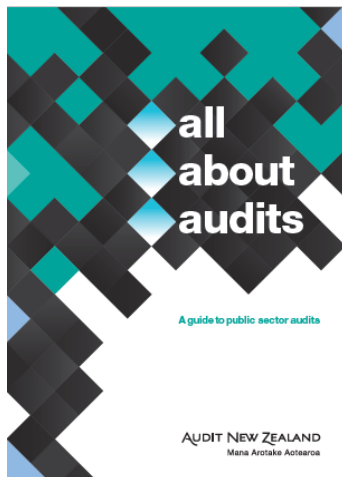
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

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

We expect that:

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

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



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

PO Box 256
Waikato Mail Centre
Waikato 3240
Phone: 04 496 3099
www.auditnz.parliament.nz



The application of PBE IPSAS 41 Financial Instruments in 2021-31 Long-term plans

Introduction

PBE IPSAS 41 Financial Instruments (PBE IPSAS 41) becomes effective for the year ending 30 June 2023, or the second year of the 2021-31 LTP. PBE IPSAS 41 can be early adopted.

Paragraph 41 of PBE FRS 42 *Prospective Financial Statements* requires prospective financial statements to be prepared in accordance with the accounting policies expected to be used in the future for reporting historical financial statements. This means that a local authority's forecast financials included in the 2021-31 LTP will need to reflect this new accounting standard.

What are the main changes?

As we understand it, for Councils that have been applying PBE IPSAS 29 the main changes from the introduction of PBE IPSAS 41:

- Introduces a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. This could result in some instruments moving from amortised cost accounting to fair value accounting, or vice versa.
- Applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.
- Introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Entities that adopt PBE IPSAS 41 have a choice of either adopting the new hedging model of PBE IPSAS 41 or continuing to apply the hedging model of PBE IPSAS 29.

The standard will also mean consequential changes to the local authority's relevant accounting policies.

Some Councils have adopted PBE IFRS 9. We understand there is no substantive differences between the core requirements of PBE IFRS 9 and PBE IPSAS 41. For these Councils, the introduction of PBE IPSAS 41 should not cause any issues for the LTP as their current PBE IFRS 9 accounting policies should be consistent with PBE IPSAS 41.

For Council's currently applying PBE IPSAS 29, how can a local authority treat the new accounting standard in its 2021-31 LTP?

We see there are two options on how a local authority can treat this change in its 2021-31 LTP. These are:

1. Early adopt PBE IPSAS 41 so it takes effect from 1 July 2021, or the first year of the 2021-31 LTPs.
2. Adopt PBE IPSAS 41 when it becomes applicable, in the second year of the 2021-31 LTPs.

Auditors should ask their local authorities whether they have considered the impact of PBE IPSAS 41 on the upcoming 2021-31 LTP.

Auditors should ask local authorities whether they will early adopt PBE IPSAS 41 for the 2021-31 LTP and whether that decision will impact the preparation of their financial statements for the year ending 30 June 2022.

If a local authority decides not to early adopt PBE IPSAS 41, the local authority may have to present financial instrument accounting policies for the first year under PBE IPSAS 29 (30 June 2022) of the LTP separately from the accounting policies under PBE IPSAS 41 for the remaining years when there are differences between them. The local authority may also need to include the financial impact of the change in accounting policy in its financial forecasts, if significant.

For Council's currently applying PBE IPSAS 29, what about the comparative forecast financial statements?

Clause 13 of Schedule 10 of the Local Government Act 2002 requires the LTP to contain comparative forecast financial statements from the previous annual plan. These comparative forecast financial statements would not have been prepared in accordance with PBE IPSAS 41. The transitional provisions of PBE IPSAS 41 allow for the standard to be applied prospectively (i.e. without restating comparative information).

For the LTP, we consider the best approach is that Councils disclose that the 2020/21 comparative annual plan forecast information was prepared using different financial instrument accounting policies than what was applied in the LTP forecast financials. We believe it would be reasonable for a local authority to disclose this by way of narrative disclosure in its statement of accounting policies and referring the readers to the financial instrument accounting policies included in the 2020/21 annual plan.

For Council's currently applying PBE IPSAS 29, what changes should you focus on in your audit of the LTP financial forecasts?

We have outlined our thoughts on what impact councils adopting PBE IPSAS 41 will have on your audits below.

- We expect the financial instrument accounting policies disclosed will be checked for consistency with the requirements of PBE IPSAS 41 (required by paragraph 60 of PBE FRS 42).
- We expect the disclosures made about the change in accounting policy (required by paragraph 61 of PBE FRS 42) will be checked.
- We expect auditors to consider whether any material measurement adjustments arise on transition to PBE IPSAS 41 that may affect the forecasts. For most local authorities, we do not expect the impact of PBE IPSAS 41 on the LTP financial forecasts will lead to significantly more audit effort. This is because:
 - For financial instruments recognised at fair value, local authorities will generally make assumptions about how changes in fair value will be recognised in the LTP financial forecasts. If this assumption has a material effect on the financial forecasts, it will be something that you will already be looking at in your audit.
 - Local authorities do not normally assume that financial instruments will become impaired in the LTP. However, impairment would need to be considered if there are known impairment issues in respect of a material debtor at the time the LTP is prepared.
 - Local authorities usually assume a fixed rate of interest and therefore do not assume that they will hedge account in the LTP.

In certain cases, you will need to audit the impact of PBE IPSAS 41 on the LTP financial forecasts. However, the extent of testing that you do on application of this new accounting standard is a matter of professional judgement, taking into account your LTP materiality and the individual circumstances of the local authority you audit.

What should you do if the local authority does not recognise the introduction of PBE IPSAS 41 in the 2021-31 LTP?

When preparing LTPs, local authorities are required to comply with GAAP. If a local authority does not recognise the introduction of PBE IPSAS 41 in the 2021-31 LTP (and the effect of not complying with PBE IPSAS 41 is material), a local authority is not meeting the requirements of PBE FRS 42 and is therefore not complying with GAAP.

Contact your sector manager if the local authority you audit decides to not recognise the introduction of PBE IPSAS 41 in the 2021-31 LTP. We may need to hold an opinion review committee to determine what impact any non-compliance with GAAP has on the audit reports.

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 28 May 2021 |
| Chief Executive Approved | Y |
| Prepared by | Geoff King Chief Information Officer |
| Reference # | GOV1318 |
| Report Title | Post Implementation Review – W10/O365 Implementation Project |

I. EXECUTIVE SUMMARY

Our project management framework includes a post implementation review which is good practice.

Attached is the Post Implementation Review for PR-1462 W10/O365 Implementation project (“the review”) which was an organisation wide roll out. Several supporting documents are hyperlinked in the review, including the Project Closure Report which has been attached for the Audit & Risk Committee’s information. The other supporting documents are not considered necessary for the purposes of this risk based conversation, however they are available to the Committee on request.

Several learnings from the review have been taken on board for inclusion in our project management workplan.

The Project Sponsor (Chief Information Officer) will be available at the meeting to discuss the post implementation review.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

- Post Implementation Review for PR-1462 W10/O365 Implementation Project
- Project Closure Report for PR-1462 Windows 10E and Office 365



Post Implementation Review For

PR-1462 W10/O365 Implementation Project

Document Control

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| <i>0.2</i> | <i>22/Mar/21</i> | <i>Finalised Document following comments and feedback to v0.1</i> |
| <i>1.0</i> | <i>23/Mar/21</i> | <i>Final document for submission to Steering Close out meeting 24-Mar</i> |

Document Approvals

| Role | Name | Position | Date |
|----------------------|-------------------------------------|------------------------------------|------|
| Project Sponsor | Geoff King | CIO | |
| Project Review Group | Steering Group | | |
| Project Managers | David Jordan Steven Schermerhorn | Project Manager Project Manager | |
| Business Owner | Gene Oudes | Infrastructure Manager | |
| Steering Member | Kurt Abbot | Projects & Innovation Manager | |

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What is a Post Implementation Review?

1. EXECUTIVE SUMMARY

This project was rapidly kicked off and advanced as the first effects of Covid-19 became reality.

A learning during the process of closing this project was that this project was kicked off without a formalised project brief, project business case, benefit realisation document or budget. Budgets used are believed to have been allocated based on former LTP budgets.

Note from Steven Schermerhorn - Project Manager at the time of project commencement:

There was a project brief created as Gene Oudes and I created it together in the CAMMS.Project Proposal and Definition pages .

I was not aware of a specific business case document as the funding came from existing IM Digital Road Map budgets that were already approved before I came to work on the project.

Preliminary estimated budget allocation for the project in the proposal phase was \$51,000 for consultants (Spark Digital) for Windows 10E. Subsequent to that a new project was set up PR-1463 for Office 365 and initial budget allocated. PR-1462 and 1463 were consolidated into PR-1462 and operated as a single project thereafter via Project Change Request.

I approved the project proposal and definition on behalf of Tony Whittaker and Gene Oudes (pre-G King's time) with their permission.

Proposal documentation was also presented at PGG and was approved by PGG to move to the Initiation Phase

The remainder of this document brings together other learnings and references relating to the project.

It should be noted that in the absence of having a formally defined and signed off project brief, that the benefits expected from the project are what was captured and worked from inside the Project Management tool, and from the project concept documents.

It should also be noted that this project was conducted in an agile manner with a high acceptance of risk to enable focus on delivery and as rapid as possible empowerment of new mobility, collaboration and remote working tools and systems for staff.

2. PROJECT PERFORMANCE

This section identifies how the project performed against each of the targets identified during the Initiation and Planning phases of the project.

1. OBJECTIVES

| Criteria | Achieved |
|---|----------|
| <ul style="list-style-type: none"> Upgrade to Windows 10 Enterprise from Windows 7 Enterprise Implement Office 365 cloud-based subscription service across the WDC Enterprise | Yes |

2. OBJECTIVES

| Criteria | Achieved |
|---|---|
| <ul style="list-style-type: none"> Current desktop operating system supported by the Vendor. Security increase, improved performance, and improved maintainability for IM. Facilitates movement towards the cloud and aligns with Office 365 and the digital road map. <p>Office 365 Benefits</p> <ul style="list-style-type: none"> By switching to an Office 365 Subscription Service, all WDC users will always have the very latest version of Office Professional available each and every time the application is opened. It enables facilitation, sharing and collaboration across multiple users. Office 365 offers: <ol style="list-style-type: none"> New applications and Services - in addition to Word, Excel, PowerPoint, Outlook. Office 365 offers OneDrive, Microsoft Teams, Yammer, and SharePoint. Enhanced services include Delve, Power BI, Sway, Stream, Planner, Flow, and Forms. Portability - online versions available that facilitate true user mobility anywhere users go, as well as being installed locally on the user's machine. Licensing Flexibility Options - Enterprise versions enable software installation for mobile devices. Sharing - Facilitates sharing documents internally or externally in real time. Admin Centre - Facilitates enhanced IT Support capabilities and system administration. Handle billing information, submit support tickets to Microsoft, manage security settings, Reporting, Monitoring, manage applications, and Office 365 health. Security - security management capabilities including alerts, permissions, classifications, data loss prevention, threat management, performance, and security dashboarding, threat management of the enterprise environment. Reduced Risk - hosted in the cloud using Azure, handles all data centre requirements, patches servers automatically, releasing staff for other work, hosts Active Directory in the cloud to enable operation even if local AD is unavailable. Automatic update distribution. | <p>Yes.</p> <p><i>Note: All expected benefits were achieved, however In terms of the desired reduced risk benefit, some risk was introduced with OneDrive files not being physically backed up and relying purely on Microsoft recycle bin function</i></p> |
| <p>Windows 10 Benefits</p> <ul style="list-style-type: none"> Improved staff productivity and efficiencies in supporting communities in doing business with the council. Employees will be using a currently supported Operating System. This upgrade will allow to access the features that windows 10 Enterprise offer and prepares WDC for the potential to align to digital road map which includes the many cloud offerings. Operating system and application updates become seamless – being able to be delivered to users' desktops remotely without IT Assistance | YES |

3. DELIVERABLES

| Criteria | Achieved |
|--|----------|
| <ul style="list-style-type: none"> W10 and Office 365 rolled out to all staff not remaining on Citrix Laptops & Tablets provided to most users (facilitated, but not in-scope nor funded through the project) Desktops replaced with HDMI cables for Meeting rooms. Quiet Room desktops replaced with docking stations Visitor Management system upgraded Access Card management system upgraded Foundational W10 and O365 Training provided to all staff upgraded Intune and Autopilot implemented – providing pathways for remote installations and reduced maintenance for Service Desk Trapeze upgraded | Yes |

I. SCHEDULE

| Task Name | % Complete | Duration | Start | Finish |
|---|------------|-----------|--------------|--------------|
| ▾ PR-1462 Windows 10 Enterprise Upgrade & Migration | 70% | 291 days? | Fri 24/01/20 | Fri 5/03/21 |
| PR-1462 Proposal W10 Enterprise Upgrade & Migration | 100% | 29 days? | Fri 24/01/20 | Wed 4/03/20 |
| PR-1462 Initiate Phase W10 Enterprise Upgrade & Migration | 100% | 29 days? | Fri 6/03/20 | Wed 15/04/20 |
| PR-1462 Planning Phase W10 Enterprise Upgrade & Migration | 100% | 39 days? | Fri 17/04/20 | Wed 10/06/20 |
| PR-1462 Execute Phase W10 Enterprise Upgrade & Migration | 100% | 114 days? | Fri 12/06/20 | Wed 18/11/20 |
| ▾ PR-1462 Close Phase W10 Enterprise Upgrade & Migration | 44% | 76 days? | Fri 20/11/20 | Fri 5/03/21 |
| ▾ Issue resolution | 100% | 8 days? | Thu 26/11/20 | Mon 7/12/20 |
| ▾ Spark Training and Support | 100% | 6 days? | Mon 14/12/20 | Mon 21/12/20 |
| ▾ Meeting Rooms | 100% | 6 days? | Fri 27/11/20 | Fri 4/12/20 |
| ▾ Quiet Rooms | 100% | 1 day? | Fri 20/11/20 | Fri 20/11/20 |
| ▾ Visitor Management System | 100% | 2 days? | Wed 25/11/20 | Thu 26/11/20 |
| ▾ Wireless Mouse & Keyboards | 100% | 39 days? | Fri 20/11/20 | Wed 13/01/21 |
| ▾ Teams to ECM | 100% | 22 days? | Tue 24/11/20 | Wed 23/12/20 |
| ▾ Documentation / Process / Policy updates | 100% | 10 days? | Wed 25/11/20 | Tue 8/12/20 |
| ▾ Finance | 98% | 23 days? | Tue 8/12/20 | Thu 7/01/21 |
| ▾ Close out | 7% | 68 days | Wed 2/12/20 | Fri 5/03/21 |

2. FINANCIALS

During the project close phase Project Change Request (PCR#01) was prepared and signed off to address 1) consolidation of various Capex / Opex budgets to one account; and 2) to provide a record of formal retrospective approval of the budgets.

Below represents the project position following the effect of PCR#01 and the associated Budget Transfer Memo – which can be affected once the Project Close document has been accepted.

In terms of Budgets and spend, the below table summarises the position:

| Account | PR1462 - Budget Summary to support PCR#08 | BUDGET AMOUNT | SPEND | Variance (remaining) |
|-------------------|---|---------------|----------|----------------------|
| CAPEX | | | | |
| 5IS55005 | O365 CAPEX budget (following PCR#01) | 268,530 | 106,764 | 161,766 |
| OPEX 20/21 | | | | |
| 5IS55005 20/21 | O365 OPEX budget (following PCR#01) | 192,520 | 37,012 | 155,508 |
| 5IS55005 20/21 | Transfer of Budget as per PCR#08 Moving 32,422.17 of cost | -32,422 | -32,422 | |
| 5IS55005 20/21 | Following transfer of associated expenses from 5IS55005E1615 to 505-1615 | | 4,590 | |
| 5IS55005 20/21 | Final O365 Expected Budget, Spend and Remaining after approval and effecting PCR#08 | \$ 160,098 | \$ 4,590 | \$ 155,508 |

NOTE TO FINANCE: As surplus funds are required to fund other related project works (Teams to ECM integration as per PCR#07) the Capex and OPEX budgets relating to Windows 10/Office 365 need to remain OPEN.

1. PROJECT CONFORMANCE

In the interests of delivering project as rapidly as possible to provide the business with increased collaborative working opportunities and remote working enablement to respond with Covid-19 needs, the project adopted an agile approach to delivery. As such the project did not follow all processes of the councils Project Management Methodology.

Note: The only mandate given to the project managers was the project proposal and the instruction to deliver the project. Retrospectively, if this PIR document was provided as a source of measurement at the beginning of the project, many answers / compliances would be different.

1.1 TIME MANAGEMENT

Identify the level of conformance to the Timesheet Management process identified for the project by completing the following checklist:

| Checklist | Y/N |
|--|-----|
| • Was a schedule outlined in the Project Plan? | Y |
| • Was the Project Plan baselined during the planning phase? | N |
| • Was the Project Plan re-baselined at any stage during the project? | N |
| • Was additional time required for any activity? | Y |
| • Were additional time requests managed with vendors and/or staff | Y |

1.2 COST MANAGEMENT

Identify the level of conformance to the Cost Management process identified for the project by completing the following checklist:

| Checklist | Y/N |
|---|-----|
| • Did the project actually incur all expenses planned? | N |
| • Were invoices and receipts kept for expenses incurred? | Y |
| • Was the Project Manager required to manage all project expenses? | Y |
| • Was the Project Manager required to approve all project expenses? | Y |
| • Were the approval procedures diligently followed? | Y |
| • Were all expenses recorded in a Project Payments Register? | Y |
| • Was the Payments Register monitored to assess total expenditure? | Y |
| • Did the project spend more than the original budget? | N |
| • Was the Project Board required to allocate additional funding? | Y |
| • Was the customer satisfied with the overall level of expenditure? | Y |

1.3 PROJECT CHANGE MANAGEMENT

Project change control was managed via PCR templates in the teams PM | 1462 Project Change request folder. While the project was running there was no changes to Scope / Time made. However, as the project attempted to close, 4x Change requests (PCR#'s 04 to 08) were created to manage the handover of outstanding work the project identified needing undertaking.

Three other change requests were raised

PCR01 - budget transfer memo was authored but never signed. PCR01 was subsequently replaced by PCR01b which was signed and approved,

- PCR02 – a change request to reduce budget, though this CR was not supported and was cancelled,
- and finally, PCR03 was a change request to in-scope Microsoft Project Online AD group creation – and this CR was also not approved.

| Checklist | Y/N |
|--|-----|
| • Were all changes managed through the formal change process? | Y |
| • Were Change Request Forms completed for all changes? | Y |
| • Were Change Request Forms reviewed by Project Sponsor? | Y |
| • Were Feasibility Studies undertaken for all appropriate changes? | n/a |
| • Did anyone other than the Approval Group approve any changes? | N |
| • Were all changes recorded within a Change Register? | Y |
| • Did any change impact on the business in an unexpected manner? | N |
| • Did any change result in a new risk or issue identified? | N |
| • Did any changes result in a new benefit or cost unexpectedly? | Y |
| • Were all changes applied prior to project closure? | N |

1.4 RISK MANAGEMENT

Following kick-off and during the design workshops, the project manager established an Excel spreadsheet containing Risk, Issue, and decision registers, among others. That said, no risks were raised and there was no request to undertake a comprehensive risk review. Risk appetite was agreed to be strong, in that the desire to get a solution to empower and enable staff to work closer together while being further apart.

Note from Initial Project Manager Steven Schermerhorn:

As the sole PM, I tried on multiple occasions to get the team together to run a risk analysis workshop. However, the pace of the project and the need to deliver, prevented the analysis from being completed. This was followed by Covid-19 lock-down making it further difficult to complete.

| Checklist | Y/N |
|---|------------|
| • Were all important project risks identified early in the project? | <i>N</i> |
| • Were all risks managed through the formal risk process? | <i>n/a</i> |
| • Were Risk Forms completed for all important risks identified? | <i>N</i> |
| • Were all Risk Forms reviewed by the Project Manager? | <i>N</i> |
| • Were risk likelihood and impact ratings assigned appropriately? | <i>n/a</i> |
| • Was a clear mitigation plan outlined for each risk identified? | <i>N</i> |
| • Were risk mitigating actions assigned appropriately for action? | <i>N</i> |
| • Were risk mitigating actions completed accordingly? | <i>n/a</i> |
| • Were Risk Management Roles formally defined? | <i>n/a</i> |
| • Did staff operate according to their defined Risk Role? | <i>N</i> |
| • Were all risks recorded within a Risk Register? | <i>N</i> |
| • Did any risk eventuate? | <i>N</i> |
| • Did any risk result in a change request? | <i>N</i> |
| • Was the project affected by a risk which was unforeseen? | <i>N</i> |

6. ISSUE MANAGEMENT

Identify the level of conformance to the Issue Management process identified for the project by completing the following checklist:

| Checklist | Y/N |
|---|----------|
| • Were all project issues identified during the project? | <i>Y</i> |
| • Were all issues managed through the formal issue process? | <i>Y</i> |
| • Were Issue registry entries completed for all issues identified? | <i>Y</i> |
| • Did all Issue Forms adequately describe the impact on the project? | <i>Y</i> |
| • Were all Issue Forms reviewed by the Project Manager? | <i>Y</i> |
| • Were clear recommended actions identified to resolve the issue? | <i>Y</i> |
| • Did the Project Team review all Issues? | <i>Y</i> |
| • Were all recommended actions undertaken accordingly? | <i>Y</i> |
| • Were all issues recorded within an Issue Register? | <i>Y</i> |
| • Did any issue remain unresolved throughout the project? | <i>Y</i> |
| • Did any issue result in the identification of a new project risk? | <i>N</i> |
| • Did any issue result in a lower quality deliverable being produced? | <i>Y</i> |

7. PROCUREMENT MANAGEMENT

Identify the level of conformance to the Procurement Management process identified for the project by completing the following checklist:

Note from Steven Schermerhorn:

Sarah Quinn was consulted regarding procurement and an approval for single supplier selection was completed and stored in Dropbox.

Initial supplier discussions were conducted by IM; however, the lead PM was not involved in those initial discussion.

IM decided that Spark Digital would be used because they had done this work before and were familiar with the WDC environment.

Existing Contract number 19/097 was used for procurement purpose with Spark Digital. PM advised that as long as a valid contract number was used on billing and invoicing documentation, EPOs were not required. However, in the long run, this proved to be very problematic with Spark and Invoice documentation had to be repeatedly modified as Spark would not include the contract number on the documentation.

| Checklist | Y/N |
|--|------|
| 1. Were all types of supplier contracts listed in the procurement plan? | N |
| 2. Was the supplier evaluation undertaken in a fair manner? | Y |
| 3. Were detailed contracts signed with all suppliers? | Y |
| 4. Were all suppliers provided with a Statement of Work (SOW)? | Y |
| 5. Were formal supplier performance reviews regularly undertaken? | n.a. |
| 6. Were all supplier issues raised with the Project Manager? | Y |
| 7. Were all supplier issues resolved appropriately? | Y |
| 8. Did any supplier issues remain unresolved throughout the project? | N |
| 9. Did any supplier issues result in a new risk? | N |
| 10. Did any supplier issues result in a lower quality deliverable? | N |
| 11. Was the supplier contract terminated before the planned end date? | N |
| 12. Did any legal issues result from the supplier performance, payment milestones or contract termination? | N |

8. COMMUNICATIONS MANAGEMENT

Identify the level of conformance to the Communications Management process identified for the project by completing the following checklist:

| Checklist | Y/N |
|---|-----|
| • Did the Communications Plan clearly identify the intended target audience, message, and methods to be used? | Y |
| • Were regular reports distributed to key project stakeholders? | Y |
| • Did the status reports clearly identify progress, risks, and issues? | N |
| • Were the Project Board kept regularly informed of progress? | Y |
| • Were the Project Team kept regularly informed of progress? | Y |
| • Was the Customer kept regularly informed of progress? | Y |
| • Was there a clear escalation path for urgent project matters? | Y |
| • Were all project decisions clearly documented and communicated? | Y |
| • Was the project closure clearly communicated to all stakeholders? | Y |
| • Were any communication issues identified? | N |
| • Did any communication issues result in new project risks? | N |

| | |
|---|--|
| <ul style="list-style-type: none"> • Did any communication issues affect the ability of the project to meet its stated objectives? • Were the Project Board and customer expectations well managed? • Was the project perceived to be a success? | <i>n/a</i> <i>N</i> <i>Y</i> <i>Y</i> |
|---|--|

9. ACCEPTANCE MANAGEMENT

A test plan / register was created for the project and worked through with both the project team and the business. During the retrospective project meeting, it was raised that maybe further testing scripts could have been developed – but as the agreed risk appetite was high along with the desire to deliver an industry standard offering of Windows 10 and office 365 that Waikato DC was late to implement – comprehensive testing was traded for testing key areas where potential concern could be.

| Checklist | Y/N |
|---|-----|
| • Were clear acceptance criteria outlined in an Acceptance / Test Plan? | Y |
| • Was customer acceptance requested for all completed deliverables? | Y |
| • Was an Acceptance Form completed for each deliverable? | Y |
| • Was an appropriate acceptance test agreed with the customer? | Y |
| • Was the customer involved in all acceptance tests? | Y |
| • Were all planned acceptance tests actually undertaken? | Y |
| • Were the acceptance tests undertaken adequate? | Y |
| • Were the test results formally recorded in an Acceptance Register? | Y |
| • Has the customer formally accepted all deliverables? | Y |
| • Were Acceptance Management Roles formally defined? | Y |
| • Did staff operate according to their defined Acceptance Role? | Y |

4. PROJECT ACHIEVEMENTS

List the major achievements for this project and describe the positive effect that each achievement has had on the customer's business. Complete the following table:

| Achievement | Effect on Business |
|---|---|
| <i>Technically delivered a working solution in a short space of time</i> | <i>Able to rapidly begin using collaborative tools and begin working in new flexible ways with relatively low touch change management</i> |
| <i>Delivered the project under budget</i> | <i>Surplus funds are available for other related projects like MS Teams to ECM and a new animal control Camera system</i> |
| <i>Delivered the objectives and opportunities stated in the original proposal documents</i> | <i>The organisation has benefited by getting the outcomes, benefits and opportunities sought</i> |

5. PROJECT LESSONS LEARNT

The following details are taken from the end project retrospective held 14-Dec-2020.

Contributors:

| Initials | Who |
|----------|-----|
| | |

| | |
|------------|---|
| GK | Geoff King |
| FOP | Finance and Operations team (Sandrine) |
| CS | Customer Service (Jenna) |
| JH | Julian Hudson |
| PK | Pawan Kumar |
| DJ | David Jordan |
| GO | Gene Oudes |
| SS | Steve Schermerhorn |

What went well (continue doing these)

- GK: Deployment completed two months ahead of the original target.
- FOP (Finance & Operations): Comms were good - what was happening (and if issues were experienced what resolutions)
- FOP: Once it was established FOP was separate from Finance got good traction
- FOP: Good comms with PM
- FOP: Like all the channels now available to communicate with people, so we can communicate with them in ways that best suits their preference.
- CS: Laptops were available at training or very soon after.
- CS: Nice surprise to get laptops
- CS: Relatively light (one day) to get adjusted in terms of fitting
- JH: Regular Stand ups and using the issue register worked well
- DJ/PK: Not giving laptops until people attended the training was a good way to get people into the base training that otherwise wouldn't attend
- GO: Sparks engagement with us - especially tech team. Onsite as good.
- GO: Praise to the ELT to give laptops to the business
- GO: PM team worked well together
- GO: Standardisation of technology - encouraged conversations around mobility.
- DJ: The deployment tracking spreadsheet worked well - created an all staff & teams list from multiple data sources, prioritising deployments from various dimensions (existing laptop users, multiple managers lists, office location) while providing progress percentage completes. Spreadsheet proved to be comprehensive and accurate.
- DJ: Steve did a great job in the early days preparing a comprehensive list of training resources.
- DJ: Working with the project team and identified teams to develop test cases for considered areas of risk to prove out w10 and o365 compatibility.

Things that could have gone better (improvement for future projects)

- We tried (and failed quickly) to get office 365 introduced ahead of Windows 10 – it could have been a good early enabler for the business while remote working - but it was not. (remediation: Nothing to do here – we tried, and failed quickly)
- FOP: Could have had better info how things worked in the software (Remediation: Provide communication reminder to all staff where training and reference material is located)

- FOP: Somewhat frustrating on the requirement to use old MS Access when new MS access is default (remediation: nothing we can do, as Microsoft have discontinued support for ADP files which the budget model uses)
- FOP: File saving – does not remember last files used. (Remediation: this was followed up post retrospective and deemed to have been an instance rather than an ongoing issue)
- CS: Not knowing how to get hold of people. (remediation: resolved following Teams training)
- JH: w10 Functional testing vs application testing clarity (remediation: project team to be clearer about expectations regarding testing)
- JH: We had some test plans but retrospectively not comprehensive test plans (remediation: be clear about the balance between comprehensive test plans and risk acceptance as accepted by Steering Group)
- JH: Difficult identifying the right test users (remediation: potentially communicate wider with the business about areas needing testing and call for assistance of anyone concerned with their areas)
- SS: We did not have any dedicated change management resource dedicated to the project (remediation: raise needs with Change manager and any concerns with Steering Group)

What would we change if we were to do the project again?

- FOP: A few less emails
- FOP: Options to do mini training on specific areas -e.g., Excel Desktop and Cloud.
- FOP: The recent training we had in terms of comms was great but would have been better to do earlier. CS: Agree having earlier the training we recently had on how to get hold of people.
- JH: Building more comprehensive test plans
- DJ: Training notes available ahead of training and reinforcements after
- JH: Potentially look for training resource rather than the PM's providing training
- SS: Have a change management resource available to the project
- SS: Not have two PM's on the same project

2. APPENDIX

2.1 SUPPORTING DOCUMENTATION

- Project Proposal documents: [w10](#) and [o365](#)
- [Project Closure Report](#)
- [Project Test Cases and Issue Management document](#)
- [Project Financial Tracking document](#)
- [Project master deployment coordination spreadsheet](#)



Project Closure Report

PR-1462 - Windows 10E and Office 365

| | |
|-------------------------|---------------|
| Author | David Jordan |
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Document Control

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| 0.1 | 18 Jan 21 | David Jordan | First draft for initial review by Geoff King & Gene Oudes |
| 0.2 | 3 Mar 21 | David Jordan | Final draft for review |
| 1.0 | 23 Mar 21 | David Jordan | Final for sign-off at Steering 24-Mar-2021 - subject to financial expense reconciliation matching figures in finance section below |

Distribution List

This list is in addition to those who are on the Document Approval & Endorsement lists

| Name | Position | Department/Company |
|---------------------|---------------------------------|-----------------------|
| Kurt Abbot | Projects and Innovation Manager | Projects & Innovation |
| Kirsty Wellington | PMO Manager | Projects & Innovation |
| Steven Schermerhorn | Project Manager | Projects & Innovation |
| Sam Sun | Project Accountant | Finance |

Related Documents

| Document Name | Location/Link |
|---|---|
| Master Deployment Tracking spreadsheet | |
| Test cases and Issue Management List | |
| Training Documentation | NOTE: Documents can be found in ECM Or for convenience |
| Project Change Documents | |
| Project Retrospective | Please refer Teams links on left |
| Windows 10 and Office 365 Design Document | |
| Project Financials tracking spreadsheet | |
| Project Financial Position Reconciliation Summary | |
| Governance Documentation (TOR, agenda, and minutes) | |

Closure Approval

Approval to formally close this project and accept the deliverables and handover items as outlined in this document.

| Project Role | Name | Signature | Date |
|-----------------|--------------|-------------------|------------|
| Project Manager | David Jordan | | |
| Business Owner | Gene Oudes | | |
| Project Sponsor | Geoff King | <i>Geoff King</i> | 31/03/2021 |

Document Purpose

A Project Closure Report is a document which formalises the closure of the project. It provides confirmation that the criteria for successful completion of the project have been met and requests sign-off from the Project Sponsor to close the project.

A Project Closure Report includes:-

- Confirmation that each completion criterion has been met
- A list of outstanding business activities, risks, and issues & related ownership
- A set of closure actions (to hand-over project deliverables, documentation, terminate suppliers, release resources, and undertake closure communication).

A Project Closure Report is produced at the start of the Project Close Phase. The document is usually prepared by the Project Manager and presented to the Project Sponsor & Business Owner for acceptance & sign-off. Following sign-off, a suite of closure activities is undertaken to formally close the project.

When the Project Closure Report is approved, the Post Implementation Review will be conducted to capture final statistics and identify lessons learnt for future projects. The Benefits Realisation Review(s) are scheduled, to measure the achievement of the business benefits achieved as per the Business Case.

Project Closure Process

The following outlines the key steps required for the close down of a project:-

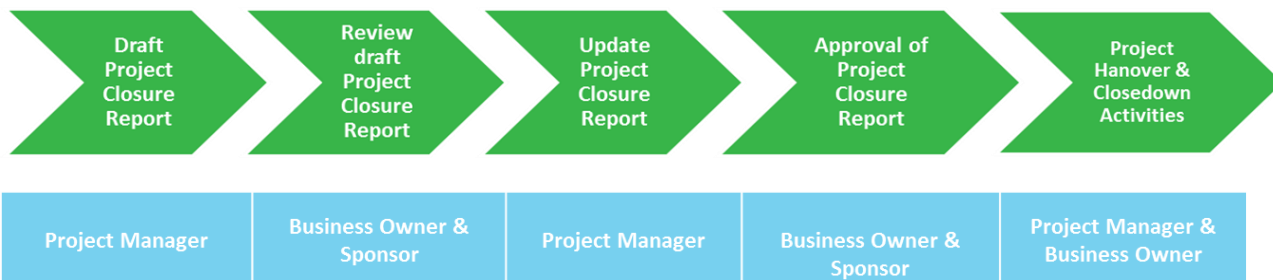


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I Project Completion

This section identifies the criteria required to complete the project and any outstanding items which still need to be undertaken even though the project may be ready for completion.

I.1 Completion Criteria

Listed below are the items taken from Camms and the associated Project Proposals approved by PGG on the 18th of Feb 2020.

| Category | Criteria | Achieved |
|--|---|---|
| Objectives | <ul style="list-style-type: none"> Upgrade to Windows 10 Enterprise from Windows 7 Enterprise. Implement Office 365 cloud-based subscription service across the WDC Enterprise. | Yes |
| Benefits as defined in CAMMS Benefits and Opportunity fields | <ul style="list-style-type: none"> Current desktop operating system supported by the Vendor. Security increase, improved performance and improved maintainability for IM. Facilitates movement towards the cloud and aligns with Office 365 and the digital road map. <p>Office 365 Benefits</p> <ul style="list-style-type: none"> By switching to an Office 365 Subscription Service, all WDC users will always have the very latest version of Office Professional available each and every time the application is opened. It enables facilitation, sharing and collaboration across multiple users. Office 365 offers: <ol style="list-style-type: none"> New applications and Services - in addition to Word, Excel, PowerPoint, Outlook. Office 365 offers OneDrive, Microsoft Teams, Yammer, and SharePoint. Enhanced services include Delve, Power BI, Sway, Stream, Planner, Flow, and Forms. Portability - online versions available that facilitate true user mobility anywhere users go, as well as being installed locally on the user's machine. Licensing Flexibility Options - Enterprise versions enable software installation for mobile devices. Sharing - Facilitates sharing documents internally or externally in real time. Admin Centre - Facilitates enhanced IT Support capabilities and system administration. Handle billing information, submit support tickets to Microsoft, manage security settings, Reporting, Monitoring, manage applications, and Office 365 health. Security - security management capabilities including alerts, permissions, classifications, data loss prevention, threat management, performance and security dashboarding, threat management of the enterprise environment. Reduced Risk - hosted in the cloud using Azure, handles all data centre requirements, patches servers automatically, releasing staff for other work, hosts | <p>Yes.</p> <p><i>Note: All expected benefits were achieved, however In terms of the desired reduced risk benefit, some risk was introduced with OneDrive files not being physically backed up and relying purely on Microsoft recycle bin function</i></p> |

| Category | Criteria | Achieved |
|--------------------|---|--|
| | Active Directory in the cloud to enable operation even if local AD is unavailable. 10. Automatic update distribution. | |
| Benefits continued | Windows 10 Benefits <ol style="list-style-type: none"> 1. Improved staff productivity and efficiencies in supporting communities in doing business with the council. 2. Employees will be using a currently supported operating system. 3. This upgrade will allow users to access the features that windows 10 Enterprise offers, and prepares WDC for the potential to align to digital road map which includes the many cloud offerings. 4. Operating system and application updates become seamless, being able to be delivered to users' desktops remotely without IT Assistance. | <ol style="list-style-type: none"> 1. Yes 2. Yes 3. Yes 4. Yes |
| Deliverables | <ol style="list-style-type: none"> 1. W10 and Office 365 rolled out to all staff not remaining on Citrix 2. Laptops & Tablets provided to most users (facilitated, but not in-scope nor funded through the project) 3. Desktops replaced with HDMI / Display Port cables & Adapters for Meeting rooms. 4. Quiet Room desktops replaced with docking stations 5. Visitor Management system upgraded 6. Access Card management system upgraded 7. Foundational W10 and O365 Training provided to all staff upgraded 8. Intune and Autopilot implemented – providing pathways for remote installations and reduced maintenance for Service Desk 9. Trapeze upgraded | <ol style="list-style-type: none"> 1. Yes 2. Yes 3. Yes 4. Yes 5. Yes 6. Yes 7. Yes 8. Yes 9. Yes |

1.2 Outstanding Items

The following outstanding items still need to be undertaken even though the project has satisfied the above completion criteria. Each item has action(s) required to be undertaken and the owner responsible for undertaking the action.

| Item | Action | Owner |
|------------|--|---|
| Activities | <ol style="list-style-type: none"> 1. Edge Browser Upgrade (RFC4) 2. Technical Handover Training (RFC5) 3. Open Issue List Handover to Infrastructure (RFC6) 4. Teams 2 ECM Project Establishment (RFC7) | <ol style="list-style-type: none"> 1. TechOne Upgrade Project 2. Infrastructure Team Leader 3. Infrastructure Team Leader & Solutions Team Leader 4. PMO Manager (Project Proposal approved by PGG in Mar-21) |
| Risks | <p>List all business risks which have not yet been fully mitigated or may continue in BAU.</p> <ol style="list-style-type: none"> 1. OneDrive documents are not able to be physically backed up and instead rely on Microsoft recycle bin and version control functionality for recovering deleted or undesired changed work. | IM Infrastructure Team Leader & CIO |
| Issues | <p>Unresolved issues handed to Infrastructure and/or Solutions Team Leader as Business As Usual (BAU) per PCR#06</p> <p>Issues in brief:</p> <ul style="list-style-type: none"> #55 – Removal of old PC names from AD Group #85 – Animal Control Body Cam Software (waiting vendor solution) #90 – Process to support Trapeze administration #91 – Wireless mouse & keyboards for all staff (waiting arrival of laptop bags) | Infrastructure Team Leader & Solutions Team Leader |

2 Project Closure

This section outlines the steps required to perform the closure of the project. It includes handover of the deliverables and documentation to the business owner, the conclusion of supplier contracts, the release of project resource back to the business and the communication to all stakeholders that the project is now formally closed.

2.1 Deliverables

Listed below are the project deliverables as per the approved Project Execution Plan (PEP) with a hand-over plan for the release of all project deliverables to the business owner.

| # | Deliverable (as per approved PEP) | Description | Location/Link | Handover Date | Owner | Comment |
|---|---|--|-----------------------------------|---------------|-------------------------------|-------------------------|
| 1 | All desktops, laptops, & Windows tablets successfully migrated to Windows 10 | Deploy Windows 10 and Office 365 to all users | Master Deployment Spreadsheet v05 | 5-Nov-2020 | Infrastructure / Service Desk | Completed & Handed over |
| 2 | Meeting and Quiet Rooms upgraded to support laptops & tablets with Desktops removed | Installation of HDMI cables / docking stations and removal of PC's | n/a | 20-Nov-2020 | Infrastructure / Service Desk | Completed & Handed over |
| 3 | Training room computers upgraded to W10 with Office 365 | | n/a | 2-Dec-2020 | Service Desk | Completed & Handed over |
| 4 | Visitor Management System Upgraded | Needed to be upgraded by Select Alarms via main contractor Cushman Wakefield | n/a | 17-Dec-2020 | Service Desk | Completed & Handed over |
| 5 | Access Card Security system upgraded | Needed to be upgraded by Select Alarms via main contractor Cushman Wakefield | n/a | 26-Nov-2020 | Service Desk / Helen Kirby | Completed & Handed over |

2.2 Project Management documents Handover

Listed below are the documents relating to the project deliverables and the Project Management documents, with related handover details.

| # | Document Name | File Type | Location/ Link | Handover Date | Owner | Comment |
|---|---|--|--|---------------|-------------------------------|---|
| 1 | Master Deployment Spreadsheet | xlsx | TBD (once registered in ECM) file currently in Teams https://waidcgovtz.sharepoint.com/sites/Office365EnablementTeam/Shared%20Documents/03%20Testing/Master%20System%20Audit%20Template_Results%20STS%20Changes%20v05.xlsx | 18-Jan-2021 | Infrastructure / Service Desk | Master collaborative spreadsheet used for managing and reporting rollout progress |
| 2 | Windows 10 and Office 365 Design Document: I462 WDC - Microsoft Cloud Service Deployment Design v1.0.pdf | xlsx | TBD (once registered in ECM) File currently in Teams PR I462 PM I462 Docs - Design | 29-07-2020 | Infrastructure Team | Master technical design document and architecture |
| 3 | Test Scripts and Issue Management document | xlsx | TBD (once registered in ECM) file currently in Teams https://waidcgovtz.sharepoint.com/sites/Office365EnablementTeam/Shared%20Documents/03%20Testing/Test%20Cases%204%20o365%20Pilot%20v4.xlsx?web=1 | 18-Jan-2021 | Infrastructure Team | 4x Unresolved issues to be worked through as per PCR#06 |
| 4 | Training documentation and Reference material | Collection of Office documents and website links | Refer Waisite: https://waisite.waikatodistrict.govt.nz/our-systems/windows-10-and-office-365/training-material | 18-Jan-2021 | Service Desk | Comprehensive list of training resources, videos, and readings |

2.3 Suppliers

Below is the plan for the conclusion of project supplier contracts.

| Supplier Name | Contract Reference | Completion Activity | Release Date | Activity Owner |
|----------------------|--------------------------|--|---|--|
| <i>Supplier Name</i> | <i>Contract Ref. No.</i> | <ul style="list-style-type: none"> • <i>Notify supplier of conclusion</i> • <i>Release supplier resources</i> • <i>Return supplier assets</i> • <i>Pay supplier invoices</i> | <i>Date activity to be completed by</i> | <i>Name of person responsible for activity</i> |
| Spark | 19/097 | <ul style="list-style-type: none"> • Resolve any outstanding invoice issues and arrange approval for payment once resolved. Complete • Ensure a PO is generated for the Technical training handover. Complete • Communicate with Spark project closure as per notes in section 2.6 below. Complete | 28-Jan-2021 | David Jordan / Gene Oudes |
| Redmond Solutions | n/a | <ul style="list-style-type: none"> • Communicate with Redmond project closure as per notes in section 2.6 Complete | 28-Jan-2021 | David Jordan |

2.4 Resources

Below is the plan for the release of all project resources (including staff and equipment).

| Resource names / Groups | Release activity | Release date | Activity owner |
|-------------------------|--|---|-------------------------------------|
| <i>Project Team</i> | <ul style="list-style-type: none"> • <i>Advise project closure as per below comms plan.</i> | <i>Already released</i> | <i>David Jordan</i> |
| <i>Steering Group</i> | <i>Formal close of steering group once Project close has agreed to occur</i> | <i>Following steering meeting (24 March 2021)</i> | <i>Geoff King (Project Sponsor)</i> |
| | | | |

2.5 Project Accounting

The Project Manager has informed the Finance group and a capitalisation form has been completed.

Refer: [W10 Capitalisation Request Signed](#)

In terms of Budgets and spend, the below table summarises the position (as per PCR#01 and PCR#08):

| Account | PR1462 - Budget Summary to support PCR#08 | BUDGET AMOUNT | SPEND | Variance (remaining) |
|-------------------|---|---------------|----------|----------------------|
| CAPEX | | | | |
| 51S55005 | O365 CAPEX budget (following PCR#01) | 268,530 | 106,764 | 161,766 |
| OPEX 20/21 | | | | |
| 51S55005 20/21 | O365 OPEX budget (following PCR#01) | 192,520 | 37,012 | 155,508 |
| 51S55005 20/21 | Transfer of Budget as per PCR#08 Moving 32,422.17 of cost | -32,422 | -32,422 | |
| 51S55005 20/21 | Following transfer of associated expenses from 51S55005E1615 to 505-1615 | | 4,590 | |
| 51S55005 20/21 | Final O365 Expected Budget, Spend and Remaining after approval and effecting PCR#08 | \$ 160,098 | \$ 4,590 | \$ 155,508 |

NOTE FOR FINANCE: As surplus funds are required to fund other related project works (Teams to ECM integration as per PCR#07 & PR-1672) the Capex and OPEX budgets relating to Windows 10/Office 365 need to remain OPEN.

A Project Brief has been approved by PGG for the Teams to ECM integration project (PR-1672), which will be funded through the Windows 10/Office 365 capital plan provision.

2.6 Communication

Below is the plan to communicate the project closure to all stakeholders and interested parties.

| Target audience | Intended message | Method used | Dispatch date | Dispatch owner |
|---|---|-------------|---|----------------|
| Project Sponsor, Steering Group & PMO Manager | Project is Preparing to close/ Please review draft close document and provide feedback / support or guidance around changes and/or actions. | email | 18-Jan-2021 (sent) | David Jordan |
| Project Sponsor & Business Owner | Review and approval of Project Change Requests | Email | Various dates from 18-Jan-2021 to 3 March (completed) | David Jordan |
| Spark | Project has now closed for future work related to the technical training and handover task SoW please use PO NGA015973 | Email | 1 March 2021 (sent) | David Jordan |
| Finance | Communicate project close if accepted by Steering – close all PO's except the Spark Technical Training and Handover PO NGA015973 | Email | Following Steering approval to close 24 March 2021 | David Jordan |

| | | | | |
|----------------------|--|-------|---|--------------|
| | BUT keep the project CAPEX and OPEX budgets open, as the budget will be used to fund other related projects later. | | | |
| Project Stakeholders | Thank you email and formal project release to all project team members and stakeholders | Email | Following Steering approval to close 24 March 2021 | David Jordan |
| Steering Group | Thank you, final minutes, and formal disbandment of the W10/O365 steering group | Email | Following Steering meeting 24 March 2021 | David Jordan |
| Redmond Solutions | Thanks and notification of project closure. Liaison point to be Gene Oudes for any Trapeze Administration queries | Email | 3 March 2021 (sent) | David Jordan |
| PMO Team | Request to close Camms project 1462 | Email | Following Steering Approval to close 24 March 2021 | David Jordan |

2.7 Lessons Learned

The following details are taken from the end project retrospective held 14-Dec-2020.

Contributors:

| Initials | Who |
|------------|--|
| GK | Geoff King |
| FOP | Finance and Operations team (Sandrine) |
| CS | Customer Service (Jenna) |
| JH | Julian Hudson |
| PK | Pawan Kumar |
| DJ | David Jordan |
| GO | Gene Oudes |
| SS | Steve Schermerhorn |

What went well (continue doing these)

- GK: Deployment completed two months ahead of the original target.
- FOP (Finance & Operations): Comms were good - what was happening (and if issues were experienced what resolutions)
- FOP: Once it was established FOP was separate from Finance got good traction
- FOP: Good comms with PM
- FOP: Like all the channels now available to communicate with people, so we can communicate with them in ways that best suits their preference.
- CS: Laptops were available at training or very soon after.
- CS: Nice surprise to get laptops
- CS: Relatively light (one day) to get adjusted in terms of fitting
- JH: Regular Stand ups and using the issue register worked well
- DJ/PK: Not giving laptops until people attended the training was a good way to get people into the base training that otherwise wouldn't attend
- GO: Sparks engagement with us - especially tech team. Onsite as good.
- GO: Praise to the ELT to give laptops to the business

- GO: PM team worked well together
- GO: Standardisation of technology - encouraged conversations around mobility.
- DJ: The deployment tracking spreadsheet worked well - created an all staff & teams list from multiple data sources, prioritising deployments from various dimensions (existing laptop users, multiple managers lists, office location) while providing progress percentage completes. Spreadsheet proved to be comprehensive and accurate.
- DJ: Steve did a great job in the early days preparing a comprehensive list of training resources.
- DJ: Working with the project team and identified teams to develop test cases for considered areas of risk to prove out w10 and o365 compatibility.

Things that could have gone better (improvement for future projects)


- We tried (and failed quickly) to get office 365 introduced ahead of Windows 10 – it could have been a good early enabler for the business while remote working - but it was not. (remediation: Nothing to do here – we tried, and failed quickly)
- FOP: Could have had better info how things worked in the software (Remediation: Provide communication reminder to all staff where training and reference material is located)
- FOP: Somewhat frustrating on the requirement to use old MS Access when new MS access is default (remediation: nothing we can do, as Microsoft have discontinued support for 15yr old ADP files which the budget model uses)
- FOP: File saving – does not remember last files used. (Remediation: this was followed up post retrospective and deemed to have been an instance rather than an ongoing issue)
- CS: Not knowing how to get hold of people. (remediation: resolved following Teams training)
- JH: w10 Functional testing vs application testing clarity (remediation: project team to be clearer about expectations regarding testing)
- JH: We had some test plans but retrospectively not comprehensive test plans (remediation: be clear about the balance between comprehensive test plans and risk acceptance as accepted by Steering Group)
- JH: Difficult identifying the right test users (remediation: potentially communicate wider with the business about areas needing testing and call for assistance of anyone concerned with their areas)
- SS: We did not have any dedicated change management resource dedicated to the project (remediation: raise needs with Change manager and any concerns with Steering Group)

What would we change if we were to do the project again?

- FOP: A few less emails
- FOP: Options to do mini training on specific areas -e.g., Excel Desktop and Cloud.
- FOP: The recent training we had in terms of comms was great but would have been better to do earlier. CS: Agree having earlier the training we recently had on how to get hold of people.
- JH: Building more comprehensive test plans
- DJ: Training notes available ahead of training and reinforcements after
- JH: Potentially look for training resource rather than the PM's providing training
- SS: Have a change management resource available to the project
- SS: Not have two PM's on the same project

3 Project Closure Approval

Decision Approved By

| | |
|-----------------------|---|
| Signature |  |
| Sponsor's Name | Geoff King |
| Title/ Role | Project Sponsor |
| Date | 31/03/2021 |

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 24 May 2021 |
| Prepared by | Katja Jenkins, Risk Advisor Bessie Clarke, Corporate Planner |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Draft Risk Management Policy |

1. EXECUTIVE SUMMARY

Council's current Risk Management Policy has been in place since March 2018. A review of the policy 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. RECOMMENDATION

THAT the report from the Chief Operating Officer be received;

3. DISCUSSION AND ANALYSIS OF OPTIONS

3.1 DISCUSSION

The Risk Management Policy was due for review in March 2021. Staff have carried out a full review of the Risk Management Policy and it has been communicated to the Staff Engagement Group. Support is now requested from the Audit & Risk Committee as part of the review process.

There are no significant changes to the policy however wording has been updated, improved, and clarified and the acronym "WDC" has been replaced with Waikato District Council (see Appendix I).

4. ATTACHMENTS

Appendix I: Draft Risk Management Policy 2021



Risk Management Policy

| | |
|----------------------|-------------------------|
| Policy Owner: | Chief Executive |
| Date approved: | 1 March 2018 |
| Next review date: | March 2024 |
| Document number: | 1982658 |
| Engagement required: | N/A |

1 Purpose

To explain the system [Waikato District Council](#) ~~the Council~~ has in place to identify and manage risks which could prevent the Council from achieving its strategic objectives or maintain business continuity at a strategic, operational and project level.

~~The Waikato District~~ 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.

2 Definitions

Business Continuity Management (“BCM”) means the ability of [Waikato District Council](#) or part thereof, to continue to provide ~~minimum-essential~~ service levels to customers during and following any event which affects ~~the WDC's~~ normal capacity to deliver those services.

Council means the Waikato District Council Elected Members

Innovation & Risk Manager and Risk Advisor means the staff members responsible for co-ordination of risk management activity within the organisation including administration of [Organisational Risk Register \(“ORR”\)](#).

Low, Moderate, High or Extreme Rated Risks means Risks defined by using the organisation’s Likelihood and Consequence Tables in the risk management framework.

Organisational Risk Register (“ORR”) means the risks register containing the organisation’s strategic risks and ~~the highest level~~ operational risks [that may have a strategic impact](#). 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 means 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 [Waikato District Council](#) is willing to accept.

Risk Assessment refers to the overall process of identifying, analysing and evaluating risks. It includes qualitative and in some cases quantitative assessment.

~~**Risk & Innovation Improvement Team Leader, and Risk Advisor** means the Council staff members responsible for co-ordination of risk management activity within the organisation including administration of ORR.~~

Risk Management means 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 means 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](#).

~~**Waikato District Council (WDC)** means the Waikato District Council as an organisation~~

3 Policy statements

3.1 Risk

3.1.1 ~~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 ~~and~~ Framework and a range of risk management and business continuity processes and tools that apply across the organisation.

3.1.2 Risk assessment is a major consideration ~~in planning and budgeting~~ [in developing](#) 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.

3.1.3 All strategic risks are contained within the organisational Risk Register ("~~ORR~~"), which is reviewed and reported quarterly by the Risk Advisor to the Audit and Risk Committee and ~~m~~ Monthly to the Executive Leadership Team. The ORR is managed via the online Promapp risk module. As a minimum, the strategic risks are to be reviewed annually.

3.1.4 All business units are required to maintain their own operational risk registers. They are managed via Activity Risk Registers and or 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.

[3.1.5](#) Project risks are assessed and managed by the Project Manager and escalated immediately where risk exceeds organisational risk appetite. Project risks are recorded in a project specific risk register within the organisation's project management software.

~~3.1.5.1.6~~ [New risks may be identified at any time by any member of staff and logged in the appropriate Risk Register. Staff must report to the Risk Advisor all risks that exceed organisational risk appetite.](#)

3.1.7 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:

3.1.6

- a. Business Continuity
- b. People
- c. Financial

- d. Reputation/Image
- e. Compliance regulatory
- f. Environmental
- g. Political & Strategic
- h. Technical

h.

3.2 ~~New risks may be identified at any time by any member of staff and logged in the appropriate Risk Register. Staff must report to the Risk Advisor that exceed organisational risk appetite arise during the course of the year.~~

3.3.2 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 evolves as strategy changes. Current risk appetites are recorded as Risk Appetite Statements captured in Waikato District Councils Risk Appetite Statement document, which forms part of the Risk Management Framework. The risk appetite statements are located in Promapp. 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 Council provides on behalf of the community, provided the resultant exposures are acceptable.

The 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. ~~The Risk Management Framework is located in Promapp.~~

3.4.3 Roles and Responsibilities

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

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

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

4 Policy review

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

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 30 May 2021 |
| Prepared by | Alison Diaz Chief Financial Officer |
| Chief Executive Approved | Y |
| Reference # | GOV1318 / 3097589 |
| Report Title | Fraud Prevention Policy Review |

I. EXECUTIVE SUMMARY

Council's Fraud Prevention Policy is required to be reviewed by the end of July 2021.

Staff have checked the current policy for any inaccuracies or changes in best practice and are comfortable that the policy is still appropriate. The broader Anti-fraud and Corruption Framework is used to report any policy breaches and related details as they arise.

The Audit & Risk Committee is being asked to review the attached policy and either support with no changes or request adjustments ahead of the Policy & Regulatory Committee meeting in July.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received;

AND THAT the Audit & Risk Committee recommend the Fraud Prevention Policy be referred to the Policy & Regulatory Committee without change / subject to the following changes

3. ATTACHMENTS

Fraud Prevention Policy

Fraud Prevention Policy

Policy Owner: Chief Operating Officer
 Date approved:
 Next review date: July 2024
 Document number:
 Engagement required: Internal

1 Purpose

The purpose of this policy is to:

- a) address the risk of fraud; and
- b) describe the actions the Council will take when any suspected fraud is reported or discovered

Fraud prevention is about ensuring the overall integrity and performance of the Council.

2 Objectives

The specific objectives of this policy are to:

- a) ensure that the assets and reputation of Council and its members and staff are protected from fraudulent misconduct;
- b) prevent fraud and/or corruption within the organization; and
- c) provide a consistent and transparent approach to all allegations of fraud and/or corruption.

3 Definitions

Fraud is defined as theft, unlawful conversion, embezzlement, violation of Waikato District Council policies relating to employment, finance, equipment and other assets, or any other action in relation to those matters likely to bring the Council into disrepute.

Fraud includes, but is not limited to:

- a) Forgery of any type;
- b) Misappropriation of Council funds, financial securities, supplies and other assets (including intellectual property);
- c) Mis-recording and/or mis-reporting financial transactions;
- d) Seeking and/or accepting anything of material value (i.e. greater than \$100) from Council's suppliers, without disclosure, in accordance with the [Gifts and Hospitality Policy](#);
- e) Unauthorised use of Council property, equipment, materials or records for personal advantage or gain;
- f) Unauthorised disclosure of confidential information;
- g) Unauthorised destruction or alteration of systems, records or data;
- h) Unauthorised transfer of funds;
- i) Hacking, spamming, hijacking of domains and/or servers;
- j) Unauthorised access and/or use of council systems, records or data;

- k) Authorising or receiving payment for goods or services not received or performed;
- l) Authorising or receiving payment for time not worked;
- m) Dishonest claims for reimbursement of expenses;
- n) Failure to disclose any Conflict of Interest; and
- o) Bribery.

4 Application

This policy applies to all elected members, including community boards and committees, and all Council managers and staff, whether full-time, part-time or casual.

5 Significance

This Policy is not considered significant under the Significance and Engagement Policy.

6 Policy statements

General Statements

The Local Government Act 2002 requires Council, including its elected members and staff or agents, to spend public funds subject to the standards of probity and financial prudence such that all expenditure withstands public scrutiny.

Council recognises that all its assets are owned by the community and there is an expectation and obligation that elected members and staff act honestly and with integrity to safeguard public resources. Council is committed to protecting its revenue, property, information and other assets from any attempt by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees or elected members, to gain financial or other benefits from Council by deceit.

Council is committed to the development and maintenance of best practice processes and procedures to prevent and detect fraud, and that demonstrate appropriate stewardship of Council assets.

Whilst the Chief Executive has ultimate responsibility for ensuring adequate controls are in place to prevent and detect fraud, each Manager has responsibility for ensuring appropriate controls are in place at all levels to ensure safeguards against fraudulent activity, and must take action to implement and maintain these controls.

Council has a zero tolerance to fraud. Whilst the Council values the integrity of its employees, and relies on them to act at all times in an ethical and honest manner, it will not tolerate fraud or the concealment of fraud. It will investigate all reported incidents of alleged fraud, prosecute where fraud is proven and seek restitution.

All disclosures of dishonest or fraudulent practices will be treated seriously. All proven incidents of fraud will be pursued through every means available and appropriate disciplinary action taken.

Minimising the Risk of Fraud

Internal controls, including the screening of new staff, will be maintained and regularly reviewed to provide assurance for the prevention and detection of fraud, misappropriation and other irregularities. Transactions, activities and locations that may be susceptible to fraud will be reviewed regularly.

Internal audit will have a key role in the ongoing monitoring of fraud related risk, and the assessment of the effectiveness of the internal control environment.

Specific reviews of internal controls will be undertaken by external auditors as part of their internal audit programme, along with a programme of internal audits by internal auditors.

Findings of these internal control audits will be reported to the Audit & Risk Committee.

The Policy and Regulatory Committee has a governance responsibility to ensure that this policy is reviewed regularly and to satisfy itself that Council has appropriate processes and systems in place to capture and effectively investigate fraud related information. The Audit & Risk Committee has an interest in this policy from a risk perspective and hence will be involved in the review.

Duty to Report and Investigate

Any person who is aware of or suspects fraudulent activity must promptly report such activity to his or her line manager or general manager in the first instance, or an 'Internal Authority' as defined in Council's Protected Disclosures (Whistleblowers) Policy.

An individual who reports a suspicion of fraud regarding another individual or the organisation in good faith will in no circumstances be threatened, intimidated, or dismissed because they acted in accordance with this policy. Refer to Protected Disclosures (Whistleblowers) Policy.

A manager to whom a protected disclosure is made must refer the disclosure to an 'Internal Authority' or the Chief Executive immediately.

An 'Internal Authority' who has received a protected disclosure report will consider the information provided, determine what action should be taken and inform the Chief Executive.

If suspicions relate to the Chief Executive, the 'Internal Authority' will inform the Mayor, who will carry out all investigations and further steps outlined in this policy and associated process.

The Chief Executive and/or Internal Authority shall determine if an investigation is required and, where required, establish an investigation team. The Chief Executive or Internal Authority shall also notify the Mayor, the Audit & Risk Sub-Committee Chair and Council's external auditor.

The investigation team will have free and unrestricted access to all Council records and premises, whether owned or rented. The investigation team will also have the authority to examine, copy, and/or remove all, or any portion of the contents of computers, files, desks, cabinets and other

storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities, within the scope of the investigation.

Where fraud has been proven, the Chief Executive will:

- a) Direct the manager of the area where the fraud has taken place to put controls in place to mitigate further losses and prevent reoccurrence of similar misconduct;
- b) Review the reasons for the incident, the measures taken to prevent a recurrence, and any action needed to strengthen future responses to fraud;
- c) Advise the Council's insurers as appropriate (depending on the nature of the fraud);
- d) Keep all other relevant personnel suitably informed about the incident and the organisation's response, including the external auditor and the Communications, Marketing & Engagement Manager.

Where fraud is not proven, the investigation team will provide the Chief Executive with a confidential report which includes a recommended course of action and any recommended improvements to internal controls that are identified as a result of the investigation. A summary of this report will be provided to the Mayor, Audit & Risk Committee, Chair of Strategy & Finance Committee and the external auditor.

Disciplinary Processes

Where a person is suspected of having committed fraud, the Chief Executive will follow the relevant disciplinary procedures outlined in Council's Disciplinary Policy and supporting processes.

Recovery of Loss

Recovering losses of money or property is a major objective of the Council following any fraud investigation. The amount of any loss will be quantified as far as possible, repayment or reparation sought and prosecution pursued.

Confidentiality

While alleged or actual instances of fraud can affect the rights and reputation of anyone implicated, individual identities will be protected wherever possible without detriment to Council.

All participants in a fraud investigation shall keep the details and results of the investigation confidential.

Dealing with the Media

Any person contacted by the media with respect to any fraud investigation must refer the media to the Communications, Marketing & Engagement Manager.

7 Policy review

This policy shall be reviewed at three yearly intervals or as deemed appropriate by the Chief Executive.

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 19 May 2021 |
| Prepared by | Madelina Baena-Escamilla, Continuous Improvement Analyst Bessie Clarke, Corporate Planner Lynn Shirley, Zero Harm Manager |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Quality and Governance Assurance |

I. EXECUTIVE SUMMARY

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

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

2. RECOMMENDATIONS

THAT the report from the Chief Operating Officer be received.

3. DISCUSSION

3.1. Business Process Improvement Programme

3.1.1 Internal Audit Schedule (2021)

Four internal audits covering 17 processes have been carried out, resulting in two major non-conformances, three minor non-conformances and 34 recommendations. Five audits comprising 19 processes have been delayed due to internal auditor workload and commitments to projects; these internal audits will be completed by the middle of June. Two Internal auditors have left the organisation in the past month, impacting the completion of two internal audits covering seven processes; these will be reassigned to other internal auditors in the next couple of weeks. See Attachment 2: Process Audit Status Report 2021.

The trial to audit one standard in the Zero Harm Safety Management System (“ZHSMS”) Framework is underway, initial interviews have been done with the Zero Harm Manager, and reports of incidents have been provided to the internal auditor. This internal audit is planned to be completed by the middle of June, when the interviews with selected staff and team leaders will be carried out. After this is achieved, a schedule will be created to audit the remaining 23 standards in the next 24 months.

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

Table I - Outcome of the 2021 Internal Audit schedule

| Team | Internal Audits - Planned | Internal Audits - Undertaken | Major Non-Conformances | Minor Non-Conformances | Recommendations | Outstanding Non-conformances |
|---|---|------------------------------|------------------------|------------------------|-----------------|------------------------------|
| Total | | | 2 | 3 | 34 | 3 |
| Service Delivery - Community Assets | 1 Audit 3 Processes | 0 Audit 0 Processes | | | | |
| Customer Support - Consents | 1 Audit 2 Processes | 1 Audit 2 Processes | 0 | 2 | 4 | 2 |
| Community Safety - Environmental Health | 5 Audits 16 Processes | 1 Audit 3 Processes | 0 | 0 | 9 | 0 |
| Customer Support – Customer Feedback | 1 Audit 6 Processes | 0 Audit 0 Processes | | | | |
| Risk Management Processes | 1 Audit 5 Processes | 1 Audit 5 Processes | 2 | 1 | 5 | 1 |
| Zero Harm | 1 Audit 4 Processes | 0 Audit 0 Processes | | | | |
| Projects & Initiatives | 1 Audits 7 Processes | 1 Audits 7 Processes | 0 | 0 | 16 | 0 |
| Red | Major Non-conformances haven't been addressed | | | | | |
| Orange | Minor Non - Conformances haven't been addressed | | | | | |
| Green | All Non - Conformances have been addressed / There were no Non - Conformances | | | | | |

3.1.2 Internal Audit Schedule (2019-2020)

A dashboard summary of internal audit outcomes is presented in Table 2, including the number of internal audits planned and undertaken, the findings, and the number of outstanding non-conformances.

There is still one non-conformance outstanding. The process is being developed as tasks and activities are undertaken. As previously confirmed, this will be completed when the rates strike for 2021/22 is finalised in the first week of July 2021. In Table 3 below is the update on these actions.

Table 2 - Outcome of the 2019-2020 Internal Audit schedule

| Team | Internal Audits - Planned | Internal Audits - Undertaken | Major Non-Conformances | Minor Non-Conformances | Recommendations | Outstanding Non-conformances |
|---|---|------------------------------|------------------------|------------------------|-----------------|------------------------------|
| Total | | | 6 | 18 | 121 | 1 |
| Animal Control | 4 Audits 15 Processes | 4 Audits 15 Processes | 4 | 0 | 37 | 0 |
| Operations - Finance - Revenue | 1 Audit 3 Processes | 1 Audit 3 Processes | 1 | 1 | 5 | 1 |
| Operations - People & Capability | 1 Audit 4 Processes | 1 Audit 4 Process | 0 | 12 | 6 | 0 |
| Service Delivery – Community connections - Venue and Events | 1 Audit 2 Processes | 1 Audit 2 Processes | 0 | 1 | 11 | 0 |
| Service Delivery – Strategic Property | 1 Audit 3 Processes | 1 Audit 3 Processes | 0 | 0 | 8 | 0 |
| Service Delivery – Contracts & Partnering | 1 Audit 4 Processes | 1 Audit 4 Processes | 0 | 0 | 26 | 0 |
| Service Delivery - Community Assets | 1 Audit 3 Processes | Postponed | | | | |
| Chief Executive | 1 Audit 2 Processes | 1 Audit 2 Processes | 0 | 3 | 9 | 0 |
| Community Growth - Economic and Community Development | 1 Audit 2 Processes | 1 Audit 2 Processes | 0 | 0 | 3 | 0 |
| Customer Support - Consents | 1 Audits 2 Processes | 1 Audit 2 Processes | 1 | 1 | 16 | 0 |
| Customer Support - Consents | 1 Audits 2 Processes | Postponed | | | | |
| Red | Major Non-conformances haven't been addressed | | | | | |
| Orange | Minor Non - Conformances haven't been addressed | | | | | |
| Green | All Non - Conformances have been addressed / There were no Non - Conformances | | | | | |

Table 3- Update on outstanding actions 2019-2020 Internal Audit schedule

| | |
|---|--|
| Name of Process | Prepare and Strike Annual Rates (1 Major Non-Conformance) |
| Auditor's Findings | The Rates Strike Process Lacks Detail |
| Recommendations and Actions to be Taken (February 2020) | Agreed. The Rates Strike Process lacked detail to the extent that it would not have been a sufficient tool to undertake the process. Resources will be allocated to document the correct process as the Rates Strike and Charge Run process informs how Council will charge and collect the correct rates revenue to fund its activities. All Rates processes in will be updated in Promapp prior to 30 June 2020. |
| Process Owner Update on outstanding Actions (June 2020) | No progress has been made to date on this action. The 2020/21 Rates Strike will be used to put together the detailed process and it is expected this will be completed and reviewed during the first week of July 2020. |
| Process Owner Update on outstanding Actions (September 2020) | No progress has been made due to training delays for the Finance Team Leader – Revenue (lockdown and shifts). The 2020/21 Rates Strike was done by the Finance Manager. The Promapp processes are expected to be updated and full training completed by the end of January 2021. |
| Process Owner Update on outstanding Actions (December 2020) | Training has started with the Rates Team. The Promapp processes are expected to be updated and full training completed by the end of January 2020. |
| Process Owner Update on outstanding Actions (March 2021) | There has ben no progress. The 2019/20 Annual Report and 2021/31 LTP have taken priority. The Promapp processes are expected to be updated and full training completed by the end of April 2021. |
| Process Owner Update on outstanding Actions (June 2021) | Training is underway and the Promapp process is being developed as tasks and activities are undertaken. To be completed when the rates strike for 2021/22 is finalised the first week of July 2021. |

3.1.3 Policy Review

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

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

- Petitions Policy (revoked and replaced with a set of guidelines)
- Email Use Policy
- Email Release Policy

- Internet Use Policy
- Server Room Access Policy
- Remote Access Policy
- Control of Coastal Erosion on Council Reserves (revoked)

Other policies currently being created or reviewed are:

- Development Contributions Policy
- Livestock Movement Policy
- Stock Underpass Policy
- Dog Control Policy
- Water Leak Policy
- Risk Management Policy

3.1.4 Improvement Forum

- The Continuous Improvement Agents continue to promote Continuous Improvement ("CI") and help process owners and experts manage and review their business processes. We continue to promote the motto for 2021 "review it before it become overdue". Since March 2021, the number of out of date processes has been reduced by 80%. We have only 11 overdue processes.
- The Innovation & Risk team is working with Animal Control and Zero Harm, with the support of an external party, in creating a set of high priority business processes for the Animal Control team. The purpose is to minimise the risk of working with dangerous dogs and animals. The work is well underway, and all new processes will be part of the training schedule to be followed when new Animal Control Officers join the organisation.
- Process mapping training continues to be delivered online using the Nintex University online training and follow-up meetings using MS teams or via face-to-face. In the past three months, 14 new starters have been trained in process mapping and process improvement as part of their induction.

3.2 Independent Audit Activities

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

Table 4 reflects those items staff consider are completed or a work in progress.

Table 4 - Areas of audit issues- March 2021

| | Pending | Work in progress | Complete | Total |
|-------------------------------------|----------|------------------|------------|------------|
| Audit New Zealand | 0 | 7 | 36 | 43 |
| Cyber security | 0 | 8 | 35 | 43 |
| Internal audit | 0 | 0 | 5 | 5 |
| Procurement and contract management | 0 | 1 | 14 | 15 |
| Risk management | 0 | 0 | 37 | 37 |
| Project management | 0 | 0 | 33 | 33 |
| Consents | 0 | 0 | 6 | 6 |
| Total | 0 | 16 | 166 | 182 |

There are a total of 182 issues that have been raised by various audits across the organisation, 166 of which are complete.

In the *Attachment 1: Combined Audit Recommendations* are the details of all the current work in progress issues. Progress continues to be made on this issues and staff are working to complete these.

3.3. KPMG Health and Safety Governance Audit

The Zero Harm Team continues to progress the completion of the actions from the KPMG Health & Safety Governance Audit. Council received 29 improvement actions and to date we have now completed ~ 86% (25 actions). The following table provides an update on the remaining four actions.

| Proposed Corrective Action | Timeframe | Current Status | Action Owner |
|--|-----------|---|--------------|
| Work with those ELT members who are yet to attend to the internal People Leader Health and Safety training modules. Schedule training for them and their People Leaders. | June 2022 | Safety Culture and Leadership Standard has now been developed and ready for circulation with the ELT. Once this has been reviewed and implement a training gap analysis can be undertaken and training implemented. | Lynn Shirley |

| Proposed Corrective Action | Timeframe | Current Status | Action Owner |
|--|---------------|---|-------------------|
| Develop health and safety legislative obligations register. | December 2021 | Funding was approved via LTP for year 1 to purchase and implement ComplyWith (an electronic legislative compliance tool). The contract is currently being finalised. A project plan has been developed in conjunction with the Projects & Innovation Team to support implementation. It is anticipated that implementation will be completed by end 2021. | Christine Pidduck |
| Conduct gap analysis using newly developed obligations register. | December 2021 | Will be completed as part of ComplyWith implementation. | Christine Pidduck |
| Develop assurance plan for health and safety management system and where possible integrate into existing audit programme. | June 2022 | Development of an internal audit programme has commenced. Training is being undertaken in June 2021 to support the delivery of this internal audit programme and a trial of the audit tool and approach has been undertaken. Action to continue the implementation of the audit programme is part of the Zero Harm Strategic H&S Plan for 2021/2022. | Lynn Shirley |

4. ATTACHMENTS

- Attachment 1: Combined Audit Recommendations June 2021
- Attachment 2: Process Audit Status Report 2021

Attachment I: Combined Audit Recommendations

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|--|--------------------|---|-------------------|--|-------------|---------|------------------|
| 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 | Four actions – All Complete as at Apr-21: 1. Monitoring for security incidents: Managed through IM Infra team. 2. Incident response plan: Managed in accordance with the councils Incident Management process 3. Patch management: Addressed through Sophos, Defender, & Intune 4. Change control and release management processes | IM | Oct-21 | Complete. |
| 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: <ul style="list-style-type: none"> procurement aims and objectives for the next 3 to 5 years procurement vision demonstrates the support by senior management maps out the major initiatives to be addressed in the forthcoming 3 to 5 years WDC's public commitment to maintain and improve the day-to-day procurement work within WDC and emphasises a determination to make continual improvements in that work framework upon which WDC's procurement policy and procedures are based objectives against which progress can be measured and reported 2) Review procurement guidelines to ensure there is consistency between procurement policy, the manual and ProMapp process descriptions. | Dec-16 | The strategy work is on hold while we recruit a Procurement Manager. The updated Policy has been adopted by Council (17 May) and the processes have been updated. | Procurement | Dec-20 | Work in progress |
| Audit NZ | BC and DR Planning | Develop IM BCP process | | On hold. Business Unit BCP plan updates deferred to Mar. Flow-on impact being DR plan update deferred to Oct 2021 as Business Unit BCP informs internal service provider BCP/DR. | IM / P&I | Jun-21 | On hold |

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|------------|------------------------|---|-------------------|--|--------------|---------|------------------|
| Audit NZ | IT Service performance | Change Management | Jul-16 | On hold. 3 of 4 actions completed. Service Level Agreement approved by ELT & active. ME upgrade completed. Change Management in place for TechOne Suite. Work to right-size ME and ensure the processes are both effective & efficient. | IM | Feb-21 | On hold |
| Audit NZ | IM practices | Dashboard reporting on key Information Management initiatives should also include reporting on availability and capacity of IT infrastructure and systems | Oct-18 | Service Level Agreement approved by ELT Dec-20. Service Management toolset (ManageEngine) upgrade completed. Draft Dashboard released April. 1 st Formal monthly Dashboard to be released May. | IM | Jun-21 | Work in progress |
| Audit NZ | Procurement | Procurement policies and procedures are reviewed and updated in a timely manner and sufficient training is provided to relevant staff who are involved in procurement activities | | The updated Procurement Policy has been adopted by Council. We are currently planning the roll out to Council staff with the new suite of procedures and templates. | Procurement | Dec-20 | In progress |
| Audit NZ | Three Waters | Enhance controls and review processes to ensure that attendance and resolution times are recorded accurately in their customer service request system. Consideration will need to be given to how the system can provide the appropriate level of assurance over the accuracy of the data recorded. | Feb-21 | Further manual steps have been put in place by Watercare to capture the information until we can implement a more automated process. Watercare Contract Relationship Manager is working closely with Watercare staff to ensure that this is resolved going forward. | Three Waters | Sep-21 | In progress |
| Audit NZ | Infrastructure | The District Council performs a review of the valuation information before processing the data to confirm the completeness and accuracy of the data used for the valuation. | Feb-21 | The valuation process for the 2020-21 year is subject to an improvement process. The following improvements will be included in the brief issued to the valuers for the coming year: <ul style="list-style-type: none"> The valuation brief will be reviewed by both finance and roading prior to issue to ensure the methodology is robust and addresses all identified areas for improvement. The valuation team will be asked to cross check all databases to eliminate any duplication. A review step specific to asset vesting dates and numbers will be included in the deliverables prior to completion of the valuation report. | Roading | Jul-21 | In progress |

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|------------|--------------------------------|---|-------------------|--|--------------------|----------|-------------|
| | | | | <ul style="list-style-type: none"> The valuation team will be provided details of the recent audit highlighting issues with the previous valuation. The roading asset valuation will be subject to an additional peer review prior to completion. | | | |
| Audit NZ | Processing of work in progress | The District Council remind staff of the importance of processing work in progress and depreciation in a timely manner to ensure reporting of property, plant and equipment (including depreciation) is up to date and accurate in the financial statements. | Feb-21 | The finance team at WDC are in the process of running workshops with budget managers across the business which covers the importance of processing work in progress and the capitalisation process in a timely manner to ensure reporting of property, plant and equipment (including depreciation and the replacement reserves) is up to date and accurate in the financial statements. In addition we are implementing a procedure to ensure Project Managers receive the final project documentation from contractors before final payments are authorised. | Service Delivery | April-21 | In progress |
| Audit NZ | Community Board Remuneration | Implement processes and procedures to ensure payments made to community members is consistent with the Local Government Members Determination. | Feb-21 | WDC have implemented procedures to ensure that payments made to community board members is consistent with the Determination. We have also been reimbursed by the community board members for the overpayments that were identified. | Finance | March-21 | Complete |
| Audit NZ | Procurement | Formal contracts are in place for all suppliers or vendors. | Feb-21 | Putting in place regular reporting matching Elected Members financial interests with contracts and accounts payable. | Procurement | Jul-21 | In progress |
| Audit NZ | General | Update the version of the summary annual report on the website to be consistent with the audited version we signed on the 21 January 2021. Implement processes and procedures to ensure the summary annual report is not made available to the public until the audit opinion has been issued. | Feb-21 | Have updated the version of summary annual report on the website to be consistent with the audited version. We have procedures in place to ensure the summary annual report is only made available to the public once the audit opinion has been issued. | Corporate Planning | April-21 | Complete |

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|----------------------------|---------------------------|---|-------------------|---|-----|---------|-------------|
| ALGIM Cyber Security Audit | User Access | Review its user management processes to ensure that access to all systems is terminated when user departs Council. Implement a register of all cloud services used by Council staff to ensure that access to these services is terminated at the time a Staff member ceases to provide services to the Council. | Aug-20 | AzureAD SSO & 2FA implemented (Microsoft solution). In Place for O365, OneDrive, Teams. In process of implementing for Waisite. TechOne suite upgraded to 2020B (dependency) plan to migrate TechOne Suite to AAD SSO in mid 2022. | IM | 2022 | In Progress |
| ALGIM Cyber Security Audit | Server Shared Folders | Remove the information exposure vulnerabilities that currently exist on the network and implement a process to perform regular checks against this form of vulnerability | Aug-20 | 41 Windows 2003 & 2008 servers. Upgrades progressing for Waisite legacy App's. Escalation with Watercare re SCADA platform. Legacy Online Services portal resolution dependant on Customer Portal project. | IM | Mar-21 | Complete |
| ALGIM Cyber Security Audit | User Access | Implement two factor or multi factor authentication on remote access and cloud services wherever practical | Aug-20 | Reviewing risk vs benefit vs operational impact of blocking USB storage devices and/or implementing Data Loss Protection on email. | IM | 2022 | In Progress |
| ALGIM Cyber Security Audit | Lifecycle | Bring all systems and applications up to date with regard to application patching status and implement a process to ensure that patches are deployed and become effective in a timely manner. Establish & maintain software inventory. | Aug-20 | All Promapp processes reviewed & up-to-date. Ongoing cycle of review (managed through P&I). Reviewing operational processes to determine which should remain informal, managed through Trello, vs be formally recorded & managed through Promapp. | IM | June-22 | In Progress |
| ALGIM Cyber Security Audit | Data Loss | Implement controls to restrict the opportunity for information leakage via the internet and removable media including the locking down of USB devices | Aug-20 | 3 year Cyber Security Improvement programme approved for commencement 2020/21 year. Year 1 priority includes Phishing Survey & targeted training. | IM | Aug-21 | In Progress |
| ALGIM Cyber Security Audit | Processes | Establishes a programme to formalise and document system procedures and processes to replace the current ad hoc processes that may exist. | Aug-20 | Deferred to Oct-21. Business Unit BCP plan updates deferred to Apr/May. Flow-on impact being DR plan update deferred to Oct 2021 as Business Unit BCP informs internal service provider BCP/DR. | IM | Jul-22 | In Progress |
| ALGIM Cyber Security Audit | User Training / awareness | Develop a Council wide cybersecurity awareness training programme to ensure that staff are aware of their part in protecting information and systems | Aug-20 | Majority of applications upgraded/transitioned. Last remaining application in progress (legacy Online Services portal API). On schedule to shutdown in Jun-21. | IM | Jun-22 | In Progress |

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|---|-----------|--|-------------------|---|----------|---------|-------------|
| ALGIM Cyber Security Audit | DR / BCP | Implement processes to ensure that the response and recovery plans are reviewed regularly for effectiveness. | Aug-20 | AzureAD SSO & 2FA implemented (Microsoft solution). In Place for O365, OneDrive, Teams. In process of implementing for Waisite. TechOne suite upgraded to 2020B (dependency) plan to migrate TechOne Suite to AAD SSO in mid 2022. | IM | Oct-21 | In Progress |
| ALGIM Cyber Security Audit | Firewalls | Remove unsupported and old applications, operating systems and the Linux Firewall from the Council's business environment as soon as is practical | Aug-20 | 41 Windows 2003 & 2008 servers. Upgrades progressing for Waisite legacy App's. Escalation with Watercare re SCADA platform. Legacy Online Services portal resolution dependant on Customer Portal project. | IM | Jun-21 | In Progress |
| KPMG Resource Consents Revenue Process Review | Consents | <u>Follow-up of late payments by the Consents and Legal Teams</u> Review the existing processes for late payments to confirm if they are industry best practice | Nov-20 | COMPLETED Practices regarding outstanding payments, across several Waikato Councils (MPDC, Waipa, HCC) vary slightly. However, existing 'follow-up late payment' practices by Waikato DC are essentially the same and considered industry best practice: 1 st Reminder Letter, and 2 nd Overdue Letter (signalling subsequent referral to Legal Team for debt recovery if not paid). One Council waits for 3 months before referring to debt recovery team, and another sends a 3 rd Reminder Letter advising if not paid will be referred to debt recovery team. Additions made in 2019 to the 2 nd Overdue Letter making reference to referral to the Legal Team for debt recovery now regularly triggers payment. | Consents | June-21 | Complete |
| KPMG Resource Consents Revenue Process Review | Consents | <u>Follow-up of late payments by the Consents and Legal Teams</u> Develop reports to enable staff and management to see and track volume, patterns, trends, and impacts regarding existing late payment activities. | | May 2021 COMPLETED A new SSRS Report has been created to enable staff to track those invoices which are unpaid, and when payments are received in response to the 1 st Reminder Letter, the 2 nd Overdue Letter, and if still unpaid the date it is referred to the legal team as a bad debt. The report includes details which confirm the number of cases that are resolved at each step to signal outcome against effort. | Consents | June-21 | Complete |

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|---|----------|---|-------------------|--|----------|---------|----------|
| | | | | Example March 2021: Of the 29 Reminder letters issued in March only 10 required issuing of Overdue letters. Of the 10 that received Overdue letters, only 3 were referred to the Legal Team. | | | |
| KPMG Resource Consents Revenue Process Review | Consents | <p><u>Follow-up of late payments by the Consents and Legal Teams</u></p> <p>Utilise findings from the above to inform any changes needed to processes and/or allocation of resources to this activity.</p> | | <p>COMPLETED</p> <p>No further changes to current processes required, nor resource allocation or reallocation required, in addition to the actions taken and now in place via items 1 and 2.</p> | Consents | June-21 | Complete |
| KPMG Resource Consents Revenue Process Review | Consents | <p><u>Time recording – Number of hours spent on a resource consent</u></p> <p>Consider formalising Management’s desire to incorporate the review of the ‘Charges Sheet’ into the Consents Team Leader’s review. Where there is non-chargeable time within the ‘Charges Sheet’, ensure that an explanation is documented</p> | | <p>COMPLETED</p> <p>The Consent Team Leaders do currently review the Charges Sheet prepared by staff, however, they do not record this anywhere. The Template document for the Charges Sheet will be amended to include a section for Team Leader signoff once it has been submitted for review.</p> | Consents | June-21 | Complete |
| KPMG Resource Consents Revenue Process Review | Consents | <p><u>Time recording – Number of hours spent on a resource consent</u></p> <p>Consider developing a report that is reviewed on a periodic basis which identifies any unusually high or low charges for follow up/investigation by Management.</p> | | <p>COMPLETED</p> <p>The idea for a report has been considered but no changes are proposed for the following reasons:</p> <ul style="list-style-type: none"> There is a significant difficulty in creating an SSRS based report that captures a wide variety of application types, and even if application groupings could be drawn from data, every application will have wide range of characteristics which influence charges. This is a cornerstone of s36 of the RMA where every applicant pays for ‘actual and reasonable’ charges. Existing processes are well established where charges for every application are reviewed by a Planner and checked by a TL and this identifies those occasional occurrences when charges may be unusually higher or lower. The s357 RMA processes are | Consents | June-21 | Complete |

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|---|----------|---|-------------------|--|----------|---------|----------|
| | | | | <p>available to applicants for objection to costs if they wish to challenge charges.</p> <ul style="list-style-type: none"> The burden of creating an additional step and report of limited value is considered of little overall benefit given the number of checks and balances already within established processes and formal avenues of challenge provided for under the RMA statute. The merits of this 'opportunity for improvement' need to be considered in the context of the revenue charged per annum and any objections to costs received in relation to the number of consents issued which do not receive objections to costs. In other words, any benefits that might occur from this idea are far less than the resource intense effort that would be needed to undertake this: <p>2019/20:</p> <ul style="list-style-type: none"> revenue charged = \$3,183,001.00 objections received = 7 from 869 consents issued <p>2020/21 (YTD - 30 April 2021):</p> <ul style="list-style-type: none"> revenue charged = \$2,784,513.00 objections received = 3 from 770 consents issued | | | |
| KPMG Resource Consents Revenue Process Review | Consents | <p><u>Missed costs – External consultants</u> Consider developing a report which is reviewed on a periodic basis to identify and investigate the root causes of late and not charged consultant costs. This should be an indicator of whether the current preventative controls in place are working effectively.</p> | | <p>COMPLETED</p> <p>The idea for a report has been considered but no changes are proposed for the following reasons:</p> <ul style="list-style-type: none"> There is a difficulty in creating an SSRS based report that captures occurrences of missed consultant charges. A number of improved existing processes, together significantly minimize this occurring: | Consents | June-21 | Complete |

| Audit Area | Domain | Recommendation/ Action Required | Date first raised | Proposed Action/Plan – June 2021 A&R Committee comment | Who | By When | Status |
|------------|--------|---------------------------------|-------------------|---|-----|---------|--------|
| | | | | <ul style="list-style-type: none"> - P&R Events identify consultants engaged - Contracts include specific instructions regarding invoice email box, specific details required on invoices (interim, final) - Practice not to issue final billing on a consent unless consultant bills are 'final' - Existing Promapp processes: "Invoice Resource Consent Applications", "Carry out Monthly Billing of Resource Consents", ensure all steps are followed • There are a number of existing and improved processes which reflect multiple checks and balances in place which minimize risk of consultant charges not being on-charged. | | | |

Attachment 2: Process Audit Status Report 2021

| GROUP/TEAM | PROCESSES | OWNERS AND EXPERTS | AUDITORS | DATE OF THE AUDIT | COMMENTS | LINK TO INTERNAL AUDIT REPORT | Major NC (high) | Minor NC (medium) | Rec (Low) |
|--|---|---|---------------------|-------------------|--|-------------------------------|-----------------|-------------------|-----------|
| | | | | | | | 0 | 2 | 13 |
| Service Delivery - Community Assets | <ul style="list-style-type: none"> Complete Parks & Facilities Asbuilt Data Sheets Enter P&F Asset Data into Asset Finda Enter P&F Asset Data into SPM | Robert Ashley Joy Rolton | Taljit Singh-Sandhu | 15 June 2021 | The audit has been scheduled for the middle of June | | | | |
| Customer Support - Consents | <ul style="list-style-type: none"> Ensure iwi engagement in Resource Consents for activities on the surface of the river First steps to Determining Notification | AnaMaria d'Aubert Sam Toka Ella Makin Emma Ensor | Kay Warren | 30 April 2021 | The internal audit has been carried out. The report has been sent to the process owner and expert to be responded to | | 0 | 2 | 4 |
| Community Safety - Environmental Health | <ul style="list-style-type: none"> Regulation 110(2)(a-b) - Recognised Agency: Conflicts of interest Regulation 110(2)(c) - Recognised Agency: Confidential Information Regulation 110(2)(n) - Recognised Agency: Contractual Arrangements | Tony Pipe Sudhir Kumar | Stacey Solomon | TBC | The internal auditor has left the organisation. Internal Audit needs to be assigned to another auditor. | | | | |
| Community Safety - Environmental Health | <ul style="list-style-type: none"> Regulation 110(2)(d) - Recognised Agency: Staffing Regulation 110(2)(e) - Recognised Agency: Resourcing Register Template Food Control Plan (FCP) | Tony Pipe Sudhir Kumar | Helen Kirby | 15 June 2021 | The audit has been scheduled for the middle of June | | | | |
| Community Safety - | <ul style="list-style-type: none"> Regulation 110(2)(f) - Recognised Agency: Reporting Regulation 110(2)(g-h) - Recognised Agency: Records | Tony Pipe Sudhir Kumar | James Hanright | 29 April 2021 | Internal Audit has been carried out, and the report has been sent to the process owners and | | 0 | 0 | 9 |

| | | | | | | | | | |
|--|--|--|---------------------------|----------------------|---|--|--|--|--|
| Environmental Health | <ul style="list-style-type: none"> Process Application to Register Health Premises | | | | experts, waiting for their response. | | | | |
| Community Safety - Environmental Health | <ul style="list-style-type: none"> Regulation 110(2)(i-j) - Recognised Agency: Non Compliance and Corrective Actions Regulation 110(2)(k) - Recognised Agency: Complaints Verify Template Food Control Plan (FCP) | Tony Pipe Sudhir Kumar | Terrence Hayes | 30 April 2021 | Waiting for an update from the Internal Auditor | | | | |
| Community Safety - Environmental Health | <ul style="list-style-type: none"> Regulation 110(2)(l) - Recognised Agency: Internal Management Regulation 110(2)(m) - Recognised Agency: Review of Performance Recognised Agency: Continuous Improvement Recognised Agency: Internal Audit | Tony Pipe Sudhir Kumar | Sandra van der Westhuizen | TBC | The internal auditor has left the organisation. Internal Audit needs to be assigned to another auditor. | | | | |
| Customer Support – Customer Feedback | <ul style="list-style-type: none"> Manage Customer Suggestions / Feedback Resolve Customer Complaints Manage Stakeholder Access for Promapp's Customer Feedback Register Assign Customer Feedback (Complaints / Compliments / Suggestions) Manage Customer Compliments Report Customer Feedback (Formal Complaint, Compliment or Suggestion) | Reece Turner Brian Cathro Sharlene Jenkins | Deryl Penjueli | Scheduled to 15 June | Due to the Internal auditor workload, the audit has been delayed. | | | | |

| STRATEGIC RISK | RISK APPETITE | RISK LEVEL | PROCESSES | OWNERS AND EXPERTS | AUDITORS | DATE OF THE AUDIT | COMMENTS | LINK TO INTERNAL AUDIT REPORT | Major NC (high) | Minor NC (medium) | Rec (Low) |
|---|---------------|------------|---|--|----------------|---|--|---|-----------------|-------------------|-----------|
| | | | | | | | | | 2 | 1 | 21 |
| Business Resilience Business function is significantly disrupted due to a lack of organisational resilience | Low | Moderate | Risk Management Processes <ul style="list-style-type: none"> Assess & Manage Strategic Risks Assess & Manage Risk – Operational Assess & Manage Risk – Projects Monitor & Report on Risks (including Notify – Escalate an Incident to Management) | Kat Jenkins Glynn Mason Kelly Newell | Phyllis Hefang | 22nd and 24th March 2021 | Audit completed. Report sent to Owners on 27 April 2021. Owners have responded to the report detailing actions to be taken. | Internal Audit Report 2021 - Risk & Incident Management | 2 | 1 | 5 |
| Zero Harm Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/management of contractual health and safety requirements | Low | Extreme | <ul style="list-style-type: none"> Identify, Report and Record a Hazard Manage and Report a Notifiable Event Report and Record an Injury, Near Miss or Property Damage Event Respond to Serious Injury/Medical Incident Emergency | Lynn Shirley Kylie Anderson | Madelina Baena | 31 March, 27 April, 5 May, 27 May, 3 June | The Internal Audit is being carried out. Due to the workload of the internal auditor, the audit needs to be completed in separate sessions | | | | |

| | | | | | | | | | | | |
|---|----------|---------|---|---------------------------|------------------|---------------|--|--|---|---|----|
| <p>Projects & Initiatives Council fails to produce required project benefits due to poor delivery of projects and programmes caused by a lack of procedure or capability</p> | Moderate | Extreme | <ul style="list-style-type: none"> Project Management <ul style="list-style-type: none"> • Project Issue Management • Project Change Control • Manage Physical Works Projects • Manage Business Improvement Projects • Close Project • Project Management Routines • Propose Project | Alan Kuyper Kurt Abbot | Shelley Woollett | 30 April 2021 | Internal Audit was completed considering that the Project Management Office is currently deploying a new CAMMS (Project Management Tool) functionality and refreshing the Project Delivery Framework to better reflect their diverse projects across Council. The report has been sent to the process owners and experts | | 0 | 0 | 16 |
|---|----------|---------|---|---------------------------|------------------|---------------|--|--|---|---|----|

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 28 May 2021 |
| Prepared by | Sharlene Jenkins Executive Assistant |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Updated Future Work Plan |

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 Chief Operating Officer be received.

3. ATTACHMENTS

- Updated Future Work Plan

Audit & Risk Committee: Future Work Plan

| | 08 June 2021 | 16 September 2021 | 08 December 2021 | March 2022 TBA | June 2022 TBA | Standing items for all meetings |
|-----------------------------------|--|---|---|---|--|--|
| Risk | Procurement and Contract Management Framework Review | Risk Management Framework Review | Health & Safety Framework Review | Risk Assessment of Council Controlled Organisations Statements of Intent Annual Report Risk Assessment Annual Report Programme Compliance | Risk Appetite Review Procurement and Contract Management Framework Review | <ul style="list-style-type: none"> ▪ Chief Financial Officer Report Update on risks and issues that could impact council and its stakeholders from a financial perspective, including insurance and procurement matters. ▪ Strategic Risk Register and Emerging Risks Update on key strategic risks and associated management actions, including trajectory of risk assessment. Opportunity to discuss emerging risks with potential for strategic impact. ▪ Risk Conversations Opportunity for Committee to dialogue with key staff to obtain assurance that appropriate controls and culture are in place. ▪ Strategic Risk Deep Dive Detailed inspection of a key risk for the purpose of assurance. ▪ Zero Harm Update Health & Safety performance update against agreed targets, systemic issues identified which can be fed into the risk control framework. To include monthly statistics. ▪ Quality Governance and Assurance Progress against audit issues and rolling review of bylaw & policies: <ul style="list-style-type: none"> - Anti-fraud and corruption framework (and related policies) - Health & Safety Policy - Risk Management Policy - Treasury Risk Management Policy ▪ Post Implementation Reviews and/or Incident Debrief Reports Post project appraisals on key investments. |
| Independent Internal Audit | Biannual IANZ accreditation audit Resource Consent Compliance Monitoring Framework Review | ALGIM Information Management audit | | | | |
| Insurance | Insurance Risk Strategy | Insurance Renewal Process Update Insurance review | Insurance Policy / Premium Confirmation | | | |
| Annual Report | Annual Report Project Planning (likely to be circulated prior to June 2021 meeting) | Annual Report | Final Audit Management Report | Annual Report Project Planning | | |
| Other | | Audit & Risk Committee Key Achievements Review of Audit & Risk Committee performance against Terms of Reference Long Term Plan Final Audit Management Report Zero Harm Site Visit | Anti-Fraud and Corruption Framework review | | | |

Strategic Risk Deep Dives**Completed:**

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

To do:

- Affordability – scheduled for June 2021
- Community Expectations
- Cyber Security
- Growth
- Economic and Social Development
- Legislative Reform

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 28 May 2021 |
| Prepared by | Gaylene Kanawa Democracy Team Leader |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Register of Interests – Elected and Appointed Members |

I. EXECUTIVE SUMMARY

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

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

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

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

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

| Register of Elected Members Interests | | | | | | | | | | | |
|---------------------------------------|---|-----------------------|---|---|--|--|--|---|--|--|--|
| COUNCIL | Financial Interests | | Non - Financial Interests | | | | | | | | |
| | Please refer to Statement Reference here. | | Companies | | Employment/Paid Positions | Other Organisations | | Property | Gifts (received since 21 October 2019) | Payments for activities and services (since 21 October 2019) | Debts |
| | 1 to 6 | With the exception of | Director/Manager | Financial Interests | Trustee/Beneficiary | Other Bodies | | | | | |
| Aksel Bech | No | N/A | <ul style="list-style-type: none"> Frost Solutions Ltd (Frost protections and HR consultancy) | <ul style="list-style-type: none"> Synthase Biotech (Enzyme Company) NDA Engineering (Stainless Steel Manufacturing) Wing Acoustics (Audio Driver Manufacturing) Heilala Vanilla (Vanilla Producer) Rua Biosciences (Medical Cannabis Company - formally Waiaipu Investments) Spoke Network Ltd (Telecom Software) Mighty River Power (Electricity Generator) Genesis Energy (Electricity Generator) James Street Ltd. (Property Investment) Snell Street Ltd (Property Investment) Mastaplex (Animal Welfare Co.) Beany (Accounting Software Co) Inhibit Coatings Ltd. (Anti-microbial Surface Coating) Toto Investments LP (Property) UBCO (Electric Motorcycles - minor holder of convertible note) | <ul style="list-style-type: none"> Synthase Biotech (Director) St. Peters Trust (Board Trustee) | <ul style="list-style-type: none"> St. Peters School & Foundation (Trustee/Chair) Jepsen Family Trust (Trustee) A.B. Jepsen Trust (Trustee) Feline Adventure Trust (Trustee) | <ul style="list-style-type: none"> Coastguard (Northern) - (Ordinary Member) Kerikeri Cruising Club (Ordinary Member) | <ul style="list-style-type: none"> 1x Tamahere (Beneficiary of Trust) | <ul style="list-style-type: none"> Complimentary access to Promoter's Lounge at Sevens tournament with +17 (Donor- 37 South Ltd) Waikato Business Awards (13 Nov 2020) \$219.50 Hospice Bucket-List Dinner (4 May 2021). Value \$160. | N/A | <ul style="list-style-type: none"> Loan to Individual in Ward. |
| Carolyn Eyre | No | N/A | <ul style="list-style-type: none"> Pepepe Investments (Farming) | <ul style="list-style-type: none"> Pepepe Investments (Farming) | <ul style="list-style-type: none"> SM Eyre Trust (Office Manager) | <ul style="list-style-type: none"> SM Eyre Trust (Beneficiary) | <ul style="list-style-type: none"> Waikato Diocesan School for Girls Proprietors Board (Representative) | <ul style="list-style-type: none"> Huntly (Beneficiary of Trust) | <ul style="list-style-type: none"> 2 x corporate box tickets (Hamilton City Council) Counties V Waikato Rugby @ the FMCG Hamilton Stadium Clarke Lounge. Estimate \$150. 10 Oct 2020 | N/A | N/A |
| Chris Woolerton | No | N/A | <ul style="list-style-type: none"> Middle Ridge Farms Ltd. (Dairy farm) | <ul style="list-style-type: none"> Fonterra Balance LIC | <ul style="list-style-type: none"> Middle Ridge Farms Ltd. | <ul style="list-style-type: none"> Woolerton Trust | <ul style="list-style-type: none"> Oaks Church (Parish Council/ Building Committee) | <ul style="list-style-type: none"> Taupiri (Owner) | N/A | N/A | N/A |
| Eugene Patterson | No | N/A | <ul style="list-style-type: none"> Complete Painting & Decorating (Painting) | N/A | N/A | N/A | <ul style="list-style-type: none"> Ngaruawahia Bowling Club (Treasurer) | <ul style="list-style-type: none"> Ngaruawahia (Owner) | N/A | N/A | N/A |
| Frank McInally | No | N/A | <ul style="list-style-type: none"> McInally Truckpainters (Panel-paint) | N/A | N/A | N/A | <ul style="list-style-type: none"> Huntly RSA (President) | <ul style="list-style-type: none"> 2x Huntly (Owner) | N/A | N/A | N/A |
| Jacqui Church | No | N/A | <ul style="list-style-type: none"> Great Goods Limited (Coffee & Food Service Wholesale Distributor) | N/A | N/A | <ul style="list-style-type: none"> Southwest Trust (Trustee) | <ul style="list-style-type: none"> Pukekohe Lions (Member) Franklin & Districts Justices of the Peace Association (Member) BPW Franklin – Business & Professional Women Franklin (Member) Port Waikato Pink Breakfast (Committee Chair) Tuakau Cleanup & Planting (Member) Franklin & North Waikato [FAWN] Trails Forum (Member) Onewhero Golf Club (Colin Church – Husband – Member & on Match Committee) Port Waikato Blue Breakfast (Colin Church – Husband – committee member) | <ul style="list-style-type: none"> 2x Tuakau (Owner) | <ul style="list-style-type: none"> 2 x corporate box tickets (Hamilton City Council) Counties V Waikato Rugby @ the FMCG Hamilton Stadium Clarke Lounge. Estimate \$150. 10 Oct 2020 | N/A | N/A |
| Jan Sedgwick | No | N/A | N/A | <ul style="list-style-type: none"> Auckland Airport Contact Energy AMP Methven Cochlear Telstra Wherescape CBA Bank of Queensland (public shareholder in all above) | N/A | <ul style="list-style-type: none"> Holbrook Family Trust (beneficiary) Carrara Wharf Trust (Beneficiary) Harvey S'pore Trust (Beneficiary) WWF NZ - Trustee (Board Member) Te Araroa Trail Trustee (Board Member) | N/A | <ul style="list-style-type: none"> Te Kauwhata (Shareholder in company) | N/A | N/A | N/A |
| Janet Gibb | No | N/A | <ul style="list-style-type: none"> JMG Ltd (Rental Properties) Ede Investments Ltd (Farming) | N/A | <ul style="list-style-type: none"> Ede Investments Ltd (Farming) | <ul style="list-style-type: none"> Janet Gibb Family Trust (Trustee/Settlor/Beneficiary) Rarangi Trust (Trustee/Beneficiary) Mangatokotoka Trust (Trustee/Beneficiary) Tironui Trust (Trustee/Beneficiary) | <ul style="list-style-type: none"> Business + Professional Women NZ (Advocacy + Education – Member/Past Executive) | <ul style="list-style-type: none"> 2x Taupiri (Owner) 4x Taupiri (Trustee or Director) 2x Taupiri (Trustee/Beneficiary/Director) | <ul style="list-style-type: none"> 2 Tickets to rugby match from Hamilton City Council value of \$150 5 July & 10 Oct 2020 | N/A | <ul style="list-style-type: none"> ASB (mortgages Rental Properties) ASB (Farm Mortgages + Overdrafts) |
| Lisa Thompson | No | N/A | N/A | N/A | <ul style="list-style-type: none"> Raglan Area School (Board of Trustees & Administrator) Trade Aide Importer (Retail) | <ul style="list-style-type: none"> Raglan Event & Multi Sport Trust (Event Coordinator/Trustee) | <ul style="list-style-type: none"> Whaingaroa Raglan Affordability Project/Affordable Housing/Council Raglan Naturally (Community Organisation) Raglan Business Chamber (Local Business Development) Council & Community Board | <ul style="list-style-type: none"> 1x Raglan (owner) | N/A | N/A | N/A |

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

Register of Elected Members Interests

| Name | Financial Interests <i>Please refer to Statement Reference</i> | | Non - Financial Interests | | | | | | | | |
|------------------------|---|-----------------------|---|---------------------|------------|--|--|----------|--|--|--------------|
| | 1 to 6 | With the exception of | Companies | | Employment | Other Organisations | | Property | Gifts (received since 21 October 2019) | Payments for activities and services (since 21 October 2019) | Debts |
| | | | Director/Manager | Financial Interests | | Trustee/Beneficiary | Governing Body | | | | |
| Margaret Devlin | No | N/A | <ul style="list-style-type: none"> • Watercare (Provision of water and wastewater services) <ul style="list-style-type: none"> • Lyttleton Port (Port Services) • Waikato Regional Airport Group (Airport and associated airport services) • Met Services (Provision of meteorological services) • Aurora Energy (Electricity Lines Distribution) <ul style="list-style-type: none"> • WINTEC (Education) • Waikato University (Education) • IT Partners (Technology Services) • Hospice Waikato (Palliative Care) • Infrastructure NZ (Industry Lobby Group) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Brendon John Green | No | No | <ul style="list-style-type: none"> • Peak 2 Peak limited • Advanced biotech | n/a | n/a | n/a | <ul style="list-style-type: none"> • Watercare (director) • Ministry of Education (taumata aronui) • Waikato Tainui (member) • Maitiaki Advisory limited (director) • Tainui Kawhia Inc (director) • Manukau Institute of Technology (Runanga) | n/a | n/a | n/a | ANZ Mortgage |
| Maxine Moana-Tuwhangai | No | n/a | n/a | n/a | n/a | <ul style="list-style-type: none"> • Te Whakakitenga o Waikato (Marae representative) • Koheroa 39D1B and 39D2 Trust (trustee) • Te Aho o Te Kura Pounamu (Trustee) | <ul style="list-style-type: none"> • Haukura Hauora o Tainui (director) • Kiwi Rail Holdings (director) | n/a | n/a | n/a | n/a |

Register of Elected Members Interests

| | | Financial Interests Please refer to Statement Reference here. | | Non - Financial Interests | | | | | | | | |
|------------------------------|-----------------|--|---|--|--|--|--|--|--|--|--|---------------------|
| Name | Community Board | 1 to 6 | With the exception of | Companies | | Employment | Other Organisations | | Property | Gifts (received since 21 October 2019) | Payments for activities and services (since 21 October 2019) | Debts |
| | | | | Director/Manager | Financial Interests | | Trustee/Beneficiary | Governing Body | | | | |
| Gabrielle Parsons | Raglan | No | N/A | • Valencia Limited (Marine Engineering) | • Valencia Limited (Marine Engineering) | • Raglan Naturally (Community led development) | • Bradley Family Trust (Trustee) | • COGS Waikato West (Committee) | 1x Raglan (Owner) | N/A | N/A | N/A |
| Bob McLeod | Raglan | No | 6 - No answer entered | • CLOUDS (Training) | N/A | N/A | N/A | • Raglan Ratepay Community Inst (President) • RCB Representative - Raglan Holiday Park Papahua Board | 1x Raglan (Owner) | N/A | N/A | N/A |
| Satnam Bains | Raglan | No | N/A | • Satnam's Supermarket Ltd (Retails) • Rano Community Trust (Grants/Community) • Downunder Developments (Property) | N/A | • Satnam's Supermarket Ltd (Retails) • Rano Community Trust (Grants/Community) | • Rano Community Trust (Chairman) • Bains Family Trust (Beneficiary) | • St Johns Raglan (Executive Member) | N/A | N/A | N/A | N/A |
| Dennis Amoore | Raglan | No | 5 - No answered entered | Fairlight Developments (Director) | N/A | Fairlight Developments (Director) | Raglan Surflife Saving - Amenities Trust (Trustee) | N/A | 4x Raglan (Owner) | N/A | N/A | N/A |
| Tony Oosten | Raglan | No | N/A | No interests to declare | N/A | Fonterra (Dairy Manufacturer) | • Waikato Trust A&B (Trustee) • Raglan Naturally Trust (Trustee) | N/A | 2x Raglan (Owner) | N/A | N/A | N/A |
| Chris Rayner | Raglan | No | N/A | Raglan Farmstay (Accommodation) | N/A | Raglan Farmstay (Accommodation) | • Te Whare Trust (Director) • J & V Rayner Trust (Beneficiary) | N/A | 1x Raglan (Director of Te Whare Trust) | N/A | N/A | N/A |
| Shaun Jackson | Onewhero Tuakau | No | 5 - Smart Environmental (Tuakau) Have an indirect interest as Council lease a building I manage which is owned by a family member | • Lavalla Farm Ltd. (Farming Activity) • Lavalla Functions Ltd. (Function & Event Centre) • Jackson Group Developments Ltd. (Property Development) • Jackson Property Group Holdings (Property Maintenance) | N/A | Jackson Property Group Holdings Ltd. (Property Maintenance) | • Tuakau Youth Sport Trust (Chairperson) | • Tuakau Combined Sports Society (Chairperson) (has applied for Lightbody Reserve funding for field lighting) | 5x Tuakau (Owner) | N/A | N/A | ANZ (Property Loan) |
| Caroline Conroy | Onewhero Tuakau | No | N/A | N/A | N/A | • Counties Mankau DHB (Midwife) • Midwifery Employee Representation & Advisory Service MERAS (Co-Leader of service that represents employed midwives) | N/A | Glen Murray Community Equestrian Group- Riding Centre (Chair) Received funding from OTCB in 2017 for a defibrillaotr for the County Hall & Equestrian Grounds | 2x Tuakau (Owner) | N/A | N/A | N/A |
| Jonathan Lovatt | Onewhero Tuakau | No | N/A | • Supply Program Solutions Ltd. (Packaging Supplier) | • Powella Ltd. (Exporter) • Lovatt Holdings Ltd. (Domestic Renovations) | N/A | N/A | N/A | 3x Onewhero (Owner) | N/A | N/A | N/A |
| Vernon Reeve | Onewhero Tuakau | Yes No. 1 No to No. 2-6 | N/A | N/A | N/A | N/A | • Reeve Family Trust (Trustee/Beneficiary) • Tuakau Emergency Services Charitable Trust (Trustee) • Vern & Vicky's Ski Trust (Trustee) | • Tuakau & Districts Development Assoc. (Member) | 1 x Tuakau (Trustee & Beneficiary) | N/A | N/A | N/A |
| Kandi Ngataki | Onewhero Tuakau | No | N/A | N/A | N/A | Te Kohanga Reo O Te Awomarahi (Kohanga Reo Education) | • Tuakau Primary School (Chair) • Huakina Development Trust (Chair) | • Tuakau Rugby League (Chair) • Tuakau Combine Society Sport Inc. (Treasurer) | N/A | N/A | N/A | N/A |
| Bronwyn Watson | Onewhero Tuakau | No | N/A | N/A | N/A | N/A | • Tuakau Combined Sports Society Trust (Trustee) • Franklin Integration Project (Trustee) | • Tuakau CSST Inc (Board Member) • Tuakau Community Night Patrol (Chair until October 2020 AGM) | N/A | N/A | N/A | N/A |
| Kiri-Kauhrangi Breeze Morgan | Ngaruawahia | No | N/A | N/A | N/A | N/A | • Ngaruawahia Tu Tangata Trust (Trustee) | Turangaeawae Kohanga Reo (Co-Chair) | N/A | N/A | N/A | N/A |
| Greg Wiechern | Ngaruawahia | No | N/A | • Wiechern Properties Ltd (Rental Properties) | • Wiechern Properties Ltd (Rental Properties) | • Motorhome Solar Ltd (Electrical/Solar to Motorhomes) | N/A | N/A | N/A | N/A | N/A | N/A |

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

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

Register of Elected Members Interests

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

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| | | | | Director/Manager | Financial Interests | | Trustee/Beneficiary | Governing Body | | | | |
| Sue Robertson | Tamahere | No | N/A | Parklea Investments Ltd. (Property Development) | N/A | N/A | <ul style="list-style-type: none"> The Keith A Robertson Family Trust (Trustee/Beneficiary) Robina Trust (Trustee/Beneficiary) | <ul style="list-style-type: none"> Bramley Gardens Body Corporate Committee (to administer the rules of the body corporate) Residential Development Hamilton City | 1x Tamahere (Beneficiary of Trust) | N/A | N/A | N/A |
| Leo Koppens | Tamahere | No | N/A | INCOMPLETE FOR REST | | | | | | | | |
| Charles Fletcher | Tamahere | | | | | | | | | | | |
| Shelley Baker | Tamahere | | | | | | | | | | | |
| Margaret Jane Manson | Tamahere | No | N/A | N/A | N/A | <ul style="list-style-type: none"> Waikato DHB (Nurse) | N/A | <ul style="list-style-type: none"> Anglican Action (Social Services Provider) | N/A | N/A | N/A | N/A |
| Graham McAdam | Tamahere | | | | | | | | | | | |
| James Yearsley | Tamahere | No | N/A | <ul style="list-style-type: none"> ICARAS Consultatnts (JH Yearsley LTD.) Security Risk Consultancy HealthSafe NZ (Health & Safety Risk) Yggdrasil Capital Ltd. (Investment) | <ul style="list-style-type: none"> Optima Group UK Explosive Ordnance Disposal) | N/A | <ul style="list-style-type: none"> Yearsley Family Trust (Trustee) Yggdrasil Trust (Trustee)N | N/A | <ul style="list-style-type: none"> 1x Tamahere (Owner) | N/A | N/A | <ul style="list-style-type: none"> HealthSafe NZ (Debtor - Loan) ICARAS Consultants (Debtor - Loan) Optima Group UK (Debtor - Loan) |
| Joy Wright | Tamahere | | | | | | | | | | | |
| Tony Nelson | Tamahere | | | | | | | | | | | |
| Bevin Coley | Tamahere | No | N/A | <ul style="list-style-type: none"> Vael Holdings Coley Property Group Ltd. Coley Property General Partner Ltd. Freestone Property Ltd. Snell General Partner Ltd. Tahi Investments Ltd. 265 James Ltd. Vogler Ltd. Southend Ltd. Maxwell Place Ltd. Te Waiiti Ltd. Snell Street Limited Partnership Kake Investments Limited Partnership 313 Partnership 550 Investment Limited Charming Juno Limited | <ul style="list-style-type: none"> Vael Holdings Coley Property Group Ltd. Coley Property General Partner Ltd. Freestone Property Ltd. Snell General Partner Ltd. Tahi Investments Ltd. 265 James Ltd. Vogler Ltd. Southend Ltd. Maxwell Place Ltd. Te Waiiti Ltd. Snell Street Limited Partnership Kake Investments Limited Partnership Charming Juno Limited | <ul style="list-style-type: none"> Coley Property Group Ltd. (Property Management) | <ul style="list-style-type: none"> B&C Coley Trust (Trustee & Beneficiary) BR Coley Investment Trust (Trustee & Beneficiary) Steele Trust (Beneficiary) Out Trust (Beneficiary) TH Coley Property Trust (Beneficiary) KT Coley Investment Trust (Beneficiary) RN Coley Investment Trust (Beneficiary) Phillip Coley Trust (Beneficiary) | N/A | 2x Tamahere (Owner) | N/A | N/A | All property finance- ANZ, BNZ, Kiwibank) |
| Janis Swan | Tamahere | No | N/A | N/A | <ul style="list-style-type: none"> Westpac Australia (Shares) Yarra (Australia) (Shares) Mercury (Shares) | University of Waikato (Teaching and research) | <ul style="list-style-type: none"> Earle Technology Trust (Chairperson) Waikato Graduate Women's Educational Trust (Board Member) | N/A | 2x Tamahere (Owner) | N/A | Assessor of research grants (MBIE) | N/A |
| Lyn Harris | Tamahere | No | N/A | Livestock Sales RHB Ltd (Procurement of livestock for slaughter) | N/A | Livestock Sales RHB Ltd (Administration and Accounts) | <ul style="list-style-type: none"> Paul Harris Family Trust (Trustee & Beneficiary) Lyn Harris Family Trust (Trustee) | | 1x Tamahere (Owner) | N/A | N/A | N/A |
| Alison Ewing | Tamahere | No | N/A | N/A | N/A | N/A | Cherry Farm Trust (Trustee) | MESH Sculpture Hamilton (Trustee) | 2x Tamahere (Owner) | N/A | N/A | N/A |
| Jason Bates | Tamahere | No | N/A | Raid Investments Ltd. (Motel Accommodation) | Raid Investments Ltd. (Motel Accommodation) | ANZ (Bank Associate) | Tick Trust (Trustee) | N/A | 1x Tamahere (Owner) | N/A | N/A | N/A |
| Ingrid ter Beek | Tamahere | | | | | | | | | | | |
| Ric Odom | Pokeno | No | N/A | Franklin Hospice Charitable Trust (Provision of palliative care) | Jeneric Investments Ltd. (Investment) | Franklin Hospice Charitable Trust (Provision of palliative care) | Jeneric Family Trust (Trustee) | Franklin JP Assn (Council member. Justices of the Peace) | 1x Pokeno (Owner/Trustee) | N/A | N/A | New Zealand Home Loans (Mortgage) |

Register of Elected Members Interests

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| | | | | Director/Manager | Financial Interests | | Trustee/Beneficiary | Governing Body | | | | |
| Helen Clotworthy | Pokeno | No | N/A | Pokeno Bacon Co. (Manufacturers-Retailers) | Pokeno Bacon Co. (Manufacturers-Retailers) | | David Evans Family Trust (Trustee & Beneficiary) | Pokeno Hall Committee (Treasurer) Pokeno Community Hall (Manager) | x4 Pokeno (Owner) | N/A | N/A | N/A |
| Lance Straker | Pokeno | | | | | | | | | | | |
| Allen Grainger | Pokeno | No | N/A | •Waikato Rugby Union •Frankton Rugby Sports Club Inc | N/A | N/A | N/A | • Waikato Rugby Union (Director) • Frankton Rugby Sports Club (Board Member) | N/A | N/A | N/A | N/A |
| Peter Koizumi | Pokeno | | | | | | | | | | | |
| Todd Miller | Pokeno | | | | | | | | | | | |
| Kris Hines | Pokeno | No | N/A | N/A | N/A | N/A | N/A | N/A | 1x Pokeno (Owner) | N/A | N/A | N/A |
| Brenda Ann Roberts | Pokeno | No | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Doug Rowe | Pokeno | No | N/A | INCOMPLETE FOR REST | | | | | | | | |
| Helen Johnson | Pokeno | No | N/A | N/A | N/A | NZ Police (Intelligence Analyst & Support) | N/A | Pokeno Tennis & Rec Club (Committee Member-rebuilding a community facility) | N/A | N/A | N/A | N/A |
| James McRobbie | Pokeno | | | | | | | | | | | |

YELLOW INDICATES THAT THE MEMBER DID NOT SUBMIT A COMPLETED FORM

Register of Elected Members Interests

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

YELLOW INDICATES THAT THE MEMBER DID NOT SUBMIT A COMPLETED FORM

Open Meeting

| | |
|---------------------------------|---|
| To | Audit & Risk Committee |
| From | Tony Whittaker Chief Operating Officer |
| Date | 2 June 2021 |
| Prepared by | Matt Horsfield Democracy Advisor |
| Chief Executive Approved | Y |
| Reference # | GOV1318 |
| Report Title | Exclusion of the Public |

I. RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting.

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

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|---|--|
| Item number 1 Confirmation of Minutes | Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987 | Section 48(1)(a) |
| Item number 2.2 Cyber Security June 2021 Update | | |
| Item number 2.3 Register of Members' Interests – Staff | | |

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

| Item No. | Section | Interest |
|--|-------------|---|
| Item 1 Confirmation of Minutes | | Refer to the previous Public Excluded reason in the agenda for this meeting. |
| Item 2.2 Cyber Security June 2021 Update | 7(2)(b) | Protect information where the making available of the information: |
| | 7(2)(b)(i) | Would disclose a trade secret, or |
| | 7(2)(b)(ii) | Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or |
| | 7(2)(e) | Avoid prejudice to measures that prevent or mitigate material loss to members of the public; or |
| | 7(2)(j) | Prevent the disclosure or use of official information for improper gain or improper advantage. |
| Item 2.3 Register of Interests - Staff | 7(2)(a) | To protect the privacy of natural persons, including that of deceased natural persons. |

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