

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Council Chambers Galileo Street, Ngaruawahia on **FRIDAY, 16 DECEMBER 2022** commencing at **9.30am**.

1. OPENING KARAKIA

2. APOLOGIES AND LEAVE OF ABSENCE

3. CONFIRMATION OF STATUS OF AGENDA

Representatives from Audit New Zealand will be in attendance

4. DISCLOSURES OF INTEREST

5. CONFIRMATION OF MINUTES

Meeting held on Thursday, 29 September 2022

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6. ACTIONS REGISTER

Action Register for December 2022

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7. REPORTS – FOR DISCUSSION AND/OR DECISION

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9. EXCLUSION OF THE PUBLIC*

GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE AND DELEGATION

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

Purpose:

The Audit and Risk Committee is responsible for:

1. Considering and reviewing the adequacy of Council's risk management and internal control frameworks.
2. Monitoring and seeking assurance on the functioning of Council's risk management and internal control frameworks (including systems and processes).
3. Managing the independent auditor (internal and external) expectations and relationships.

Terms of Reference:

To achieve the above purpose the Audit and Risk Committee will:

1. Annually review council's risk management framework to ensure it is effective
2. Ensure the strategic risk register is current and relevant
3. Ensure Council has an effective internal control framework to identify and manage business risk (at the risk portfolio level)
4. Review Council's insurance programme for adequacy of risk mitigation
5. Review the effectiveness of Council's business continuity and disaster recovery planning and testing arrangements
6. Ensure Council has an effective framework in place to prevent, detect and investigate fraud-related issues
7. Ensure Council has an effective Health and Safety/Zero Harm framework in place to prevent, detect and investigate safety-related issues
8. Review the internal audit framework to ensure that appropriate organisational structures, authority, access, and reporting arrangements are in place
9. Approve the annual internal and external audit programme and related plans
10. Consider Council's annual report from a risk perspective, and subject to audit clearance, make recommendations to Council regarding adoption
11. Review audit reports (internal and external) and monitor management's implementation of audit recommendations
12. Keep Council informed on significant risk or audit issues raised and proposed actions
13. Meet regularly with independent auditors to gain assurance on the risk frameworks and the management of them

The Committee is delegated the following recommendatory powers:

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

Administrative arrangements:

Meetings

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

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

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

Membership

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

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

Attendance at meetings

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

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

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

Reporting

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

The report should include:

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

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

Assessment arrangements

The chairperson of the committee will initiate a review of the performance of the committee at least once every two years and present it to the Council. This will support the committee's philosophy of continuous improvement.

Review of Terms of Reference

The committee will review its Terms of Reference at least once a year. This review will include consultation with the Council.

Any substantive changes to the Terms of Reference will be recommended for approval by the committee to the Council.

To	Audit & Risk Committee
Report title	Confirmation of Minutes
Date:	Wednesday, 7 December 2022
Report Author:	Rosa Leahy, Democracy Advisor
Authorised by:	Gaylene Kanawa, Democracy Manager

1. Purpose of the report

Te Take moo te puurongo

To confirm the minutes for a meeting of Audit & Risk Committee held on Thursday, 29 September 2022.

2. Staff recommendations

Tuutohu-aa-kaimahi

THAT the minutes for a meeting of the Audit & Risk Committee held on Thursday, 29 September 2022 be confirmed as a true and correct record.

3. Attachments

Ngaa taapirihanga

Attachment 1 – A&R Minutes – 29 September 2022

MINUTES for a meeting of the Audit & Risk Committee of the Waikato District Council held in Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia on **THURSDAY, 29 SEPTEMBER 2022** commencing at **9.30am**.

Present:

Mr P Stubbs (Chairperson)
His Worship the Mayor, AM Sanson
Cr AD Bech
Cr JA Church
Cr JD Sedgwick (*until 12:10pm*)

Attending:

Mr C Susan, Audit NZ
Ms K Maccown, Audit NZ

Mr G Ion (Chief Executive)
Ms A Diaz (Chief Financial Officer)
Mrs V Jenkins (Executive Manager, People & Capability)
Mr R MacCulloch (General Manager, Service Delivery)
Mr G King (Chief Information Officer)
Mr C Bailey (Finance Manager)
Mr K Abbott (Executive Manager, Projects & Innovation)
Ms E Edgar (Executive Manager, Communications and Engagement)
Ms K Rhind (Senior Communities & Engagement Advisor)
Ms G Kanawa (Democracy Manager)
Mrs L Shirley (Zero Harm Manager)
Mr D Tisdall (Risk Advisor)
Ms A McPhee (Business Resilience Advisor)
Ms C Pidduck (Legal Counsel)
Ms R Leahy (Democracy Advisor)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Cr Sedgwick/Cr Church)

THAT the Audit & Risk Committee accepts the apologies from Cr Gibb for non-attendance.

CARRIED

A&R2209/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Cr Sedgwick/Cr Church)

THAT the Audit & Risk Committee:

- a. confirms the agenda for the meeting of the Audit & Risk Committee held on Thursday, 29 September 2022;
- b. agrees 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
- c. receives all reports.

CARRIED

A&R2209/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Cr Sedgwick/Cr Church)

THAT the minutes of the meeting for the Audit & Risk Committee held on Wednesday, 29 June 2022 be confirmed as a true and correct record.

CARRIED

A&R2209/03

ACTION REGISTER

Agenda Item 5

The register was received [A&R2209/02] and taken as read. The following discussion was held:

- Item 4 in the Actions Register will be discussed under public excluded.
- The Chairperson noted that work being done to compare the residual risk to risk appetite (Item 1 – Strategic Risk Register and Emerging Risks) will be completed by the December meeting.

Chief Financial Officer Report

Agenda Item 6.1

The register was received [A&R2209/02] and taken as read. The following discussion was held:

- Annual Audit update - there had been a focus on water performance measures and the issue of independence and impartiality of laboratory testing has been raised. Previously, water samples were sent to Ministry of Health to be independently assessed and verified. The new entity of Three Waters will now oversee the verification, but it had not been done, water samples had been tested with no independent verification. Audit NZ was now working through how water samples can be audited sector wide.
- How could Waikato District Council be impacted by this? Audit NZ will be working with the sector group to make sure they are aware of the water sampling arrangement.
- Who should be signing off the Annual Report given it will be adopted by the new Council? The existing Council will go through that process and the new Council will be briefed on changes through the audit process.
- Insurance - Fire and Emergency New Zealand – under the FENZ Act insurance levies were being reviewed. The DIA will be working with insurance sector to create a position around exemptions to levies. Council will have a better understanding of the impact once it was open to public consultation. As a result of these changes, Council's insurable risk strategy may need to be reviewed.

ACTION: Chief Financial Officer will include any new developments on insurance levies and the changes to the insurable risk strategy future reports.

Strategic Risk Register and Emerging Risks

Agenda Item 6.2

The report was received [A&R2209/02] and taken as read. The following discussion was held:

- Discussion was held on the risk of Climate Change. Council was developing strategies on this risk.
- Cyber Security - Council was constrained by the market in terms of resources and Council was going as fast as they can in terms of delivery. The question of how this is managed moving forward will need to be addressed.
- Inflationary & Affordability pressures – Is there greater strain on ratepayers now compared to post GFC 2008-11? The first instalment of rate receipts is slightly lower than last year.

ACTION: The Chief Financial Officer to include in the December report where rate collections are at relative to expectations and comparatively to the post GFC period.

Waikato District Council Zero Harm Update
Agenda Item 6.3

The report was received [A&R2209/02] and taken as read. The following discussion was held:

- Workplace violence – the number of staff who had been abused or threatened is significantly high. The Zero Harm team delivered a workplace violence survey to staff and the response rate to the survey was 75 per cent. Physical threats are most prevalent in public places and council offices. A workplace violence campaign is underway to show customers what is and is not acceptable.
- A discussion was held around what Zero Harm training will be provided for newly Elected Members.
- A discussion was held around how new staff were trained on Zero Harm and ensuring People Leaders were demonstrating safety leadership.
- Raglan Holiday Park – Cr Church asked why Raglan Holiday Park was the only holiday park that the Zero Harm team engaged with? The Raglan Holiday Park was identified as being disconnected from Council in terms of the safety management systems. Staff at the Lake Hakanoa Park had been able to attend the ‘Work Safe Home Safe’ event unlike the staff in Raglan.
- A discussion was held around developing and reviewing key risk measures that are used to track improvement and performance.

Capital Project Delivery Review
Agenda Item 6.4

The report was received [A&R2209/02] and taken as read. The following discussion was held:

- The General Manager, Service Delivery discussed the WDC Independent Assessment Review: CAPEX Project Delivery Performance. An action plan to deliver on the recommendations had been developed and was currently being implemented.
- Council will establish an Enterprise, Project Management Office, an EPMO Manager had been appointed. In terms of realignment of the business, a change proposal has been communicated to affected staff. Consultation with staff is currently underway and the final realignment proposal is due on 10 October 2022 with a view to implement the decisions on the 17 October 2022.

- Did Council have the capacity to deliver capital projects? Currently Council does not have capacity in house and relies on consultants and partners in the industry. Currently work is being done to identify which projects need resources.
- Council does not have the staff capability for all projects. Through the realignment process, position descriptions have been updated for all the new roles required and where there is a skill gap Council will go out to market.
- Accountability – One of the key findings in the WDC Independent Assessment: CAPEX Project Delivery Performance report was that there was no single point of accountability. This has now changed, and accountability sits with the General Manager, Service Delivery. The report alluded to the need for an operational single point of accountability. In the new proposal a new role has been created that fulfils that need.
- Financial reporting and service delivery - Financial systems were being upgraded to track project progress alongside financial reporting.

ACTION: Service Delivery General Manager to return in the December meeting to give an update on the project delivery framework and June next year to assess how the framework is measuring up.

- Watercare - The Waters Governance Board will receive a report from Watercare on how they will catch up and deliver on capital works projects. The \$100 million allocated to waters projects includes significant works; the Te Kauwhata wastewater and Raglan wastewater projects. The Audit & Risk Committee does not have direct oversight of the Waters Governance Board but there were mechanisms through Council delegations that they are required to report on how projects are going.

Deep Dive – Workplace Culture Agenda Item 6.5

The report was received [A&R2209/02] and taken as read. The following discussion was held:

- The Executive Manager, People and Capability commented that there had been a focus on wellbeing and mental health and this was an area that is specifically going to be resourced.
- People and Culture Retention risk – The labour turnover rate of staff is 19.9 per cent. Pre-covid Council's average labour turnover rate was between 12-15 per cent, during Covid it was under 5 per cent. Comparatively to other Councils and organisations some turnover rates are higher than 50 per cent. There are currently 19 roles open for recruitment and a total of workforce of 408 staff.
- A discussion was held on the role of Elected Members in setting the tone and culture of the organisation.

- Staff satisfaction - There had been a shift in values, flexible working and community connection are now becoming increasingly important to existing and new staff.

ACTION: The Chairperson asked the People and Capability Manager to identify in next year's Deep Dive what measures should be targeted to demonstrate progress on reducing risk.

Strategic Communications and Engagement – a progress update
Agenda Item 6.6

The report was received [A&R2209/02] and taken as read. The following discussion was held:

- The Executive Manager, Communications and Engagement reported that the focus of the last six months had been on building the structure of the Communications team. One of key resources needed had been secured in the recruitment of a Senior Communities and Engagement Advisor.
- Digital communications engagement – There had been significant growth in the engagement in the digital communications space. In the last six months engagement on Facebook has grown 455 per cent and LinkedIn has grown nearly 500 per cent. Positive sentiment had also shifted, there is more positive commentary alongside negative commentary.
- A discussion was held on the current communications strategy and brand refresh.

ACTION: The communications team to put the current Communications and Engagement strategy on the website.

- The Chairperson asked if the reference to 'governance support' in the recommendation was intended to be specific support or a reference to Council? No specific support was sought at this time.
- The Chairperson discussed developing measures. The book *How to Measure Anything: Finding the Value in 'Intangibles' in Business* by Douglas Hubbard was recommended.

ACTION: The Chairperson asked the Executive Manager, Communications and Engagement to develop measures and timeline to mitigate risk.

Resolved: (Cr Sedgwick/Cr Bech)

That the Audit & Risk Committee notes the progress being made on Strategic Communications and Engagement, as well as the direction which requires governance support to be fully successful.

CARRIED

A&R2209/04

Business Resilience Update
Agenda Item 6.7

- The Business Resilience Advisor explained that their role had been created in August and was looking to set a baseline for activities that have gone on and where they aim to go. The Business Resilience Work Program looks to establish a framework to measure efficacies.
- The Chairperson asked if the business resilience of Council during Covid should be looked at with a view to identify any lessons? Part of the Business Resilience Work Program is to develop an 'post-incident report' and come up with actions/outcomes based on the learning.

ACTION: The Resilience Team to include learnings about business resilience during the Covid-19 pandemic as part of the next 'Deep Dive' report to the Committee.

Tax Risk Update Agenda Item 6.8

- The Chairperson asked if flexible working arrangements could become a material risk or if it is a relatively minor and manageable risk? The Finance Manager commented that it is a minor risk that was principally based around the use of company vehicles and equipment.

Audit & Risk Committee Key Achievements Agenda Item 6.9

The report was received [A&R2209/02] and no discussion was held.

Resolved: (Cr Bech/Cr Sedgwick)

THAT the Audit & Risk Committee approves the Audit and Risk Committee Achievements report for presentation to Council.

CARRIED

A&R2209/05

Committee Performance Evaluation Survey & Recommended Actions Agenda Item 6.10

- A framework was created to evaluate the performance of the Audit & Risk Committee.
- A discussion was held around the engagement of the Audit & Risk Committee with other Councils and Waikato District Councillors.

ACTION: The Chairperson and Democracy Team to write a one-pager about the Audit & Risk Committee that will be circulated for new Councillors.

- A discussion was held around the membership of the Committee and whether a Maori representative should be included on the Committee.

Resolved: (Cr Sedgwick/Cr Bech)**That the Audit & Risk Committee:**

- a. confirms the Chairperson will develop a summary of outcomes/actions from each meeting for distribution to stakeholders; including other Councillors, staff and external agencies (i.e. Audit NZ, KPMG etc);
- b. confirms that an annual survey of committee performance be undertaken to ensure continuous improvement is made by the Committee relative to their terms of reference;
- c. confirms the skills and experience recommended for members of the Committee as per Attachment 2 to this report;
- d. notes the elected members appointed to the Committee following the 2022 elections will receive training as part of their induction programme;
- e. request staff schedule the annual strategic risk workshop with Council in conjunction with the Chairperson and KPMG (at which time the Council will identify sites for assessment early in the new year); and
- f. notes the Chairperson will meet with the new Mayor to discuss the composition and skills and experience of Committee members following the elections.

CARRIED**A&R2209/06**Ideas & Improvement Framework

Agenda Item 6.11

- Innovations barometer – Staff worked alongside DIA and Wellington City Council to test this measure. Waikato District Council scored well against other Central Government agencies and Councils.
- The Chairperson asked if we can determine if the framework is effective? Currently only data about initial ideas for improvement were captured but delivery on those ideas were not.

REPORTS FOR INFORMATIONQuality & Governance Assurance Update

Agenda Item 7.1

The report was received [A&R2209/02] and no discussion was held.

Updated Future Work Plan
Agenda Item 7.2

- A discussion was held on the structure and timing of future meetings including the KPMG Strategic Risk workshop.

ACTION: Due to the establishment of a new Audit & Risk Committee the KPMG attendance to observe effectiveness of the Committee meeting should be held in June 2023 instead of December 2022.

Register of Interests – Elected and Appointed Members
Agenda Item 7.3

The report was received [A&R2209/02] and no discussion was held.

Resolved: (Cr Sedgwick/Cr Church)

THAT the Register of Interests for the Council to September 2022 be received, noting that no changes have been made since the June meeting.

CARRIED

A&R2209/07

EXCLUSION OF THE PUBLIC
Agenda Item 8

Resolved: (Cr Sedgwick/Cr Church)

THAT the Audit and Risk Committee:

- b. exclude the public from the following parts of the proceedings of this meeting.**

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<p>Item number PEX 2 Confirmation of Minutes Item PEX 3.1 Fraud Declaration Item PEX 3.2 Register of Members' Interests – Senior Staff Item PEX 3.3 Audit NZ Time with Committee Item PEX 3.4 Learnings from Morrison</p>	<p>Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987</p>	<p>Section 48(1)(a)</p>

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

Item No.	Section	Interest
Item PEX 3.1 Fraud Declaration	7(2)(a) 7(2)(c)(ii)	To protect the privacy of natural persons, including that of deceased natural persons. To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (ii) would be likely otherwise to damage the public interest.
Item PEX 3.2 Register of Members' Interests – Senior Staff	7(2)(a)	Protect the privacy of natural persons, including that of deceased natural persons.
Item PEX 3.3 Committee Time with Audit New Zealand	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
Item PEX 3.4 Learnings from Morrison Solutions - Pokeno Tuakau Pipelines Price Escalation	7(2)(b)(ii) 7(2)(c)(i) 7(2) (g) 7(2)(h) 7(2)(i)	To protect information that would otherwise unreasonably prejudice a person's commercial position. To protect information that is subject to an obligation of confidence and to ensure the information avenue remains open, when it is in the public interest for it to do so. To protect legally privileged information. To enable commercial activities to be carried out without prejudice or disadvantage. To enable negotiations to carry on without prejudice or disadvantage.

- c. THAT Ms Macown and Mr Susan from Audit NZ be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will**

be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.

CARRIED

A&R2209/08

There being no further business the meeting was declared closed at 12:18pm.

Minutes approved and confirmed this day of 2022.

Peter Stubbs
CHAIRPERSON

To	Audit and Risk Committee
Report title	Actions Register – December 2022
Date:	Monday, 28 November 2022
Report Author:	Tony Whittaker, Chief Operating Officer

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

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

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

THAT the Actions Register for December 2022 be received.

3. Attachments **Ngaa taapirihanga**

Attachment 1 – Audit and Risk Committee Actions Register December 2022.

Audit & Risk Committee: Action Register – September 2022

#	Action	Owner	Date Assigned	Date Due	Status
1	<p>Strategic Risk Register and Emerging Risks</p> <p>Reporting mechanisms to be refined to highlight the issues the committee need to be abreast of, with the balance of issues on track being in the attachment report.</p> <p>Reports to make it clear whether Committee action required.</p> <p>Full analysis underpinning Risk Assessment Graphs to be provided annually to provide opportunity for committee discussion on assessments.</p>	Risk Advisor	December 2021	December 2022	<p>Complete. All Strategic Risks now have residual risk trending graphs.</p> <p>Reports include recommendations with Committee calls to action where needed.</p>
2	<p>Reform – RMA and Three Waters</p> <p>Committee to be kept informed between meetings where early involvement re impact risk is required</p>	Chief Operating Officer	December 2021	Ongoing	Noted.
3	<p>Internal Audit</p> <p>Consider internal audit of process mitigating future financial impact of development agreements</p>	Chief Financial Officer	December 2021	December 2022	<p>Complete. A series of workshops (including developer representation) are planned with Councillors as part of induction programme.</p> <p>Development Agreement subcommittee established with external representation.</p>
4	Audit NZ to share, in their opinion, great exemplars for the delivery of CAPEX programmes.	Audit NZ	June 2022	September 2022	Complete. Audit NZ have advised there are no exemplars they were aware of.
5	Zero Harm team to include Elected Members when rescheduling the workplace violence (CERT) training.	Zero Harm Manager	June 2022	December 2022	Complete. Was held in November.
6	Chief Financial Officer will include any new developments on insurance levies and if changes are required to the insurable risk strategy in future CFO reports where applicable.	Chief Financial Officer	September 2022		Noted.

#	Action	Owner	Date Assigned	Date Due	Status
7	The Chief Financial Officer to include in the December report where rate collections are at relative to expectations and comparatively to the post GFC period.	Chief Financial Officer	September 2022	December 2022	Noted. Update included in CFO report.
8	Provide update on the project delivery framework to assess how the framework is 'functioning'	GM Service Delivery/Projects & Innovation Manager	September 2022	December 2022	Complete. Included in agenda.
9	People and Culture risk deep dive in 2023 to demonstrate progress on reducing risk.	People & Capability Manager	September 2022	September 2023	Noted.
10	The communications team to put the current Communications and Engagement strategy on the website.	Communications, Marketing & Engagement Manager	September 2022		Complete. The Significance & Engagement Policy is on Website.
11	<p>Strategic Risk Future Focus Be clear on what success looks like and identify measures to monitor progress.</p> <ul style="list-style-type: none"> • Churn rate • Climate survey etc. – establish a trend <p>All strategic risks to be visited once every year</p>	Projects & Innovation Manager	September 2022		Noted.
12	Business Resilience deep dive to include learnings from Covid pandemic.	Projects & Innovation Manager	September 2022	September 2023	Noted.
13	One page summary of A&R Committee activity/outcomes to be prepared for circulation to Councillors.	Democracy Manager	September 2022	December 2022	Complete.

To	Audit & Risk Committee
Report title	Chief Financial Officer Report
Date:	16 December 2022
Report Author:	Alison Diaz, CFO

1. Purpose of the report

Te Take moo te puurongo

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

2. Executive summary

Whakaraapopototanga matua

Three Waters Reform update

The Water Services Entities Bill was introduced to parliament on 9 June 2022, passed its third reading on Thursday 8 December and is anticipated to receive Royal Assent this week. The Act will establish four water services entities, their related legal form and ownership, governance arrangements, Te Tiriti o Waitangi and Te Mana o Te Wai provisions, engagement, reporting and monitoring requirements.

Two further Bills associated with three waters reform were introduced on 8 December. The Water Services Legislation Bill will set out the detailed processes to transfer asset, liabilities, powers and functions to the Water Services Entities so that they may begin operations from 1 July 2024. The Bill also considers amendments to other legislation that may be required.

The Water Services Economic Efficiency and Consumer Protection Bill will provide for regulation of price and quality of water infrastructure services and consumer protection mechanisms.

Dates for the first reading have not been announced. The transition work programme to stand up the new entities for operation from the 1 July 2024 will require significant input from Council which will coincide with the Long Term Planning cycle.

Economic Outlook

With the consumer price index inflation rate hitting 7.2% in the September quarter, the Reserve Bank of New Zealand has signalled a 'shallow' recession by mid-2023 to get inflation under control.

The magnitude and speed of the RBNZ's response is more aggressive than that experienced leading into the Global Financial Crisis (GFC) of 2008, with the official cash rate increasing by an unprecedented 0.75 percentage point in November and more increases to come. The peak cash rate is expected to be above the maximum of the GFC of 4.25% landing at somewhere between 5.0-5.5% by May 2023. The next RBNZ policy decision will be released on the 22 February.

Possible impacts for council

In addition to the direct impact of rising interest rates which Council will be subject to as a net borrower, recession will affect our ratepayers, residents, business and development community. Some of the flow-on impacts for Council could be:

- Mortgage rates are increasing and with many homeowners needing to re-fix at the beginning of 2023 from a base as low as 2.5% to 7% and above, there is a risk that the number of customers with rates in arrears increases. During the GFC, the rates in arrears were approximately 1% higher than in prior years. However, with arrears already raised by 1% due to the impacts of covid the impact of this recession on ratepayers could be higher than that in 2008. Credit company data has shown that the amount of credit being sought simply to cover household bills is already on the rise.
 - Building consent numbers could be set to decline. While economists believe there is sufficient heat in the market to carry construction for another year, there is no evidence of a pipeline of work beyond that timeframe. The number of building consents Council received during the GFC declined by 22% from prior year levels of activity and dropped by a further 4% in the subsequent year before recovering. While our current level of building consents received have dropped slightly it will likely be 2023/24 before the full extent of recession will be understood for our district. Council's Notice of Sales activity (indicative of property sales in the district) dropped by 32% at the GFC, and between 2021 to 2022 we have already experienced a decrease in activity of 29%.
 - Resource consent numbers are a lead indicator to building activity and capital value within our rating system. During the GFC the numbers of consent applications received fell by 37%. The biggest risk in this area is the increasing cost of financing for developers coupled with the inflation associated with delivering the physical works required.
 - The business sector will experience hardship during recession. Traditionally, retail, hospitality and property related industries such as real estate feel the early brunt with staff cuts one likely cost saving solution. The construction and government sector have historically followed suit with layoffs.
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The lens of recession will need to be applied through the 2023/24 Annual Plan process, as Council sets work programmes, revenue expectations and ultimately rate increases.

3. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Chief Financial Officer Report be received.

4. Attachments

Ngaa taapirihanga

The press release for the Water Services Entities Act and subsequent Bills can be found at:

<https://www.beehive.govt.nz/release/new-legislation-provide-affordable-water-services-new-zealanders>

To	Audit & Risk Committee
Report title	Strategic Risk Register and Emerging Risks December 2022
Date:	16 December 2022
Report Author:	David Tisdall – Risk Advisor
Authorised by:	Tony Whittaker - Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

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

2. Executive summary

Whakaraapopototanga matua

This report details:

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

The quarterly review of strategic risks and mitigations has been completed. Four additional residual risk reduction timelines have been progressed. In addition, a tool to measure the strategic risk management maturity for each strategic risk has been developed and implemented. A review of emerging risks has been carried out and is discussed below.

3. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Strategic Risk Register and Emerging Risks for December be received.

4. Discussion Matapaki

4.1 Strategic Risk Activity Update

Since the September Committee we have:

- Developed and improved the assessment method for existing strategic risk treatments to measure their effectiveness and extent of implementation.
- Utilised the improved assessment methodology to change the way we report on strategic risks, with the following benefits:
 - Increased visibility and accountability to the Committee of our strategic risk management
 - Provides a high-level strategic risk road map for managing strategic risks
- Developed a high-level maturity assessment tool to provide confidence to the approach we are taking to mitigate each strategic risk.

4.2 High-level maturity assessment

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

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

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

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

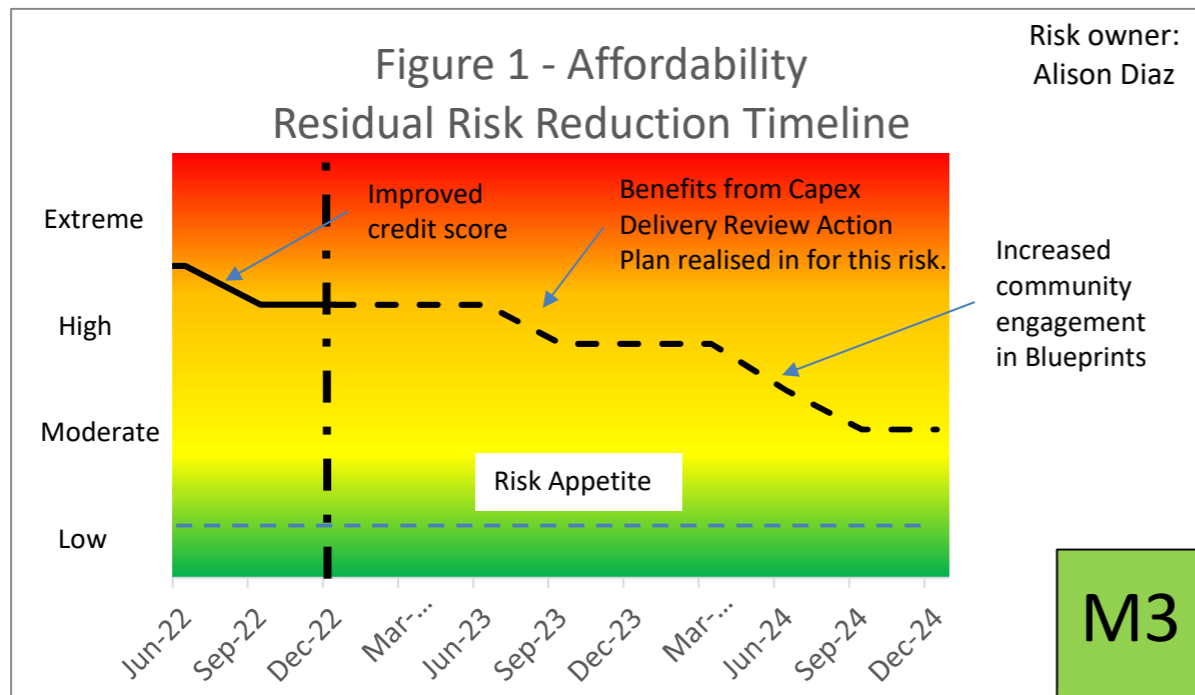
Summary of risk levels:

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

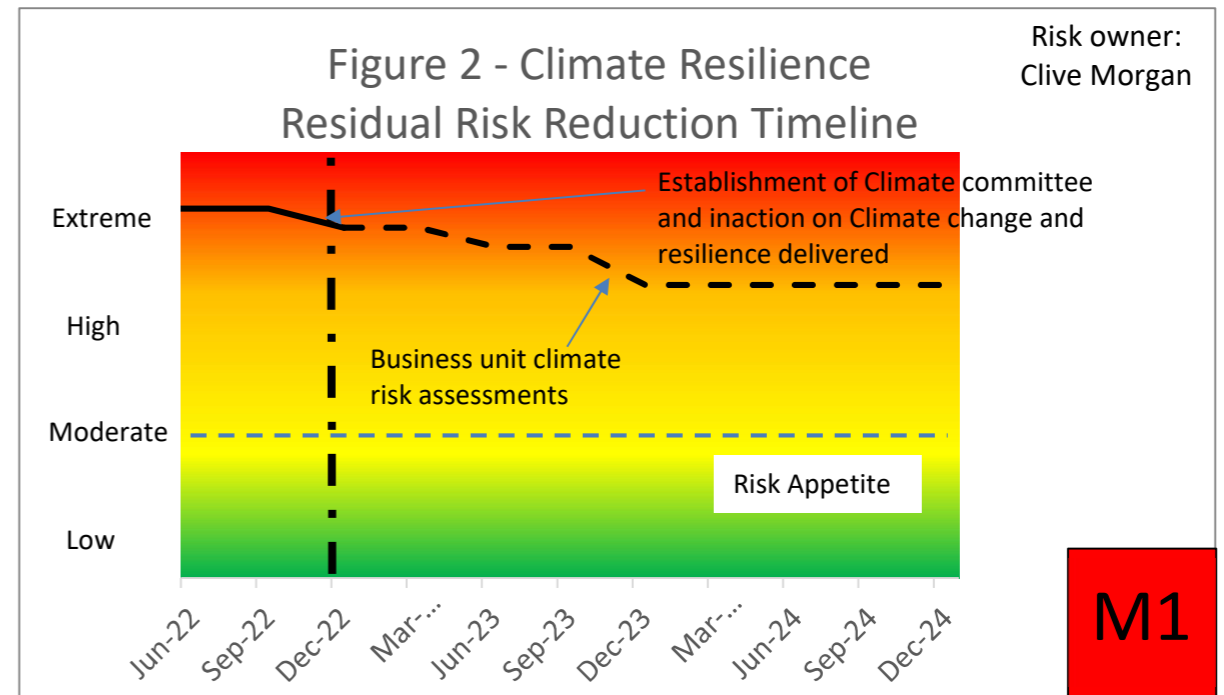
4.3 Strategic Risk Gap Analysis

Council is currently managing eleven Strategic Risks. In this quarter:

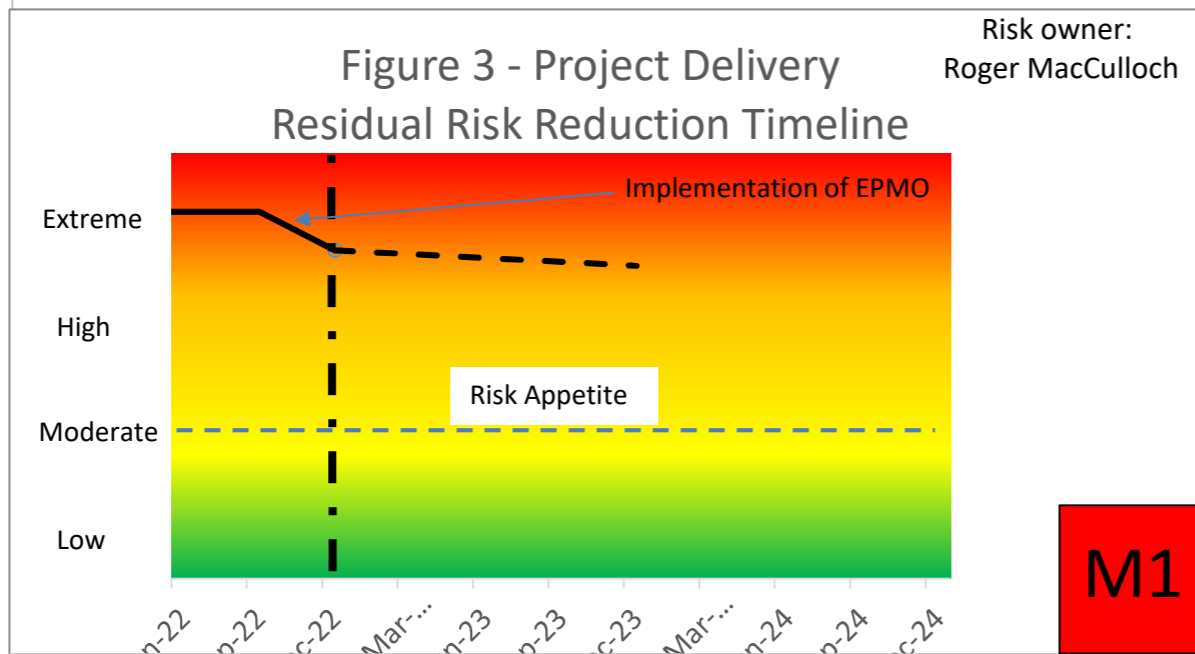
- Eight risks are assessed to be outside Councils risk appetite (Refer Figures 1 – 8).
 - Three risks are within appetite (Refer Table 1).
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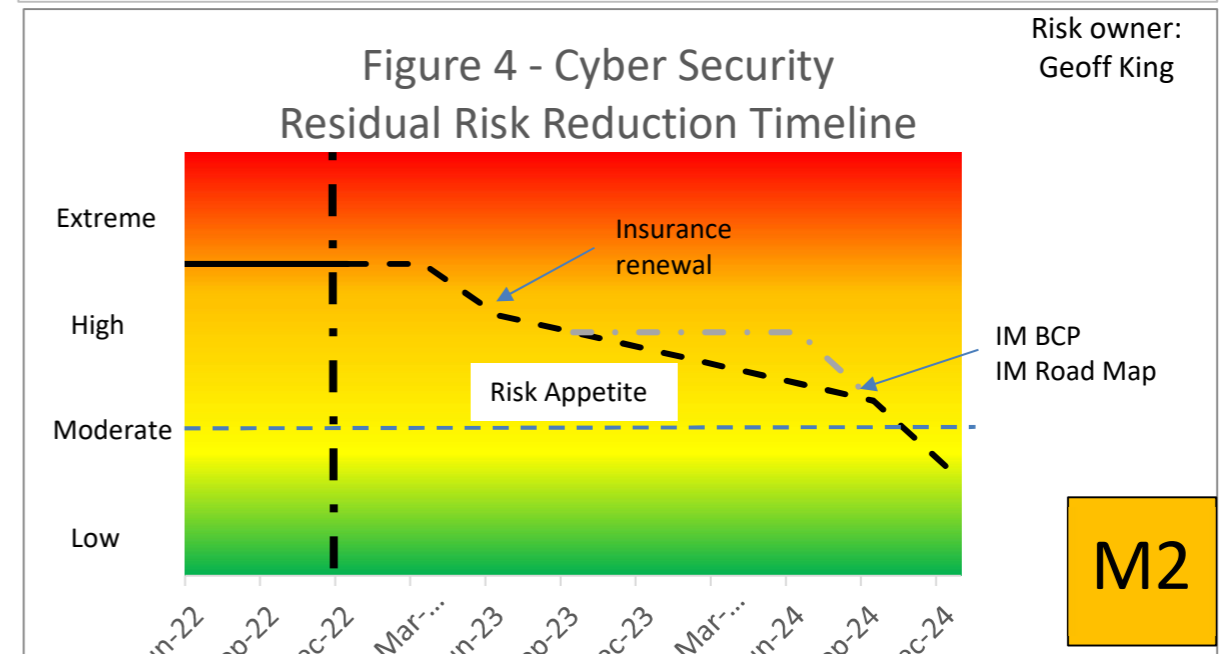
Affordability – As a result of our credit rating our debt cap has increased, enabling the ability to borrow more and reduce the cost of borrowing. In addition, financial risks associated with water infrastructure will be eliminated when three waters take effect. The positive effects of these factors will be partially offset by inflation and economic slowdown. Due to this a long-term Moderate risk is anticipated.



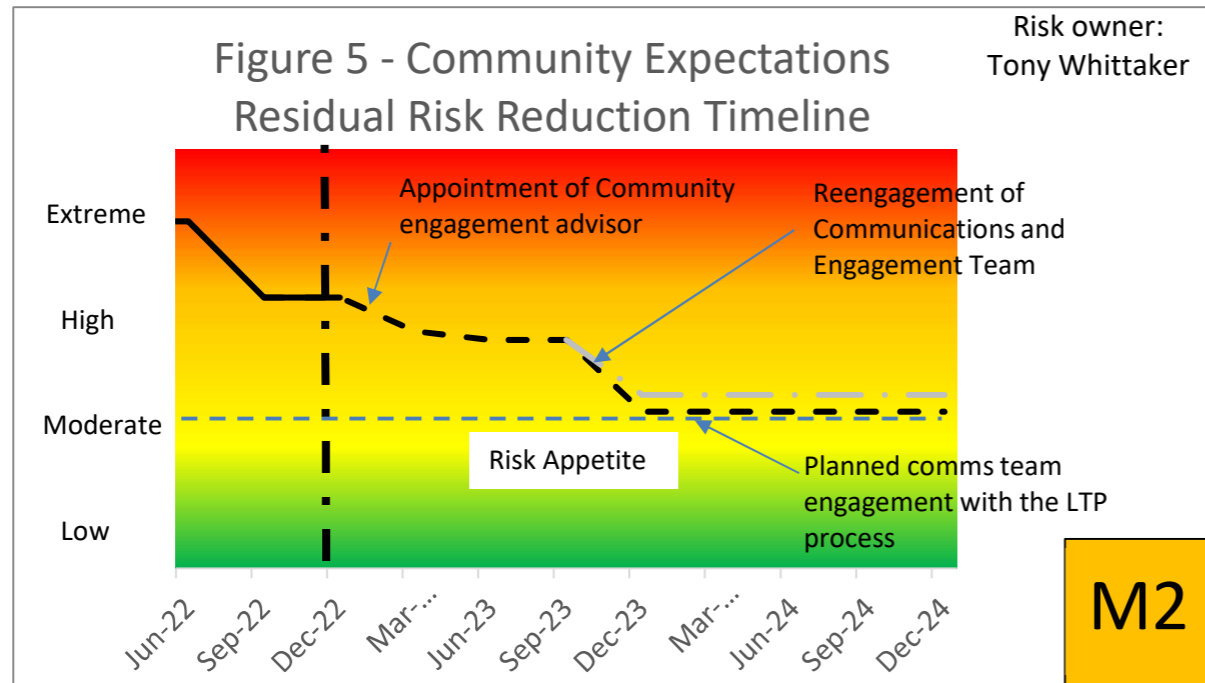
Climate Resilience - Work to develop and understand the scope of our climate resilience risk is ongoing. The strategic risk has focused on mitigation for WDCs work where there is the greatest ability to control and influence. The climate strategy is well underway to being completed which will inform this and identify gaps in our treatments.



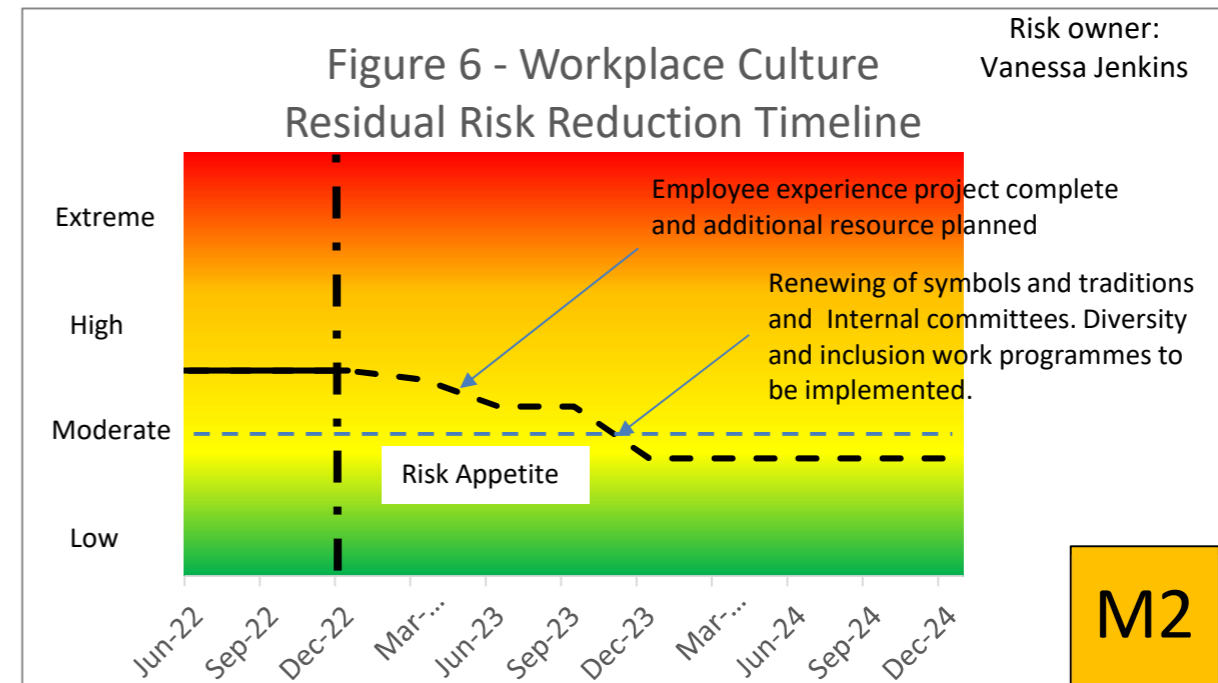
Project Delivery - Capex delivery works programme and action plan has been developed and implemented, key roles are currently being sought in the market. The significant benefit from the new structure and framework is anticipated to be visible at the start of the 23/24 construction season.



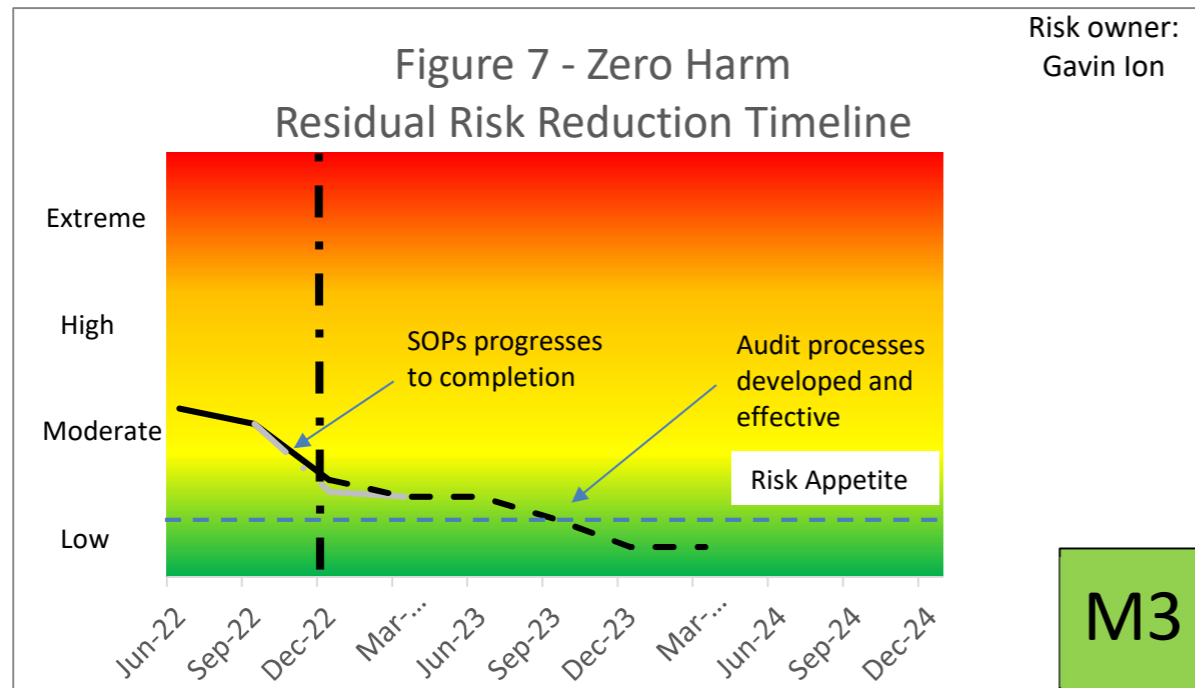
Cyber Security - Council is progressing the three year cyber security improvement plan as endorsed by the Audit & Risk Committee. Council is currently commencing year 2 of the plan, with key initiatives which will substantially reduce risk being Exchange Online & ATP, Cyber Security Training, Always-on-VPN, TechOne Cloud migration, and the refresh of the councils



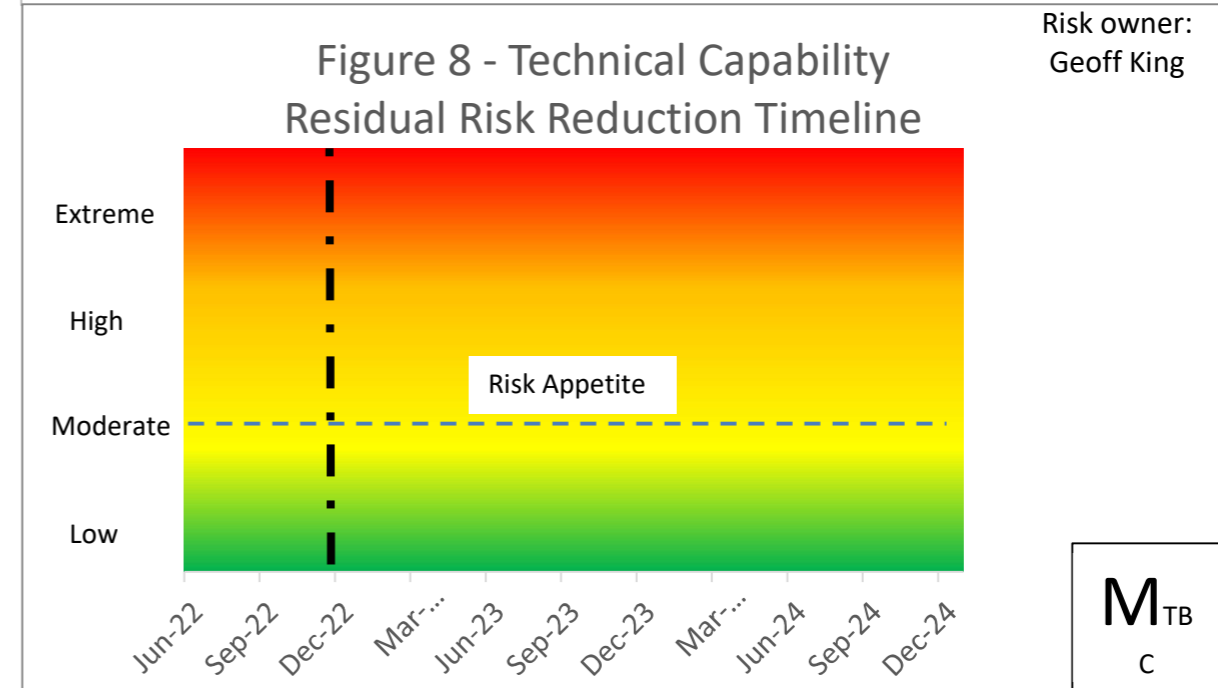
Community Expectations – The EPMO structure has been confirmed, certain recruitment is in progress. The focus going forward is on the effective implementation of the EMPO to enable our project delivery system to become a useful tool to engage well with our communities on what we’re delivering. The communications and engagement strategy is being developed to



Workplace Culture - The effectiveness of treatments identified in the deep dive (September Committee meeting) has been assessed and a moderate residual risk is expected Dec 23 as these treatments mature. Expected impacts to this strategic risk are as follows: transition of skilled workers from border opening and youth mobility change, a need to take on unskilled workers and upskill, Future of local government and change to senior leadership.



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



Technical Capability - A deep dive for the Technical Capability risk will be considered at the December Committee meeting, at which time the residual risk will be confirmed. The risk has been split into four work streams: Learning & Development (P&C) including: 1) training/technology awareness across all our people and 2) innovation culture. IM (on behalf of the Business Owners) including 3) deferred maintenance of systems and 4) adoption of modern systems / modern ways of working.

Table I. Strategic Risks assessed as within Council Risk Appetite.

Title	Residual Rating	Risk Appetite	Comment	
People & Culture (Retention)	Moderate	Moderate	<p>Several technical skill areas (Including consents and land development skills) are hard to come by in the current market resulting in external consultants being used to fill gaps where possible. Critical roles in the EPMO space are needing to be filled, however, quality candidates are required which may take time.</p> <p>With a nationwide skills shortage there is increased salary competition leading to occasions where the full breadth of our remuneration policy is required. This has also increased the need to rely on our EVP (Employee value proposition).</p>	M2
Business Resilience	Moderate	Moderate	Business Continuity Plans (BCPs) are in place. Areas of critical importance are currently being reviewed and their BCPs being tested.	M1
Regional & National Strategic Planning & Legislative Reform	Moderate	Moderate	Keeping a watching brief on local government, RMA and three waters reform. The relevant submissions and/or feedback at relevant stages for each process being delivered. Staff are involved in working groups and will continue to keep a watching brief for the next steps in each of these initiatives.	M2

4.4 Emerging Risks

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

4.4.1 - Trust in local government

Declining voter turnout is evidence of a reduced level of engagement with the function of local government. This brings with it the obvious challenge of how council can effectively hear the voice of the community and their needs. However, there appears to be a more fundamental issue that is maybe better characterised as increased discontentment, disenfranchisement of the public and in some cases anger and hostility, rather than simply an apathy towards local government.

This could present a significant risk to the upcoming changes for local government such as Three Waters, Future of Local Government and Application of Te Tiriti principles.

4.4.2 - Government reform – Future of local government

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

Until the completion of this review elevated levels of uncertainty exist regarding the potential impact on council functions. The draft report has been released. This is now being followed by a four-month submission phase with the final report expected in June 2023. There is a degree of uncertainty around how enforceable recommendations of the review will be on local government.

Council is keeping connected to the process having met with the panel to provide input and feedback. Feedback on the interim report has been provided by Council. We are also doing our best to keep staff informed as part of our strategy to mitigate the risk of staff movement in this employment climate.

If more spending power is divested to community boards, additional risk assessments to mitigate adverse impacts may be warranted. The mayor has commissioned some research into making Council's community boards and committees more effective. This is almost complete.

4.4.3 - Inflationary & Affordability Pressures

Staff are monitoring ratepayer payments as a test of affordability. Payment arrangements are offered where requested. The Rates Postponement Policy has not been required at this point.

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

The combination of inflation, affordability and local government elections is likely to challenge the current annual plan. Additionally, if we enter a recession there may be a significant difference to the demand in council services requiring us to be agile in our

responses. The intention is to commence a comprehensive long term plan process shortly such that focus and service levels can be reviewed in depth.

4.4.4 - Consent volume change

Building companies are scaling down in response to the economic downturn and supply chain issues. This has not yet been reflected in the number of consent application Council is receiving however this is likely at this stage to reflect the building industry going through its backlog of work.

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

4.4.5 - Local government elections

The Local government elections have delivered a significant change in representation for Waikato District Council. Through our induction programme, we will start to understand councillor views on issues, which will be a sign for the quantum of change expected for the long term plan.

4.4.6 - Global Supply Chain Interruptions

The impact of COVID-19 on procurement remains a significant emerging risk with ongoing delays in key supply areas including engineering components, electronics, and construction materials. Council implements procurement strategies to optimise opportunities and identify alternate solutions. Suppliers and project staff are aware of the impacts and working within the constraints and availability of resources. This impacts both delivery of Council projects and the building activity within the district.

The decreased activity in project delivery has reduced the exposure of the supply chain impacts on the accessibility to raw materials. However, there is the expectation that with the increased efficiencies through the EMPO our exposure in this area will increase.

4.4.7 - Climate change

The risks presented by climate change on the business are broad and complex. Recent legislation changes, such as the Emissions Reduction Plan and the National adaptation plan (in consultation) have direct implications on our business.

There also appears to be a change in public attitude to improve the environmental impact from major projects. This may lead to increased expectations of the community on council to mitigate climate impact in areas where there is limited council influence or control.

Work is currently underway to help council better define the strategic risk and understand our position and role in climate risk for the District. Through this we hope to look for opportunities to support our District to become more resilience and pursue the

goal of Liveable, Thriving and Connected communities, while mitigating any risk of increased exposure and overstepping our purview as council.

5. Next steps

Ahu whakamua

Planned activities for the next quarter include:

- Development of a more efficient deep dive framework to allow for the effective review of each strategic risk at least once a year.
- Operational risk register review to inform strategic risks.

6. Attachments

Ngaa taapirihanga

Appendix 1 - Strategic risk names and descriptions

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Risk Title	Risk Description
<p>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.</p>	<p>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.</p>
<p>Climate Resilience: Council experiences significant public scrutiny and or financial impact caused by Council being unable to effectively support Communities to adapt to climate impacts.</p>	<p>Communities hold Council accountable and or require significant emergency support from Council for inaction or untimely response to adverse and increasing climate impacts. This includes consideration of associated costs linked to poor planning and or inaction related to climate change adaptation.</p>
<p>Affordability: Community needs are not met due to Council being unable to deliver new and or appropriately maintain existing infrastructure due to disparity between funding and cost.</p>	<p>Infrastructure delivery becomes unaffordable due to increasing costs associated with the current economic situation. This includes the cost of labour and supplies, and material availability</p>
<p>Community Expectations: Council experiences significant public scrutiny due to being unable to meet key community expectations due to increasing costs and resources.</p>	<p>Misalignment between community wants and the viability of delivering those wants (financial and resourcing) results in communities losing faith in Councils ability and support.</p>
<p>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).</p>	<p>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.</p>

Risk Title	Risk Description
<p>People & Culture (Recruitment and Retention): Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.</p>	<p>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.</p>
<p>Business Resilience: Business function is significantly disrupted due to a lack of organisational resilience.</p>	<p>Council operations are impacted through failure to create and prioritize action plans for implementation in the event of a business impact incident.</p>
<p>Regional & National Strategic Planning & Legislative Reform: Council is financially disadvantaged and or experiences significant disruption due to being unable to effectively adapt to structural and legislative changes by central government and or national / regional strategic planning exercises.</p>	<p>A lack of insight, planning and or adaptability associated with national strategy and reforms results in Council incurring significant cost, additional resourcing pressure, and or wasted finance and resources.</p>
<p>Technical Capability: Council is unable to meet key business needs, including customer engagement, business resilience, and optimal service level requirements due to a lack of technical capability (people and systems).</p>	<p>Due to cost, insight and or capability, Council is unable to meet the demands of digital progression.</p>
<p>Workplace Culture: Business outcomes are significantly impacted due to a lack of change readiness and or poor internal culture within the workforce.</p>	<p>Councils people are unprepared, unwilling and or unable to effectively adapt to change resulting in poor performance and a degraded internal culture.</p>
<p>Project Delivery: Council is unable to deliver key capital projects due to a lack of capacity and or project capability.</p>	<p>Councils capital works programme fails to meet timelines, cost and or quality requirements as the result of resourcing deficit and or poor planning and management practices.</p>

To	Audit & Risk Committee
Report title	Deep Dive Report – Technical Capability
Date:	16 December 2022
Report Author:	Geoff King, Chief Information Officer Vanessa Jenkins, Executive Manager - People and Capability
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Executive summary

Whakaraapopotanga matua

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

The report includes:

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

This report relates to the Technical Capability strategic risk;

- Council is unable to meet key business needs, including customer engagement, business resilience, and optimal service level requirements due to a lack of technical capability (people and systems).
- Due to cost, insight and or capability, Council is unable to meet the demands of digital progression.

2. Staff recommendations Tuutohu-aa-kaimahi

That the Audit and Risk Committee confirms:

- a. **the support of management’s residual risk assessment of High (likelihood possible, consequence catastrophic).**
- b. **the support of the continuation of management’s plan to reduce the residual risk.**

3. Background Koorero whaimaarama

Council is unable to meet key business needs, including customer engagement, business resilience, and optimal service level requirements due to a lack of technical capability across our people and our systems.

This has impacted our customer experience as tasks have not been completed in an optimal manner or the level of insight, monitoring and oversight has not been at an optimal level. The reliance on manual processes has impacted the Councils ability to accommodate the growth in volumes and changing level of service expectations from our community.

The council has 196 applications / application suites, which is largely a reflection of the diverse nature of the Council’s operations. The vast majority of these applications are non-business critical niche/specialist applications used by a small group of users. The breakdown of applications by criticality is as follows:

- Cat 1 – 24/7 Essential Mission Critical 0
- Cat 2 – 8 x 5 Mission Critical 27
- Cat 3 – Priority 39
- Cat 4 – Low Priority system 131

Prior to 2020 the Council was operating in a relatively high-risk position due to the number of end-of-support systems and platforms, a number of which exposed the Council to high cyber security risk. At the time the Council had 25 end-of-support systems, 41 end-of-support servers, & the majority of end user devices were reliant on end-of-support operating systems (Windows 7), end-of-support office productivity tools (Office 2010), did not receive security updates, and due to COVID were deployed to staff working at home without appropriate cyber protection in place.

Whilst the Council had a Disaster Recovery Plan it; wasn’t aligned to an Organisations Business Continuity Plan, was old, hasn’t been tested, and potentially would not enable Council to maintain operations in the event of significant damage resulting in the inability to operate its Ngaruawahia office / compute facility.

In part due to the low technology investment across council, there is not a consistent level of technology awareness across all of our people nor an innovation culture enabling fast adoption of modern technologies or new ways of working.

This is attributed to an historic period where investment was focused on delivery for our community without necessarily an appropriate focus on the development of our organisational capabilities.

The risk was recognised in 2020 and, through Our Plan, the council has a program of work underway removing technical debt, modernising systems (with a focus on customer experience, efficiency, & effectiveness), improving our cyber security, and improving our Information & Records Management, and developing the capability of our people in the use of technology and adapting to modern ways of working.

The initial focus has been on addressing the Councils highest risks and also putting in place the foundations for the transformational journey. To date the councils fleet of end user devices has been modernised and associated office productivity and security tools replaced. Appropriately robust security protection measures have been implemented (more needed) with further improvements both underway and planned. End-of-life servers has been reduced from 41 to 7 (with a further 5 due to be remediated in Dec-22), and the mission critical/priority/high risk end-of-support applications have been reduced from 25 to 6. The TechOne ERP suite has been upgraded from an end-of-support state to a deprecated support position with work underway upgrading to the TechOne SaaS/Cloud platform to restore full supportability and to enable planned transformation initiatives.

This report focuses on risk, and it is important to recognise that some of these risks present opportunities, particularly where the remediation of one risk position enables Council to avoid investment in other areas (as an example the TechOne Cloud, Contact Centre Cloud, and Exchange Online solutions also provide an opportunity to reduce our investment in Disaster Recovery) or to adopt more innovative solutions (eg the Contact Centre Cloud project enabling Council to adopt an omni-channel contact centre experience for our customers and the Library RFID system which enabled council to present a more efficient library experience for our customers and our staff).

In terms of a focus on developing organisational capabilities, Our People chapter of Our Plan strongly centres on the enhancement of our employee experience, fostering a culture of learning and development.

- We will invest in our kaimahi/ employee experience, aligning it to our organisational vision, uara/values and commitments.
- We will understand the journey our tāngata/people go on, from entry to exit, and will identify and invest in the key touchpoints that will make a difference.
- We are committed to fostering a highly engaged workforce with kaimahi/employees that feel cared for, are resilient, and are connected to the communities we serve.
- We will continue to become a learning organisation, investing in and fostering an environment that allows focus, creativity, and innovation to flourish.

- We will make access to learning easy so our tāngata/people can learn, improve and adapt as our environment changes.
- We will understand the future of Local Government and support our people to develop the capabilities needed to embrace this change.
- We will align ourselves with partners that will transfer their expertise to help develop the skills and competency of our tāngata/people.

Significant inroads have been made during covid with implementation of teams and the big shift from paper based processes to digital and paperless with massive efficiencies and cost savings. However, in some cases the focus on change management and installing the desire for employees to embrace digital options has been a struggle. Tactical cultural initiatives have been the focus on both leadership and people development to ensure the right behaviours and values alignment.

A consequence of the current tight labour market and skills shortage has meant that in some cases a tactic (or only option) is to take on a more junior employee and develop their skills. This may include the technology they will need to interact with.

Over recent years we have seen a move to where it is essential most Council roles will need the ability to use technology along with a rapid increase in the number of new technologies an employee will need to engage with.

A robust model, aligned to industry norms and recognised best practice, is being implemented recognising the Business Owners role and accountability in setting the vision and roadmap for the business function, its ways of working and processes, and key technology tools. IM, as the Service Owner, is essentially the custodian maintaining the system at the level agreed and funded by the Business Owner.

What we struggle with currently is the ongoing training of employees to use systems. The previous tactic of subject matter experts conducting training hasn't always been successful as SME's aren't necessarily good trainers nor want to be. We have found post project implementation new systems don't always have trainers identified to train future new users that come on board. Due to natural attrition, we have lost capability from SME's, learning and development, and the change team. The People and Capability team are currently finalising a review process to address the gaps and focusing on delivering the Our Plan objectives and projects.

4. Definitions

Whakamaramatanga

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

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

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

5. Discussion Matapaki

5.1 Internal/ External Threats & Impact

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

Risk Portfolio	Risk Description	Risk Triggers	Threat Impact
Business Continuity	Inability to recover within required timeframes or to required operational capability during and after a disaster event	Cyber Security event Physical Site event resulting in sustained disruption (Fire, Flooding, Water leaks, etc) Disruption to essential services (Power, Telecommunications, etc)	Inability to continue core council operations either during or after a significant event
People	Culture of avoidance/lack of innovation of using systems as they are perceived as too difficult due to lack of training/poor leadership Poorly designed systems and lack of integration at a design level of software packages Over reliance on self-led learning leading to incorrect/under use of systems Flexible working can act as a barrier to shared learning	Reduced or lower than expected usage of systems New employee SME leaving Implementing software without ongoing training program Updates to existing systems Inability to recruit or engage skilled resource (staff & vendor)	Culture damage due to avoidance of using systems and cutting corners New software/upgrade fatigue Damaged employee experience if held to account to use systems they are not trained on BAU and business continuity suffers if systems aren't used eg storage and retrieval of information Productivity not increased in line with

	<p>Lack of inhouse tech skills due to worldwide shortage</p> <p>Lack of documentation of processes / lack of training to new people (staff/contractors)</p>		<p>software implementation expectations/costs</p> <p>Will delay or raise the cost innovation.</p>
Financial	<p>Cost of recovery from a Cyber Security event or Privacy Breach.</p> <p>Under exceptional circumstances council can be found liable through courts</p>	<p>Cyber Security event Privacy Breach</p> <p>Loss of or inaccessible records resulting in impaired decision making</p>	<p>Council has cyber security insurance with AON.</p> <p>Financial penalty (eg Daisley v Whangarei District Council 2022)</p>
Reputation/ Image	<p>Reputational impact resulting from a Cyber Security, Privacy Breach, or inability to recover from a disaster event.</p>	<p>Security Breach Leak of private information Disruption to council operations</p>	<p>Public censor from the Privacy Commissioner. Loss of the Councils social license (public acceptance of commercial activity / community approval and trust), which will impact the speed at cost of innovation & transformation. A Security breach, privacy beach, or material disruption to operations would likely result in material reputational damage for council.</p>
Compliance Regulatory	<p>Nonconformance to regulatory obligations (eg Public Records Act, Privacy Act, RMA) resulting in action from regulator or through courts.</p>	<p>Impaired decision making due to incomplete records. Incomplete LIM or response to LGOIMA.</p>	<p>Reputational damage. Legal challenge. Action by regulator.</p>
Environmental	N/A		

Political/ Strategic	N/A		
Technical	End-of-Support Systems. Cyber Security. Disaster Recovery Skills & Capacity Shortage	Sustained or frequent outage to, or deprecated performance of, an essential system. Disaster event. Cyber-attack. Across NZ there is a considerable skills & capacity shortage. This is significantly impacting Councils ability to recruit & retain resource. It is impacting vendors ability to deliver.	Inability to deliver services. Inability to recover within required timeline from a disaster event. Delayed & higher cost of delivery. Vendor engagements required to move from tactical to long term contracted commitments.

Associated strategic risks that may have an impact or be impacted by Stakeholder Engagement have been considered as part of the risk assessment process;

Risk Description	Association
Business Continuity (R00053)	Reliance on end-of-support or vulnerable systems or infrastructure increases the cost and complexity of the councils disaster recovery plan. The councils Disaster Recovery Plan is old (2017), provides limited recovery capability only, & has not been tested.
Computer Room / Facilities (R00239)	Reliance on on-premise critical systems hosted on servers within the Ngaruawahia office building exposes council to the constraints of the building & the quality / level of local essential services, telecommunication, & infrastructure.
Cyber Security – disruption / data lose/ cost (R00128)	Reliance on end-of-support systems, vulnerable systems, insufficiency secure systems, or a workforce (staff & contractors) with low cyber security awareness results in increased risk of a successful cyber-attack.
Workplace Culture: (Roo238)	Workplace Culture: Business outcomes are significantly impacted due to a lack of change readiness (innovation) and or poor internal culture within the workforce.

A number of direct and in-direct risks have been identified and considered as part of the risk assessment process;

Risk Portfolio	Risk Description
Innovation	Legacy systems inhibit the progression of innovation initiatives – an example of this being the functionality constraints of the old TechOne Ci P&R system compared with the significant functionality uplift available through TechOne CiAnywhere P&R.
Cyber Security	End-of-support systems inhibit the progression of Cyber Security Improvement initiatives due to compatibility limitations – examples of this being Dataworks and the On-premise version of TechOne which prevent progression of Two Factor Authentications on the councils ERP (Top 5 CERT recommendation, Audit NZ action, AON minimum controls requirements) or the implementation of Zero Trust (also referred to as Always on VPN or Network Segregation).
Lifecycle Maintenance	End-of-support systems can constrain the upgrade / replacement of other end-of-support systems - an example of this being the interdependence between the end-of-support Dataworks platform and the need to maintain an end-of-support version of Citrix (which is high cyber security risk given it is internet facing).

5.2 Inherent Risk Score

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

Likelihood;

- Possible

Consequence;

- Very High

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

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

5.3 Examine Associated Treatments

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

Capability

- Screening of new employees with computer competency testing
- Recruiting for the ability to pick up new systems and openness to innovating
- Regular employee led conversations based around coaching principles
- Annual goals and learning objectives based on individual needs

Learning & Development

- Ongoing training of new and existing employees (online, peer to peer, self-led, formal courses)
- Buddies for all new starters to get up to speed with our culture and systems and processes quickly
- Development of online learning resources
- New partnership with Colab for consistent and future cost effective training
- Access for all to mindtools an online learning platform

Employee Experience

- As part of a new employees on boarding and inductions there is training for key organisation wide software systems carried out by SME's.
- Driving a culture of self-led learning and accountability
- Development of an innovation culture
- Consistent messaging regarding expectations and responsibilities

Technology Enablers

In 2020 council;

- Implemented a 3-year plan to address end-of-life and end-of-support systems and to improve its cyber security position,
- Accelerated the adoption of its Cloud First strategy, aligned to the Cabinet direction of Government agencies, to both reduce the level of Disaster Recovery and Life Cycle upgrade/replacement investment required and to deliver to its Working from Anywhere in our District strategic objective,
- Reenergised and resourced a robust Project Management Office to ensure consistent structured & dependable delivery of the people, process, & technology change delivered through Our Plan projects.

Remediation of deferred maintenance / technical debt

Within the first two years of this plan being activated Council has:

- Replaced its fleet of desktop devices, which were end-of-life and were not compatible with Windows 10 & Office 365, with laptops supporting the ways of working necessitated by COVID and delivering to our Working Anywhere within Our District Strategic Objective,
- Replaced its fleet on desktop phones, which were end-of-life, with mobile phones supporting the ways of working necessitated by COVID and delivering to our Working Anywhere within Our District Strategic Objective,

- Upgraded from the end-of-support Windows 7 & Office 2010 office productivity tools (which had known cyber security vulnerabilities) to Windows 10 & Office 365, and implementing Teams to empower staff with modern collaboration & video conference tools,
- Implemented remote delivery of Microsoft security patches, in doing so addressing a significant cyber security risk,
- Upgraded our anti-malware system and implemented remote patches & updates, in doing so addressing a key cyber security risk,
- Upgraded our VPN & Firewall both providing additional capacity for staff and addressing a key cyber security risk,
- Deployed Endpoint Detection and Response (EDR)¹ to continuously detect and mitigate cyber threats on our endpoint devices,
- Deployed Mobile Device Management enabling remote management of our fleet of Microsoft Windows based end user devices, in doing so addressing a notable operational & security risk,
- Upgraded / replaced key systems enabling end-of-life servers to be reduced from 41 to 7,
- Upgraded / replaced mission critical/priority/high risk end-of-support applications to be reduced from 25 to 6.

As is often the case with end-of-life systems one system can introduce constraints inhibiting the upgrade / replacement of another system - an example of this being the interdependence between the end-of-support Dataworks platform and the need to maintain an end-of-support instance of Citrix. These systems can also inhibit the progression of innovation initiatives - an example of this being the functionality constraints of the old TechOne Ci P&R system compared with the significant functionality available through the TechOne CiAnywhere P&R system.

These systems can also inhibit the progression of Cyber Security Improvement initiatives due to compatibility limitations - examples of this being Dataworks and the On-premise version of TechOne which prevent progression of Two Factor Authentication across the councils ERP (Top 5 CERT recommendation, Audit NZ action, AON minimum controls requirements) or the implementation of Zero Trust (also referred to as Always on VPN or Network Segregation). These risks are recognised by Council and have informed the scheduling of the roadmap to remediate.

The work council currently has the following works underway to address the remaining key end-of-life systems:

- Finance transformation which includes, among other things, removing the end-of-support Budget Module,
- eConsents transformation which includes, among other things, removing the end-of-support Dataworks suite of applications,

¹ Key security improvement recognising that 74% of threats can't be detected by a traditional antivirus

- Removal of the end-of-life Citrix platform,
- Replacement of the Contact Centre platform which will remove an end-of-support risk, through adopting a cloud-based solution removing the need to invest in Disaster Recovery capability,
- Migrate of our email platform to Exchange Online, with Advanced Threat Protection, which will enhance the councils cyber security position and remove the need to invest in Disaster Recovery capability

In addition to the above council is in the 2nd year of its TechOne (ERP) transformation programme. The 1st stage, which has been completed, was to upgrade to a supported on-premise version. The current phase involves removing the end-of-support Dataworks application, custom/bespoke SSRS reports, and migrating to a fully managed SaaS/Cloud platform. These upgrades have/will significantly reduce the risk position for council and will enable the avoidance of the need to invest in Disaster Recovery capability for the TechOne ERP.

In mid 2023, once the TechOne SaaS/Cloud upgrade has been completed, work will commence on both remediating the end-of-support SQL Database Servers (which are the last two end-of-life / end-of-support servers) and progressing a fit-for-purpose Disaster Recovery solution. Once the TechOne SaaS/Cloud migration is completed our reliance on the SQL Database Servers significantly reduces and as a result it is considered prudent to pause investment to realise this benefit. Once the Contract Centre Upgrade, TechOne SaaS/Cloud migration, and Exchange Online migration is completed the Councils requirements for Disaster Recovery significantly changes and as a result it is considered prudent to pause investment to realise this benefit, recognising that for the interim period the organisation continues to carry the risk of the current Disaster Recovery capability.

Adoption of modern systems / modern ways of working.

Through the Our People, Financial Stewardship, Customer & Community, and Innovation Chapters of Our Plan Council has been progressing a programme of work focusing on delivering more efficient ways of working, quality improvements, and improving the experience of our customers. Whilst considerable improvements have been realised to date, we are not yet where we need to be.

The key programmes of work include:

- Customer Portal programme delivering a significantly improved experience for our customers, digitising previously manual or paper-based processes, and utilising technology enablers to improve both our customers experience and our speed of delivery. To date we have delivered the Foundation Portal (<https://my.waikatodistrict.govt.nz/>), digitised dog registration process, upgraded the cemetery system, and started the deployment of service request forms. The current phase is focusing on expanding the number of digitised integrated forms (replacing paper forms/manual processes) and implementing MyProfile, MyAnimals, MyProperty, MyDebt, & Self Service access to Property & Consent documents.

- Service Request Transformation delivering process simplification & rationalisation, automated integration with partners, automated SMS & Email status notification to customers. To date we have; significantly improved processes, implemented automated two-way integration with Water Care and consolidated the Service Request platform utilised with The Alliance. The current focus is on integration with City Care and the implementation of automated SMS & Email status notification to customers.
- eConsents programme Two year initiative delivering process improvements, retirement of end-of-support technology, & adoption of technology enablers. The currently focus is on; removing Dataworks, modernising processes leveraging technology to realise efficiency improvements (eg Connected Content & Workflow Automation), and designing the Consents Portal, which will be implemented in a subsequent phase, enabling a more efficient experience for customers & staff.
- Finance Transformation delivering process improvements, retirement of end-of-support technology, adoption of technology enablers, adoption of One Council configuration.
- Cyber Security Maturity Improvement programme 3-year programme to transition council to a more appropriate level of process, people, & technology protection. To date we have; upgraded or replaced all of the security solutions utilised across our fleet of end user devices, upgraded our firewalls, upgraded our protection of email, and addressed the frequency of priority security patching. The current focus is on remote access (Citrix), our email platform, and backing up the data stored in OneDrive. Future initiatives include the implementation of All Ways On VPN / Zero Trust Segmentation.
- Information & Records Management Improvement programme 3-year programme to improve the councils information & records management, aligning to our regulatory obligations, leveraging technology to automate previously manual activities, and making information readily accessible to our people and our customers. To date we have made significant improvements as demonstrated by the 75% reduction in unregistered documents and transition from 90% of documents loaded into our document management system manually to 66% now uploaded utilising automation tools.
- TechnologyOne modernisation: 3-year programme of work to transition the TechnologyOne suite of applications to a supported state, then to cloud infrastructure, and then to CiAnywhere, removing customisations and adopting the One Council framework, and in doing so enabling our people to work closer to our customers and our partners, and leverage more efficient modern ways of working with workflow automation tools. We have successfully completed the 1st years upgrades and are currently focused on the cloud upgrade (due to be completed in May-23).
- Regional Customer Digital Experience initiative: Council is also participating in regional initiatives to digitise & improve our customers experience. We are an active participant in the Waikato Open Data initiative, GIS initiatives, and in the initiative looking to implement a regional refuse & recycling portal.

- Business Intelligence: 3 year programme of work to transform Data into Information and make the Information readily available to empower decision making & monitoring of KPI's. Council has implemented the Foundation Portal and is currently focusing on the adoption of the TechOne Reporting & Analytics capability, implementing KPI Dashboards, and ensuring appropriate governance over data & reports.
- HRIS: Supporting the Learning & Development programme of work council is, through the Waisite upgrade project, implementing the Microsoft eLearning suite to enable our people on actively engage at their own pace in online 'bite sized' technology training. Further council is planning in 2023 to commence the implementation of an HR Information Systems (HRIS), which will include a learning management capability to track the training and development of staff.

Existing/ New	Treatment	Impact
Existing	Pre employment computer skills testing	Enables a minimum level of ability in the organisation
Existing	Our Plan people chapter – learning organisation focus	Guides our strategy and focus to be on employee development and prioritise associated projects for resources
New/underway	Building a capability team (as part of People and Capability)	Develops and delivers organisational strategy in regards to learning and development and accompanying cultural activity
New	Colab learning initiatives across Waikato Councils and development of online learning resources	Aligned with the future of Local Government, collaboration of learning and development across the region for efficiencies
New	Human Resources Information System with associated Learning Management System	Key tool to collect and maintain data for good process and enables key decision making
Existing	My Plan monthly employee led conversations based on coaching principles with annual goals and learning objectives	Key part of the golden thread linking the individual to the team, organisation and Council plans
New/underway	Guiding document regarding expectations and responsibilities as part of business as usual	Aligns all employees to expectations and cultural requirements. Ensures accountability.
New	Creation of register of tech and associated owners SME's	Makes clear where accountability rests and a picture of overall the technology an individual may need to interact with across the business
Existing/requires work	Software is supported by in house SME/identified trainers and external software helpdesk assistance	Allows for succession planning from labour turnover (critical roles identified), cost effective and timely learning from peers
New/underway	Employee experience project	Key in the retention of employees, culture and brand of Council

5.4 Residual Risk Assessment

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

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

Upon completion of the above planned works over the next two years the residual risk will reduce to **Medium**.

5.5 Forecast

Over the next 6-12 months we expect to see impacts from the building sector slow down which may free up technical people resource. We also know there will be impacts from the future of local government reform work so we may need to review our tactics depending on any new directions.

We don't expect the critical ICT Skills shortage will improve in the medium-term & may become worse in the short-term as other employers & other countries continue to position themselves to be more attractive for talent. We expect this to continue to adversely impact the speed and cost of progress and will necessitate increasingly robust forward scheduling and planning of work by Council.

6. Conclusion Whakamutunga

Whilst Council has historically been unable to meet key business needs, including customer engagement, business resilience, and optimal service level requirements due to a lack of technical capability across our people and our systems, this situation is rapidly changing. This risk has been recognised and the Council is actively investing in enhancing the technical capability of its people and its systems.

The changes implemented through the Our People, Financial Stewardship, Customer & Community, and Innovation Chapters of Our Plan have, and will continue to, result in a significant improvement in the technical capability of our people and our systems.

This said it is recognised that a commitment to innovation is essential to ensure that Council continues to innovate, leveraging technology and ways of working changes, to deliver a more resilience, efficient, and customer focused service.

7. Attachments Ngaa taapirihanga

There are no attachments for this report.

To | **Audit and Risk Committee**
Report title | **Risk Management Framework Review 2022**

Date: | 16 December 2022
Report Author: | David Tisdall – Risk Advisor
Authorised by: | Tony Whittaker - Chief Operating Officer

1. Executive summary

Whakaraapopotanga matua

Waikato District Council's ("Council") Risk Management Framework ("RMF") is reviewed annually to ensure it remains current, relevant, and aligned with best practice. The RMF is based on the International Standard ISO3100.

The 2021 review of the RMF was a significant overhaul to bring the process into alignment with ISO3100:2018, the previous RMF being based on ISO3100:2009.

Staff consider the updated framework is still effective and hence the focus remains on implementation and ensuring compliance with the framework. As a result, this review has not generated any significant suggested amendments.

The internal audit programme provides management with compliance assurance regarding the processes underpinning the framework.

The RMF is attached for information.

2. Staff recommendations

Tuutohu-aa-kaimahi

That the Audit and Risk Committee receives the Risk Management Framework Review 2022.

3. Attachments

Ngāā taapirihanga

Appendix 1 – Risk Management Framework v9.0

Risk Management Framework

Background

The Waikato District Council's vision is to create liveable, thriving, and connected communities. To do this it works in partnership with other councils, local and central government agencies, and a wide range of other organisations as well as with the community. Activities are funded by rates as well as other funding sources and initiatives. Activities include developing and actioning plans, policies, and bylaws to direct and manage resources effectively, and providing a wide range of services and facilities to residents and visitors.

The Waikato District Councils core activities and its operating environment means it is exposed to a wide range of varied risks in pursuit of its objectives. It has large and diverse groups of public and private external stakeholders who scrutinise its performance. The Waikato District Council is committed to proactively addressing its risks to enable it to meet its goals and has adopted a Risk Management Framework to systematically identify, assess, manage, and monitor risks at all levels of organisation.

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Revision History

Action	Approval Body	Date Amended	ECM Set #
Framework developed	ELT, Council	September 2008	546997
Initial Review	ELT	March 2013	
Annual Review	Audit & Risk Committee	September 2018	
Annual Review	Audit & Risk Committee	June 2019	
Annual Review	Nil	June 2020	
Annual Review	Audit & Risk Committee	December 2021	

1.0 Introduction

The purpose of this document is to outline processes that assist the organisation to integrate risk management into all its activities and functions to improve performance, encourage innovation and support the achievement of objectives. The processes provide **an expected standard** of risk management and are designed to support all business units to identify, record, and actively manage risks in their areas of responsibility.

Waikato District Council’s approach to risk management, through its Risk Management Framework, is modelled on the International Standard ISO3100:2018. The Risk Management Framework is reviewed annually to assess its performance, to ensure it meets best practice requirements, and to ensure it remains fit for purpose. The Risk Management Framework supports and feeds into Waikato District Councils:

- Risk Appetite Statements
- Organisational Risk Register
- Risk Culture and Maturity Programme

2.0 Definitions

Consequence	The outcome of an event which impacts an objective either positively or negatively. The consequence may be expressed qualitatively or quantitatively.
Council	The Waikato District Council Elected Members.
Inherent Risk	The initial assessment of the risk without considering to treatments (controls).
Likelihood	The probability of occurrence
Operational Risks	Risks connected with internal resources, systems, processes, and employees.
Opportunity	A potential action associated with an existing risk or that could result in new risks
Organisational Risk Register (“ORR”)	A risk register containing the key risks faced by the organisation. It is informed by the organisations objectives and supplemented by risk registers developed at the operational and project level.

Project Risks	Risk specific to the scope of a project. They are often unique in nature and usually exist only for the duration of the project.
Promapp	Waikato District Councils central risk repository system.
Residual Risk	The level of risk left after implementing treatments.
Risk	The effect of uncertainty on objectives. Risks can be positive, negative, or both. Risks can address, create, or result in opportunities and threats.
Risk Appetite	The level of risk that the Council is willing to take to achieve its objectives. Risk Appetite is expressed in Risk Appetite Statements.
Risk Assessment	The process of identifying and assessing the potential impact of risks.
Risk Advisor	Waikato District Council role responsible for coordinating the Risk Culture and Maturity Programme and accountable for administration and progression of the ORR.
Risk Culture	Waikato District Councils shared, values, beliefs, knowledge, and understanding of risk management.
Risk Level	Risks are identified and managed at different levels within the organisation; Strategic, Operational and Project.
Risk Management	The process of coordinated activities and structures that are directed towards managing uncertainty.
Risk Owner	A person assigned to manage a risk due to knowledge, accountability, and/or authority.
Risk Portfolio	A risk consequence category aligned with the organisation’s objectives.
Risk Register	A document/application containing a record of identified risks and management actions.
Risk Treatment/Control	A measure that maintains or modifies risk e.g. existing processes, policies, practices, or other actions that act as mitigations or contingencies to minimize negative risks.
Strategic Risks	Risks, caused by external and or internal events, that have potential to have significant impact on the achievement of organisational objectives. These risks are the focus of Council, through its Audit and Risk Committee.
Waikato District Council (“WDC”)	The Waikato District Council as an organisation

3.0 Risk Management Framework Objective

The Waikato District Councils objectives for applying effective risk management are to:

1. Identify and manage existing, emerging, and future risks in a planned and coordinated manner.
2. Develop a “**risk aware**” culture that encourages all staff to identify risks and associated opportunities as part of their business-as-usual activities
3. Create a standardised central risk repository that provides transparency of Councils risk management activity
4. Improve achievement of Council’s vision, values, and strategies

The Executive Leadership Team (“ELT”) is accountable for managing risk. The ELT actively seeks to understand the range and the priority of risks that need to be managed by the organisation.

4.0 Risk Management Strategies

The Waikato District Council takes an integrated approach to risk management using the “Three Lines of Defense” model ([Appendix A: Three Lines of Defence](#)). The three lines of defence are described as:

1. Functions managing individual risks e.g. management controls, internal controls
2. Functions overseeing risks e.g., Risk, Compliance and Financial functions
3. Functions providing independent assurance e.g., Internal Audit

Within the three lines of defence there are five control options available:

1. Retain the risk; make a conscious decision to not take any action
2. Mitigate the risk; take some actions to minimize its likelihood and or consequence (using treatments)
3. Transfer the risk; moving the responsibility for the risk to another individual or organisation; for example by outsourcing the activity
4. Finance the risk; insure against it
5. Eliminate the risk; cease to perform the activity or use alternatives to achieve the same outcome.

Examples of controls include policies, processes, strategies, systems, plans, activities, and actions.

5.0 Risk Governance

Managing risk is part of governance and leadership and is fundamental to how the organisation is managed at all levels. The mandate for the Risk Management Framework comes from the ELT and Council, through its Audit and Risk Committee (“ARC”). ELT and ARC provide continuous engagement and support with the aim to enable successful integration of risk management practices.

The following table (Table 1: Waikato District Councils Risk Management Governance Structure) documents key roles and delegated responsibilities within the structure. These roles and responsibilities ensure ongoing implementation of the risk management framework.

Table 1: Waikato District Councils Risk Management Governance Structure

GROUP / TITLE	ROLE & RESPONSIBILITIES
Council	Governance oversight for risk management and legal compliance at Waikato District Council
Audit & Risk Committee	<p>Acts as the sponsor for risk management with specific responsibility to provide external, independent perspectives to the risks, issues, and challenges faced by Waikato District Council. This includes but is not limited to:</p> <ul style="list-style-type: none"> • Determination of organisational Risk Appetite (captured in the Risk Appetite Statement) • Review of organisations risk profile via the organisations risk register (ORR) • Review of risk treatment plans associated with the ORR • Review of how unacceptable risks should be managed including the costs and benefits of treatment plans • Review of the effectiveness of the risk management process
Executive Leadership Team	<p>Demonstrates leadership and commitment by ensuring risk management is integrated into all organisational activities. This includes:</p> <ul style="list-style-type: none"> • Leading the progression and promotion of an appropriate organisation wide risk culture • Ensuring risk management activity is appropriately resourced • Issuing a policy that establishes a risk management approach • Assigning authority, responsibility, and accountability at appropriate levels • Identifying, assessing, managing, and monitoring strategic risk
Risk Advisor	Champions risk management processes including responsibility for the progression of the Risk Management Framework. Supports the delivery of the Risk Culture and Maturity Programme. Administrates risk management systems and maintenance of the ORR.
Project Sponsors & Project Managers	Responsible for application of the Risk Management Framework at the project level; including proactive escalation and reporting of key project risks to Governance.
People Leaders	Responsible for application of the Risk Management Framework at the operational level; including proactive escalation and reporting of risk to Senior Management and for promoting appropriate risk culture within teams and business units.
All Staff	Responsible for application of the Risk Management Framework at the operational level; including proactive escalation and reporting of risk to People Leaders and for engaging with Waikato District Councils Risk Culture and Maturity Programme initiatives.

6.0 Risk Management Process

The Waikato District Council has implemented processes by which strategic, operational and project risks are identified, assessed, managed, and reported to ELT and to Council through the Audit and Risk Committee. The processes align with the International Standard: Risk Management – Principles and Guidelines: ISO 31000:2018.

An overview of the risk management components is shown in [Appendix B: Risk Management Process](#), and summarised in sections 6.4 and 6.5 of this document. Detailed process steps and guides are available in Promapp. They are reviewed annually as part of the Waikato District Council’s internal audit programme.

Links to the Promapp processes are included in the [resources](#) section of this document.

6.1 Record and Report Risk

The Waikato District Council maintains an [Organisational Risk Register](#) (“ORR”) in Promapp (the organisations central risk repository system). The ORR documents key strategic and operational risks and is informed by the organisation’s objectives. It aligns with the risk identification and assessment processes outlined in the Risk Management Framework and is a key tool for integrated business planning. The register is reviewed annually and reported quarterly to the Audit and Risk Committee.

Project risks are captured in CAMMs Project (the organisations central project management system) and reported monthly to the Waikato District Councils Project Governance Group (“PGG”).

People Leaders may also create team-based risks registers to add value, efficiency, and transparency to their daily business activities. These are maintained at the team level and recorded in Waikato District Councils central document storage system (“ECM”). They may be reported to the ELT or the Audit and Risk Committee as part of assurance exercises or in the event of escalation.

The follow table (Table 2: Risk Reporting Schedules) outlines the periodic communication of risk information:

Table 2: Risk Reporting Schedules

Report to	Period	Content
Council	Annually (start of financial year)	Report to council on strategic level risks facing the organisation. Full status report with information on current or revised strategic level risk profile, treatment plans in place, effectiveness of treatment plans, audit history of treatment plans, and risk management tools.
	6 monthly	Report to council on trends of strategic risks, any changes to strategic risk profile , management of risk profile, and any emerging risks .
Audit & Risk committee	Quarterly	Strategic risks , and key operational and project risks . Effectiveness of risk treatment plans, risk trends, and emerging risks.
Executive Leadership Team	Monthly	Overview of strategic risk profile , key operational and project risks . Effectiveness and priority of risk treatment plans, risk trends, new and emerging risks, and organisational risk activity (engagement).
Business Unit Mangers	Monthly	Operational risks , management plans, and emerging risks. Risks may be escalated to Senior Management and ELT.
Project Sponsors	Monthly	Project risks , management plans, and emerging risks. Risk may be escalated to the PGG.

6.2 Establish Risk Scope and Context

Risks are identified and managed at three levels: Strategic, Operational and Project level. Within the Risk Management process group in Promapp, each level has a corresponding process. An overarching process, called “Identifying Risk” describes how to establish scope and context at each level. Considerations include:

- Objectives and decision-making requirements
- Outcomes sought
- Time, location, and specific inclusions and exclusions
- Resources, responsibilities, and record keeping requirements
- Relationships with other activities, processes, and projects
- The operating environment (internal and external)
- Links to Waikato District Councils vision, values, and goals

6.3 Risk Management Criteria

The Waikato District Council takes a consistent approach to evaluating the significance of risk to support decision making. The approach includes defined criteria for categorising and assessing risk and for communicating how much risk the organisation is willing to take. The detailed criteria are recorded in the Risk Management Likelihood and Consequence Guide (Matrix) and in Waikato District Councils Risk Appetite Statements, stored in Promapp. Links can be found in the [resources](#) section of this document.

6.3.1 Risk Portfolios

The Waikato District Council has eight risk portfolios with corresponding consequence descriptors:

- Business Continuity
- People
- Financial
- Reputation and Image
- Compliance and Regulatory
- Environmental
- Political and Strategic
- Technical

The portfolios outline risk consequence categories with Waikato District Councils objectives.

6.3.2 Risk Management Likelihood and Consequence Guide

The Waikato District Council Risk Management Likelihood and Consequence Guide includes likelihood (probability) and consequence (impact) ratings. Descriptors are provided to assist users to evaluate identified risks using the ratings. A risk score is determined by multiplying the Likelihood and Consequence ratings using the Risk Matrix included in the guide (Table 3: Risk Matrix).

Table 3: Risk Matrix

LIKELIHOOD	Almost Certain (5)	Low (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
	Likely (4)	Low (4)	Moderate (8)	High (12)	High(16)	Extreme (20)
	Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
	Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)	
	CONSEQUENCE					

6.3.3 Risk Appetite

Risk appetite is the conscious decision about which risks, and how much of each, the Waikato District Council is willing to accept to achieve its objectives. It reflects the business model, risk capacity, internal risk management capabilities and the culture of the organisation. Appetite for risk is influenced by several factors including the local, national, and global business environment, internal culture, community needs and wants, business systems, and policies.

Waikato District Councils risk appetite statements provide guidance on the nature and degree of risks that can be taken to achieve desired outcomes at the strategic, operational and project level.

6.4 Risk Profiling

High level risk profiling is used as a first stage filter to identify activities, contracts and or projects that pose the most risk when delivering organisational objectives. Risk profiles of either low, moderate, high, and extreme are established for each activity, contract or project using a risk profile assessment tool; a link to the tool is included in the [resources](#) section of this document. Each risk profile has corresponding risk management actions according to the level, as shown below.

ACTION REQUIRED FOR RISK PROFILE	
EXTREME RISK	Escalated to ELT for review against risk appetite. Detailed risk management applied Requires regular risk status reports to ELT
HIGH RISK	Escalated to GM/PPG for review with consideration to risk appetite. Detailed risk management applied Requires regular risk status reports to GM/PPG.
MODERATE RISK	Managed within Business Unit with consideration to risk appetite. Monitored for changes that may affect risk profile triggering the need for escalation
LOW RISK	Managed with consideration to risk appetite through routine procedures.

6.5 Risk Assessment

6.5.1 Identify Risks

The risk assessment process starts by identifying risks that may impact the activity, contract or project that is being undertaken. Once identified, risks are structured into meaningful risk statements and entered into the relevant risk registers. Detailed guidance on how to identify risks is included in Waikato District Councils Risk Management Process: [Identify Risk](#).

6.5.2 Analyse Risks

Risk Analysis is the second step of the process. It includes using Waikato District Council Risk Management Likelihood and Consequence Guide to determine the inherent risk score for each of the identified risk. This is done with consideration to factors including:

- The scope and context of the risk
- It's complexity and connectivity
- Time restraints
- The potential volatility of the risk
- Assumptions made

Detailed guidance on how to analyse risks is included in Waikato District Councils Risk Management Processes for [Assessing Risk](#).

6.5.3 Risk Evaluation

The purpose of risk evaluation is to support decision making. It involves comparing the results of the risk analysis to Waikato District Councils risk criteria to determine if [control options](#) (treatments) are required. Risks that sit outside of the organisations risk appetite require treatment and become the main risks on the relevant risk registers. Risks that sit within organisational appetite (typically moderate and low risks) are periodically reviewed in case circumstances change, whereby the risk(s) are escalated for treatment planning.

Table 4 (Risk Evaluation Outcomes) shows the comparative levels of risk and potential actions required.

Table 4: Risk Evaluation Outcomes

ACTION REQUIRED FOR RISK	
17-25	Extreme Risk: Review the level of risk against the Organisational Risk Appetite. This level of risk may need a detailed risk management plan and require regular risk reporting to be implemented.
11-16	High Risk: Review the level of risk against the Organisational Risk Appetite. This level of risk may need a detailed risk management plan and require regular risk reporting to be implemented.
6-10	Moderate Risk: Review the level of risk against the Organisational Risk Appetite. This level of risk may need a treatment or monitoring plan. Changes should be reported and appropriate action taken.
1-5	Low Risk: Review the level of risk against the Organisational Risk Appetite. These risks can be monitored and need only be managed where changes result in increased risk.

6.6 Risk Treatment

Each main risk on the risk register is subject to risk treatment planning using the Waikato District Councils control options. The purpose of risk treatment is to ensure the risk profile of the activity/contract/project remains within risk appetite. A summary of the process is documented below; detailed guidance on how to identify and implement risk treatments is included in Waikato District Councils Risk Management Processes for [Managing Risk](#).

6.6.1 Identify Risk Treatment Options

There are many ways to identify treatments, for example, seeking advice from subject matter experts, examining historic response strategies to similar risks, researching specific protective measures, or designing contingency plans. Selecting treatment options is not necessarily exclusive or appropriate in all circumstances, and usually involves balancing benefits against cost, effort, resource availability, or disadvantages of implementation.

When an appropriate treatment is selected, it is documented against the risk it impacts in the relevant risk register. This includes a description of the treatment and the impact it has on controlling the risk.

6.6.2 Prepare Risk Treatment Plans

Risk Treatment Plans determine how control options will be executed. They contain specific information including:

- Accountability
- Proposed actions
- Resourcing
- Measures and triggers
- Constraints
- Monitoring and reporting expectations
- Timeframes

Treatment plans may be stand alone or integrated into the Waikato District Councils management plans and processes. They may need review and approval if the scope and context of the risks are complex or sensitive.

6.6.3 Determine Residual Risk

Risks are reassessed with consideration to treatments to determine a Residual Risk score. This involves reviewing and assessing the effectiveness of treatment plans. Both qualitative and quantitative assessment may be applied to determine the residual risk ratings using the Risk Management Likelihood and Consequence Guide. A detailed guide to determining inherent and residual risk is available in Promapp: [Calculating Risk Scores](#).

6.6.4 Monitor Risks

Risk is dynamic. Monitoring identified and emerging risk is conducted to ensure risk information and associated actions remain current. The risk level along with specifications outlined in treatment plans and report requirements dictate the monitoring schedule. Details of how to set a monitoring schedule are included in Waikato District Councils Risk Management Process: [Monitor and Report on Risks](#), available in Promapp.

6.7 Risk Process Notes

Each Business Unit will have documented in their team business plans:

1. Risks, both strategic and operational from the Organisational Risk Register that relate to their area
2. Key project risks that the business area is responsible for

An overview of how risk processes interact within the business model is shown in [Appendix C](#).

All newly identified risks should be added to the relevant risk register and managed according to processes outlined in this Risk Management Framework. For transparency and reporting, risks that sit outside of Waikato District Councils risk appetite, risks that are highly complex, have high levels of connectivity or sensitivity, and emerging risks should be notified to the Risk Advisor.

7.0 Resources

7.1 Promapp Risk Management Processes Links

- [Identify Risk](#)
- [Assess & Manage Risk –Operational](#)
- [Assess & Manage Risk – Projects](#)
- [Assess & Manage Risk – Strategic](#)
- [Monitor and Report on Risks](#)

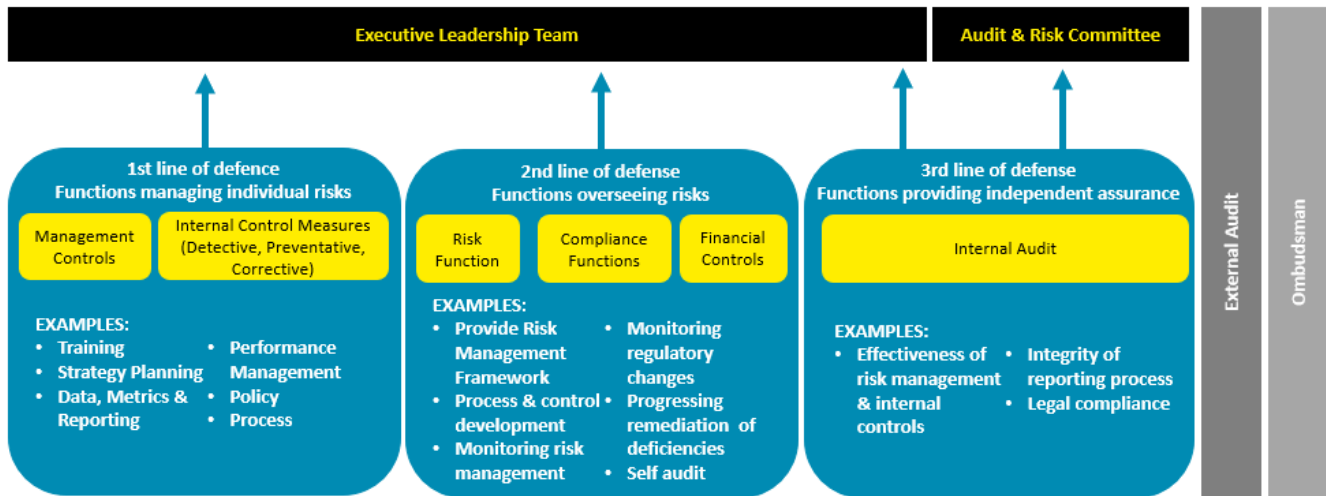
7.2 Risk Management Criteria Links

- [Waikato District Council Risk Appetite Statements](#)
- [Risk Management Likelihood and Consequence Guide \(Matrix\)](#)

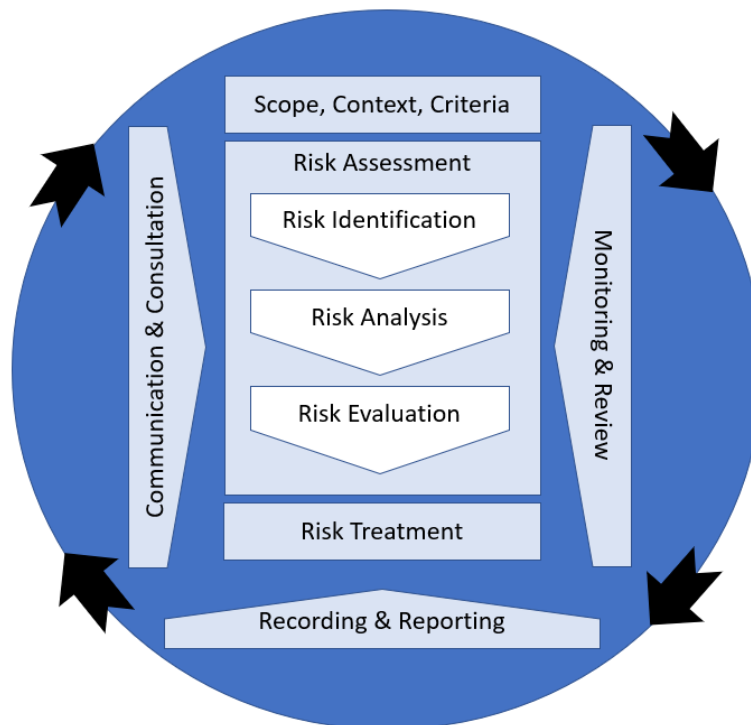
7.3 Risk Profiling Links

- [Risk Management Risk Profile Assessment](#)

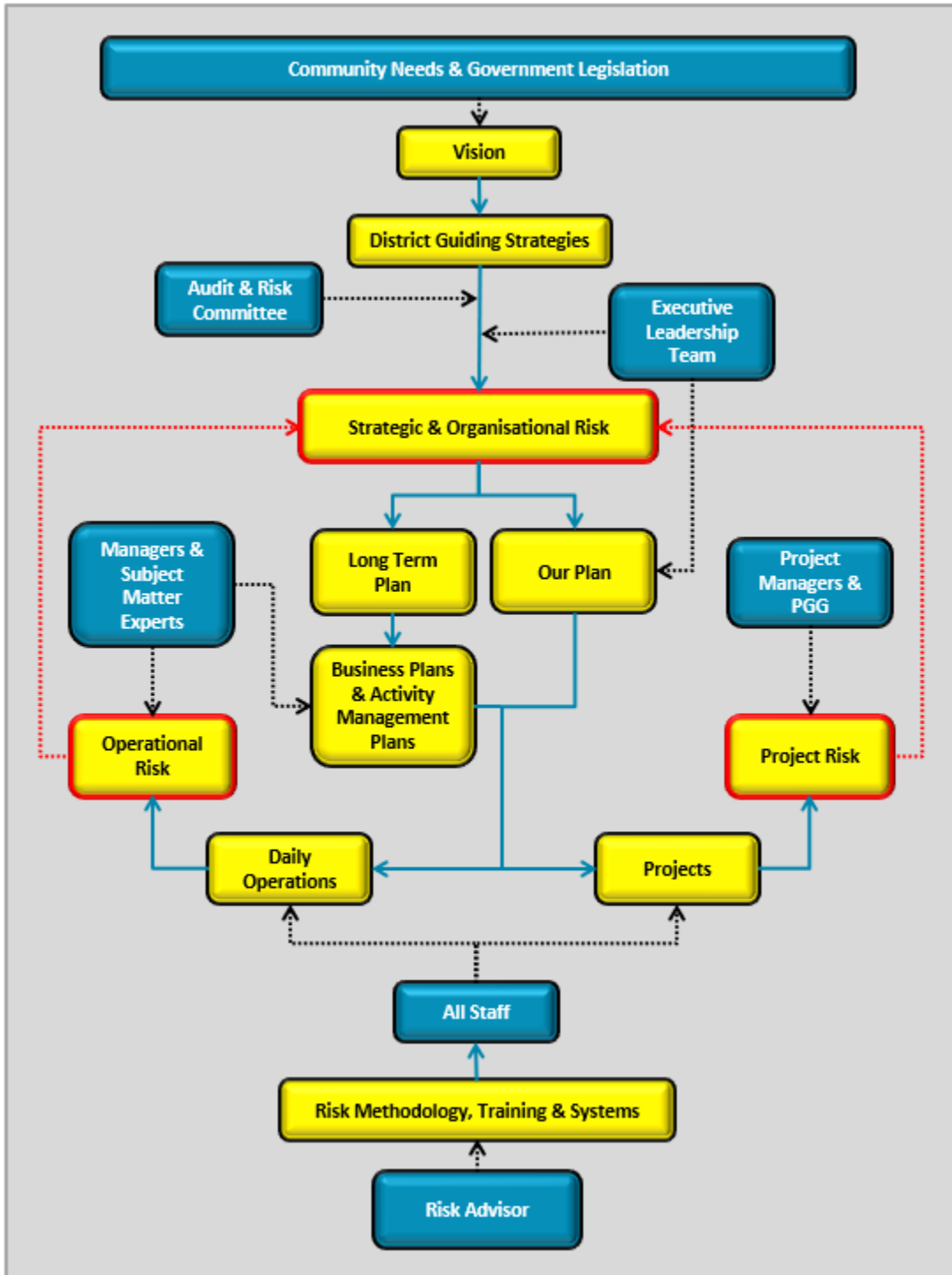
Appendix A: Three Lines of Defence



Appendix B: Risk Management Process



Appendix C: Overview of Risk Process Interact with Business Model



To	Audit and Risk Committee
Report title	WDC Zero Harm Report
Date:	5 December 2022
Report author:	Lynn Shirley, Zero Harm Manager
Authorised by:	Gavin Ion, Chief Executive

1. Purpose of the report

Te Take moo te puurongo

To inform the Audit and Risk Committee on the progress of initiatives underway to improve health, safety, and wellbeing, as well as current key performance indicators covering the period October 2022 to November 2022.

2. Executive summary

Whakaraapopototanga matua

The Zero Harm team remain on track to deliver the activities detailed in the FY22/23 Zero Harm Strategic Improvement Plan. Of the 17 scheduled activities seven are completed and remaining 10 will be completed by the end of December.

Three critical risk reviews have been undertaken in the last three months. The Working with Animals critical risk control plan is now 89% implemented.

3. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Waikato District Council Zero Harm Report be received.

4. Background

Koorero whaimaarama

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

5. Discussion Matapaki

Zero Harm Strategic Risk Management Progress

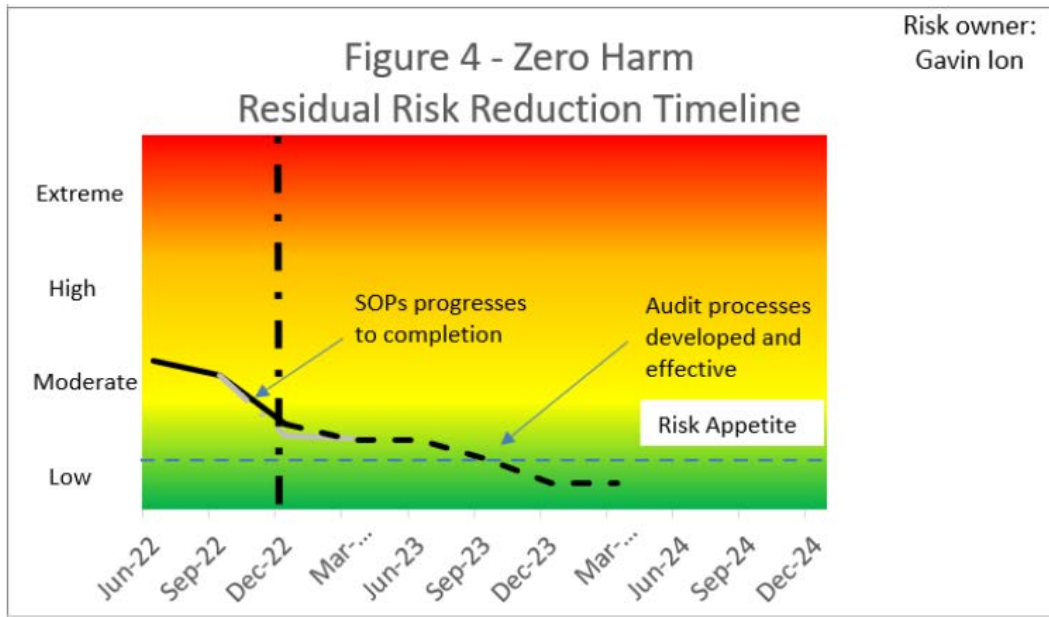
A further review of progress against the Zero Harm strategic risk control plan has been undertaken. Since the last risk review in August, the following treatments have either been implemented or partially implemented.

- **Leadership and Commitment** – The Zero Harm Commitment (H&S policy) has been reviewed and approved by the Executive Leadership Team. A key focus for Work Safe Home Safe 2023 will be creating connections for our people with the “Your commitment” section of the document.

Our commitment	What this looks like	Your commitment
<p>Te Kaunihera aa Takiwaa o Waikato is committed to providing a safe and healthy working environment for our staff, elected members, contractors, volunteers and the community.</p> <p>We will use relevant legislation, standards and codes of practice as a minimum threshold for the management of our health, safety and wellbeing.</p> <p>We will pursue a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks.</p> <p>We will strive to continually and progressively improve our Zero Harm Safety Management System, including the management of our critical risks.</p>	<ul style="list-style-type: none"> ✓ We will look after ourselves and each other, to ensure we all return home safe every day. Our Zero Harm culture is a part of our 'DNA'. ✓ We will design, construct, operate and maintain our assets to provide a healthy and safe environment for our people and communities. ✓ We will foster an environment of collaboration and participation on all matters relating to the health, safety and wellbeing of our people and others. ✓ We will empower and support our people and others to only start work when all safety critical controls are in place. ✓ We will align our health and safety objectives with Council's strategies and risk profiles. ✓ We will provide training, information and supervision to enable our people to be safe and successful in their work. ✓ We will operate in a manner that aims to firstly eliminate, and if not reasonably practicable, to minimise health and safety risks (hazards). ✓ We will accurately report, record and learn from incidents to continuously improve performance. ✓ We will support a safe and timely return to work for our people who have suffered injury or illness. 	<p>To support our culture of Zero Harm, we ask our people to:</p> <ul style="list-style-type: none"> • Take ownership and responsibility for their decisions and actions and to look out for the safety of others. • Be informed and stay curious. • Be part of the team effort to improve health, safety and wellbeing by reporting risks, incidents and near misses. • Follow our safe systems of work. • Give feedback where there are opportunities for improvement. • Only start work when all safety critical controls are in place. • Make health, safety and wellbeing a priority and lead by example. <p><i>Gavin</i> Gavin J. Ion Chief Executive September 2022</p>

- **Internal Audit** – Work is nearly finished on the audit tool to undertake an internal audit against ISO 45001 and our documented Zero Harm Safety Management System (ZHSMS) requirements. This audit is scheduled for May 2023.
- **Management Framework** – The content of Council’s ZHSMS has continued to develop over the last three months with the following components being published;
 - Emergency Preparedness and Response Management Standard
 - First Aid Requirements
 - Dynamic Risk Assessment
- **Procurement and Contractor Safety Management** – Work has been progressing on reviewing and updating the ZHSMS Contractor Management Standard and its associated tools including an updated health and safety risk assessment.

The updated Zero Harm Strategic Risk Reduction Timeline is illustrated below. The focus remains on completing the work programme set down in the Zero Harm Strategic Improvement Plan for 2022/2023.



Zero Harm Strategic Improvement Plan FY22/23 Progress

The Zero Harm Team continues to focus on delivering the activities detailed in the FY22/23 Zero Harm Strategic Improvement Plan.

Activities delivered in the last three months include:

- H&S Governance training for Elected Members
- Emergency response plan (ERP) and warden training for all three co-located PCBUs at Woodlands Estate (illustrated in photo)



Activities currently underway or a priority for the next three months include:

- H&S Governance Leadership Induction Programme for Elected Members
- Critical Risk Bowtie for Working on or Near Roadways
- Critical Risk Bowtie for Mental Wellbeing
- Emergency response plans
- ISO 45001 internal audit
- Work Safe Home Safe 2023 event



Our People

Work Safe Home Safe 2023 Event

Planning for Work Safe Home Safe 2023 is on track. A keynote speaker on Mental Health and Wellbeing has been confirmed, and the Executive Leadership Team have approved opening our facilities one hour later than usual to enable all staff to attend this important presentation.

Effective Systems

Emergency Preparedness and Response

As previously mentioned, over the last three months significant effort has been focussed on implementing documented procedures, new resources and training to enable our facilities to respond to a variety of emergency events. The resourcing of emergency response roles e.g., Chief warden, Warden and First aider has had to take flexible working requirements into consideration.

Newly developed resources for each facility include:

- A specific Emergency Response Plan and quick reference flipcharts and;
- Emergency response role identification vests

All procedures and equipment will be located at easily identifiable 'Emergency Stations'.



Newly installed facility 'Emergency Station'

The effectiveness of revised procedures and training will be tested over the next three months by the completion building trial evacuations supervised by an external contractor.

Contractor Health and Safety Management

As discussed, we continue to connect with key stakeholders to progress updating the Contractor Management Standard and associated tools.

Focus for the next three months is on finalising the activities and tools aligned to the following steps (illustrated in the contract management lifecycle diagram):

- Evaluating health and safety during tender and contract letting and;
- Pre-commencement



Performance Reporting

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

Measures	July 21 to June 22	July 22 to November 22 (annualised)	Trend Against previous year	Commentary
Events reported in BWare Safety Manager (Lead)	178	110 (264)		
Total Recordable Injuries (TRIs) e.g., Lost Time Injury, Restricted Work Injury or Medical Treatment Injury (Lag)	2	1 (2)		No TRIs recorded in three months
WorkSafe NZ Notifiable Events (Lag)	1	0 (0)		
First Aid Injury events (Lag)	18	6 (15)		
Serious Near Miss events (Lead)	1	1 (3)*		*It is generally considered that having more near misses being reported is a more accurate reflection of positive safety culture
Near Miss events (Lead)	86	38 (91)*		*It is generally considered that having more near misses being reported is a more accurate reflection of positive safety culture
New Hazards (Lead)	162	43 (103)		Comparative figure for 20/21 includes Covid-19 risk management controls and is significantly higher than normal
Safety Engagement Conversations (Lead) KPI is >150 conversations per month or 1800 annually	2061	831 (1994)		Slight reduction may be because of changes in Team structures and current vacancies

Critical Safety Risk Management

The following critical risks are scheduled to undergo a risk review in the next three months:

- Hazardous substances; and
- Workplace Violence and Aggression

Risk reviews have recently been completed for the following critical risks:

- Working with Animals
- Asbestos
- On Road Driving

Work is also being progressed on the development of the critical risk standards and 'Bowtie' control plans for Mental Wellbeing and Working on the Road or Roadside. Two workshops have been undertaken with the People & Capability (P&C) Team to jointly developed the Mental Wellbeing bowtie. It is anticipated that team will be ready to complete the gap analysis against the bowtie in first quarter of 2023.

Working with Animals

A review of the Working with Animals critical risk was carried out in October. This is the third full review conducted on this risk. The review focused on determining what controls were implemented and what controls remain to be implemented. This is one of Council's largest 'Bowtie' risk control plans, containing 62 controls. Of these 18 are classified as "Critical Safety Controls" (16 of these are implemented, and two are partially implemented).

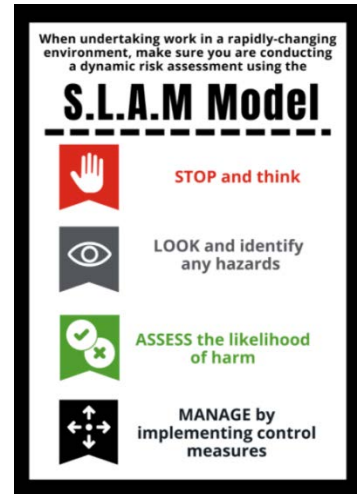
The project team continues to meet on a fortnightly basis to develop, implement and improve controls to manage this risk. It is important to note that significant progress has been made in the last six months. At the last risk review in June 2022 the control plan was 69% implemented and is now 89% implemented.

Controls that have been implemented or further strengthened since the last risk review include:

- After Hours Welfare Check Procedure
- Daily Team Meeting Process
- Responding to Police Call Out Procedure
- Training Needs Analysis
- Training Records
- Dynamic Risk Assessment (SLAM) Training
- Aggressive Dog Handling Equipment
- Personal Protective Equipment Register
- Operational Equipment Use Procedure
- Operational Equipment Register
- Operational Equipment Check, Certification and Maintenance Procedure
- Design Risk Assessment (Management of Change)
- Emergency Response Procedures
- Pound Facility Gates and Latch Check Process

As part of the above activities, the following tools have been developed and adopted by the Animal Control Team to support their management of this critical risk.

Our 6 Golden Animal Control Safety Practices



Asbestos

In November, a full review of the Asbestos critical risk was undertaken. This is the fifth full review conducted on this risk. The Asbestos 'Bowtie' risk control plan contains 28 controls. Of these, nine are classified as "Critical Safety Controls" (8 of these are implemented and one is partially implemented). The risk control plan is currently at 89% implemented.

Since the last risk review, 32 (26%) out of approximately 125 asbestos management surveys have been completed. Recently completed surveys include Naike Hall and Woodlands Estate.

Workplace Violence

The risk review for the critical risk of Workplace Violence is scheduled for mid-December. Over the last three months the working group established to develop a customer education campaign on our zero-tolerance approach to abuse or threatening behaviour has prepared and released the external media promotion "Let's Korero with Kindness".

The following are examples of the posters that are being developed for our facilities to keep the message front of mind.



To better support our people to manage this risk we have also developed and communicated the following set of principles:

We have zero-tolerance towards any harm, abuse or threats directed at or around staff. To achieve this, we:

1. *Expect that staff will be treated in a respectful manner and that our staff will treat customers in a respectful manner.*
2. *Commit to being accessible and responsive to all customers. However, should that customer display unreasonable behaviour it may be necessary to change or restrict the access of that customer to our places of work or communicating with staff.*
3. *Will provide appropriate levels of training to our staff to support their customer interactions.*
4. *Will have clearly defined and easily accessible processes to assist staff in managing difficult and/or unreasonable customer interactions.*
5. *Will support staff to end a conversation or walk away from a customer interaction where they feel unsafe.*

The following table illustrates the status of staff training in relation to the risk of workplace violence and aggression. Another 34 staff and Elected Members completed training in November.

Level of Exposure	Recommended training based on exposure or role	Percentage of workers who have completed training
Very High	Situational Safety and Tactical Communications (SSTC) (2 days)	100%
High	Front Counter Safety Training (1 day)	97%
Moderate	Situational Safety and Tactical Communications (1 day)	70% *this has increased from 64% in September (Note: there are approximately 77 people to still complete this training)
Low	Communication Skills (1/2 day)	Course still to be developed

6. Attachments

Ngaa taapirihanga

Attachment 1. Zero Harm Dashboard November 2022

To	Audit & Risk Committee
Report title	Capital Project Delivery Update
Date:	Friday 16 December 2022
Report Author:	Kirsty Wellington, Enterprise Project Management Office Manager Kurt Abbot, Executive Manager Projects and Innovation Roger MacCulloch, General Manager Service Delivery
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

The purpose of this report is to update the Audit and Risk Committee on progress of change to the operating model used to deliver infrastructure projects.

2. Executive summary

Whakaraapopotanga matua

A change project was implemented that looked to revise the operating model for the delivery of Capex projects.

As a result, an enterprise project management office (EPMO) has been created with the formation of the office currently underway. This outcome looks to leverage the proven outcomes that have been realised by the Project management office (PMO) for internal projects over the past few years.

A restructure process was implemented that included existing staff across the organisation inputting into the proposal prior to formal consultation.

New operating model significantly shifts roles and responsibilities for delivery. This includes greater ownership from business owners and focus required from technical experts.

Staff will speak to examples that will provide assurance that positive movement of project delivery is being achieved.

Key achievements to date:

- The creation and filling of the EPMO Manager position.
- Assessed project delivery resource capabilities, roles and responsibilities and identified capacity gaps when determining EPMO structure
- Engagement across all project delivery teams throughout the restructure process.
- EPMO structure implemented, and teams transitioned to the new structure 31 October
- Recruitment for 8 roles has commenced,
- Backfill of role vacated by new EPMO manager completed. Organisational Delivery Manager started 28 November.
- Engagement of consultant to fill the role of portfolio manager while recruitment is underway
- Completion of Roading and Community Connections portfolio's of projects including budgets, high level timelines and scopes
- Partnering with Procurement to establish virtual team, governance and identifying opportunities to expedite procurement activities and leveraging our existing partners to deliver defined work packages, whilst complying with our procurement policies.
- Commenced governance model engagement with business owners
- September determination of additional capability and capacity required to deliver our work programme and requirement

Next Steps

- Recruitment for Project Managers, Project Engineers, Portfolio Manager, Portfolio Team Lead, EPMO Planning and Reporting Advisor, Resource Planning Advisor
 - Update WDC project management tool (CAMMS) to reflect Capex Project delivery work programme.
 - Reset expectation that ALL projects are managed through the WDC project management tool.
 - Transition project reporting from email updates to status reporting in CAMMS (WDC Project Management Tool)
 - Run programme and portfolio reports, using clean data, for visibility and transparency across the WDC portfolios
 - Develop governance capability and maturity by partnering with business owners to become effective and timely decision makers.
 - Introduction of programme meetings to provide visibility and updates on project progress, status, updates and overall health. The focus of these meetings will be risks, issues, budget, scope and timeline.
 - Continually review WDC Project Delivery Framework to ensure it is fit for purpose for all WDC portfolios of works.
-

- Prioritise and align work programmes based on wards, community and councillor requirements and expectations, and seasonal constraints, ensuring procurement activities and market lead times are considered for the timely delivery of projects.
- Early engagement with the 2024/2027 LTP for prioritisation, and alignment of procurement activities to enable contractor partnerships to deliver our pipeline of works

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

THAT the Capital Project Delivery Update be received.

4. Attachments **Ngaa taapirihanga**

Nil.

To	Audit and Risk Committee
Report title	2021/22 Annual Report
Date:	16 December 2022
Report Author:	Colin Bailey, Finance Manager
Authorised by:	Alison Diaz, Chief Financial Officer

1. Purpose of the report

Te Take moo te puurongo

For the Audit and Risk Committee (Committee) to review the preparation and related processes of the Annual Report 2021/2022 from a risk perspective.

2. Executive summary

Whakaraapopototanga matua

Prior to the current Covid-19 pandemic situation and the implications for organisations regarding annual reporting, amendments to the Local Government Act 2022 were passed by Government providing extensions of the time limits for financial year annual reports. For the Annual Report 2021/2022 this extension is until 31 December 2022.

At the time of writing this report, Audit New Zealand ("Audit NZ") is completing the final review of the revaluation of land, buildings and infrastructure assets (measured by fair value). Audit NZ has completed their review of all other aspects of the Annual Report and have not raised any material concerns in respect of the main areas of risk and issues reported to this Committee on 29 June 2022, or in respect of any other areas.

There is one Statutory breach to report. The breach concerns the dates on which water meters were read and water invoices were sent to customers. The dates when these activities occur are adopted each year as part of the Annual Plan process. On two occasions a small number of water meters were read, and invoices sent to customers on dates that differed from the adopted dates. Customers suffered no loss or prejudice, and legal opinion was provided to Audit NZ establishing the breach is a minor issue. The situation has been rectified for the second half of the current financial year.

3. Staff recommendations Tuutohu-aa-kaimahi

THAT the Audit & Risk Committee:

- a. **subject to receiving final clearance from Audit New Zealand, the Audit and Risk Committee recommends to Council the adoption of the Annual Report 2021/2022 from a risk perspective; and**
- b. **confirms improvements to the Annual Report process be captured, with progress on actions being reported to the March 2023 Audit & Risk Committee meeting.**

4. Background Koorero whaimaarama

A: Areas of Risk

Audit (Audit NZ) identified five areas of focus:

1. Revaluation of land, buildings and infrastructure assets (measured at fair value)

The District Council's land and buildings were last revalued as at 30 June 2020 and infrastructure assets were last valued as at 30 June 2021. Revaluations were carried out as at 30 June 2022 by independent valuers.

Audit NZ considered this to be an audit risk due to the significance of the carrying value and the judgements and estimates involved in determining fair value. The review of the revaluations by Audit NZ is, at the time of writing this report, not fully complete. Audit NZ have not raised any issues at this stage.

2. The risk of management override

Audit NZ have tested the appropriateness of Journal entries and other adjustments, reviewed accounting estimates for biases and evaluated any unusual or one-off transactions. There have been no material issues reported.

3. Accounting treatment for Software as a Service (SaaS)

Audit NZ investigated if Council has considered whether or not the accounting policy in respect of costs relating to SaaS are correctly accounted for and appropriate disclosures are included in the financial statements. Council staff undertook an extensive review of all software transactions and disclosures in the financial statements. Audit NZ have not reported any material issues.

4. Major capital projects

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

- The correct classification of costs as either capital or operational in nature.
- The appropriate capitalisation points 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.

Council staff undertook a full review of capital work in progress prior to the end of the financial year and a large number of projects were capitalised resulting in a significant reduction in the value of historical capital work in progress. Audit NZ have not reported any material issues.

5. Three waters reforms

Audit NZ are required to ensure the Council's annual report disclosures appropriately reflect any changes or developments during the year. Council's disclosure has been updated accordingly and this have been accepted by Audit NZ. An "emphasis of Matter" paragraph will be included within the audit report to draw readers' attention to the Council disclosure about the three waters reform programme.

B: Other Issues

Audit NZ have not yet provided Council staff with the schedules of misstatements and unadjusted error (below materiality levels). Council staff have made a number of corrections to the disclosures and wording in the draft Annual Report and Annual Report Summary documents on the advice of Audit NZ.

As regards unadjusted errors, Council staff are aware of one issue regarding prior year supplier invoices. The sample of invoices tested by Audit NZ included one invoice that related to the prior financial year. The value of this invoice is low however when extrapolated over the total number of transactions for year, the potential error calculates to \$899,000. Although well below the materiality threshold for the audit, this raises the issue of timely authorisation of supplier invoices and approval to pay.

During the 2021/2022 financial year, reconciliations of balance sheet accounts were completed in a timely manner, however review of the reconciliations was on occasion delayed. Audit NZ have indicated that this will be raised as an issue in the management letter.

C: Timeline

The final audit for the Annual Report was scheduled for 22 August 2022 to 9 September 2022. Council staff were well prepared for the final audit as scheduled. Audit NZ advised that due to the ongoing impact of the Covid-19 pandemic on delayed prior year audits and the acute shortage of auditors, these dates could not be accommodated. Audit NZ completed on site work during November 2022 and have continued to review and request clarification of figures etc. up the time of writing this report. Verbal clearance has therefore been delayed from 23 September 2022 to 16 December 2022.

5. Discussion and analysis **Taataritanga me ngaa tohutohu**

5.1 Options **Ngaa koowhiringa**

No options are available for Council to consider because it is a legislative requirement to prepare and adopt an annual report each financial year

5.2 Financial considerations **Whaiwhakaaro puutea**

There are no material financial considerations associated with the recommendations of this report.

5.3 Legal considerations **Whaiwhakaaro-aa-ture**

Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.

5.4 Strategy and policy considerations **Whaiwhakaaro whakamaaherehere kaupapa here**

The report and recommendations are consistent with the Council's policies, plans and prior decisions.

5.5 Maaori and cultural considerations **Whaiwhakaaro Maaori me oona tikanga**

The matters in this report have no known Maaori or cultural impacts for the Council.

5.6 Climate response and resilience considerations **Whaiwhakaaro-aa-taiao**

The matters in this report have no known impact on climate change or resilience for the Council.

5.7 Risks **Tuuraru**

Council is required to adopt the Annual Report and Summary for each financial year as per section 98 of the LGA 2002. If Council do not adopt the audited Annual Report and Summary 2021/22, Council would be at risk of not fulfilling their legal obligations under the LGA.

6. Significance and engagement assessment Aromatawai paahekoheko

6.1 Significance Te Hiranga

The decisions and matters of this report are assessed as of low significance, in accordance with the Council's [Significance and Engagement Policy](#).

6.2 Engagement Te Whakatuutakitaki

Highest level of engagement	Inform ✓	Consult <input type="checkbox"/>	Involve <input type="checkbox"/>	Collaborate <input type="checkbox"/>	Empower <input type="checkbox"/>
<i>Tick the appropriate box/boxes and specify what it involves by providing a brief explanation of the tools which will be used to engage (refer to the project engagement plan if applicable).</i>	Council is required under Section 98 of the Local Government act to prepare and adopt an annual report in respect of each financial year. The report and summary must be made publicly available within 1 month of adoption of the annual report.				

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

Planned	In Progress	Complete	
<input type="checkbox"/>	✓	<input type="checkbox"/>	Internal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Community Boards/Community Committees
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Waikato-Tainui/Local iwi and hapuu
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Affected Communities
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Affected Businesses
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other (Please Specify)

7. Next steps Ahu whakamua

Council will receive the Annual Report 2021/22 and Annual Report Summary 2021/22 at their 21 December 2022 meeting for adoption. A letter of representation from the outgoing Council was prepared for the new Council prior to the October elections.

8. Confirmation of statutory compliance Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role and Committee's Terms of Reference and Delegations.	Confirmed
Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (<i>Section 6.1</i>).	Low
The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (<i>Section 6.2</i>).	Confirmed
The report and recommendations are consistent with Council's plans and policies (<i>Section 5.4</i>).	Confirmed
The report and recommendations comply with Council's legal duties and responsibilities (<i>Section 5.3</i>).	Confirmed

9. Attachments Ngaa taapirihanga

Nil.

To	Audit & Risk Committee
Report title	Quality and Governance Assurance
Date:	5 December 2022
Report author:	Madelina Baena-Escamilla, Continuous Improvement Analyst Bessie Clarke, Corporate Planner Lynn Shirley, Zero Harm Manager
Authorised by:	Tony Whittaker, Chief Operating Officer

1. Purpose of the report

Te Take moo te puurongo

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

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

2. Executive summary

Whakaraapopototanga matua

- There are two major non-conformances outstanding from the completed audits in 2021, all of which are planned to be addressed by the end of February 2023. All other non-conformances have been addressed.
 - The Internal Audit Schedule for 2022/2023 has been updated, prioritising the processes that impact the strategic risks with low and moderate appetite, and considering the internal auditors' availability.
 - Three policies have been published in the last three months. 25 policies are currently being reviewed, and two policies have been revoked.
 - There are 189 issues that various audits have raised across the organisation, 169 of which are complete.
-

- 28 (97%) of the 29 actions received from the KPMG Health & Safety Governance Audit have been addressed. The Zero Harm team will complete the last action by June 2023.
- The Quality Manual for Building Quality is currently being developed, this will be assessed by IANZ, and negotiations will be take place to assess the manual once every two years.

3. Staff recommendations Tuutohu-aa-kaimahi

THAT the Quality and Governance Assurance Update be received.

4. Discussion Matapaki

4.1. Business Process Improvement Programme

4.1.1. Internal Audit Schedule (2022/2023)

The internal audits scheduled for the last quarter of 2022 have been delayed due to staff resignations and process reviews of those areas planned for audit as a result of organisational changes. Three internal audits are now scheduled to be completed by February 2023.

The selection of processes for audit have been prioritised based on strategic risk appetite. Where Council has a low or moderate appetite for risk, process groups aligned with that risk portfolio have been prioritised for Internal Audit.

Other processes added to the schedule are those included in the Quality Management System (QMS) for verification of food operations that allow the Council to be a recognised agency and the Management of Customer Feedback processes, which comprise the management of customer complaints, compliments, and suggestions.

Internal auditor capacity has reduced significantly due to staff resignations and current staff workload. We currently only have eight trained internal auditors. We are currently working through options for building capacity again.

4.1.2 Internal Audit Schedule (2021)

Only 2 major non-conformances from the internal audit of the Zero Harm management system against ISO45001 are still outstanding. The actions to address those non-conformances are related to roles and responsibilities in the Zero Harm Management System, where work is underway, and they are due to be completed by the end of February 2023.

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

Table 1 - Outcome of the 2021 Internal Audit schedule

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

4.1.3 Policy Review

The work programme for reviewing internal and external Council policies is progressing as follows:

Policies published and/or reviewed and updated in the last three months:

- Asset Management Policy (previously the Activity Management Policy)
- Conferences and Seminars Policy – Attendance and Payment of Expenses (including Local Government NZ Conferences)
- Reimbursements for Elected Members Policy

Other policies currently being created or reviewed are:

- Appointments to Community Boards and Other Committees Policy
 - Appointing Directors and Trustees to Council Controlled Organisations Policy
 - Cellular Network Site Policy
 - District Tree Policy – Review is in early stages
 - Easements Policy
-

- Funding for Road Closures for Community Events Policy
- Grass Verge Policy
- Heritage Policy
- Leasing of Reserve Land Policy
- Leases to Individuals and Commercial Organisations Policy
- Licenses and Grazing Policy
- Local Alcohol Policy
- Notable Tree Policy
- Open Spaces Policy
- Plaques, Memorial and Monuments Policy
- Property Management Policy
- Relocatable Home Parks and Camping Grounds Policy
- Road Closure for Motor Sport Events Policy
- Road Naming Policy
- Wheelie Bin Policy
- Sponsorship of and Advertising on Council Properties and Assets Policy
- Strategic Land Acquisition and Disposal Policy
- Street Lighting and Other Security/Amenity Lighting Policy
- Te Reo Maaori Policy
- Vehicle Entrance Policy

Policies revoked

- Relocatable Home Parks and Camping Grounds Policy 2009
- Street Lighting and Other Security/Amenity Lighting Policy 1997

Policies scheduled to be reviewed in the following months:

- Development Contributions Policy

4.1.4 Improvement Forum

- The Continuous Improvement Agents continue to promote Continuous Improvement (CI) and help process owners and experts manage and review their business processes. We are working towards our objective for 2022 to keep our processes 'current' to focus on improvement and reduce the number of draft processes to a minimum.
-

- Process mapping training continues to be delivered online. In the past three months, 21 new starters have been trained as part of their induction, and seven process authors have been trained in process creation training.
- The Innovation and Ideas Forum (IIF) is well established and meets monthly to review and select ideas worth pursuing using rigorous criteria detailed in the Improvement and Ideas framework. Below are some updates in the progress of the initiatives:
 - Streamlining the travel booking process to gather accurate data and reduce the time and resources required for travel bookings is still in progress.
 - The initiative to proactively contact ratepayers to transition their rates and water invoices to email has been through 3 phases of email mailouts. It has realised a minimum estimated saving of \$18,300 per year in postage costs to Council and an additional \$3,660 per year in savings to the Waikato Regional Council. A further unquantifiable benefit is the email data correction on the customer records based on customer feedback. The targeted email campaign will continue.
- The Innovation and Improvement team is working in conjunction with different teams around the organisation:
 - Building Quality optimisation of existing processes has been completed, there is some further work and benefits in this area as part of Connected Content.
 - ePlanning transformation: The ePlanning strategy has been approved, and currently detailed planning is being undertaken to understand the impact on resources, existing project scope, budget. A report will be presented to the next PGG meeting for consideration.
 - Reserves Planning and Strategic Property: Working to get data out of spreadsheets and into P&R modules. Users will be able to maintain their own data without the requirement to have the rates team do it for them. Data will also be visible to other teams.
 - Solid Waste: Validating data to ensure the rates are being collected from the people who are receiving the services. Also improving processes to remove unnecessary steps and improve the customer's experience
 - Monitoring Team: Reviewing current processes to be more streamlined and clear, also, new processes are being mapped.
 - Zero Harm Team, in creating an Auditing tool based on ASNZS 45001:2018 standard to be used by the internal auditors when conducting the internal audit to our Zero Harm Management System.

4.2 Independent Audit Activities

The table below outlines the areas and status of issues – either completed or in progress since the last report in September 2022.

Table 3 reflects those staff consider are completed or work in progress.

Table 3 - Areas of audit issues- December 2022

	Pending	Work in progress	Complete	Total
Audit New Zealand	0	2	42	44
Cyber security	0	7	36	43
Internal audit	0	0	5	5
Procurement and contract management	0	0	15	15
Risk management	0	0	37	37
Project management	0	0	33	33
Information and Record Management	4	7	1	12
Total	4	16	169	189

There are a total of 189 issues that have been raised by various audits across the organisation, 169 of which are now complete.

Note: At the time of writing this report, delays to Audit have resulted in the number of pending, in progress, and complete audit issues remain unchanged. Updated figures will be available in the following Audit and Risk Committee meeting following completion of the audit by AuditNZ.

4.3. KPMG Health and Safety Governance Audit

The Zero Harm team continues to progress the completion of the actions from the KPMG Health & Safety Governance Audit. Council received 29 improvement actions and to date 97% (28 actions) have been actioned. There has been no further progress on the below activity that is scheduled for completion mid 2023

Proposed Corrective Action	Timeframe	Current Status	Action Owner
Work with those ELT members who are yet to attend to the internal People Leader Health and Safety training modules. Schedule training for them and their People Leaders.	Jun 2023	Work planned for completion mid 2023 when People Leader Zero Harm training is planned is to be undertaken	Lynn Shirley

4.4. External Audits carried out in Customer Support Group

4.4.1. Building Consent Authority IANZ Special Monitoring Audit

The Quality Manual is still in the process of being developed. Once IANZ have independently assessed our new manual and assessed the implementation with Waikato Building Consent Group, we will have more leverage to negotiate assessing the manual once every two years. The manual will be a lot less detailed so it will be less of a requirement for IANZ to review as it won't contain the detailed work instructions. Colab Consent Group Strategic Manager has spoken to IANZ about getting this manual assessed as a standalone assessment (which has been budgeted for). They will do an assessment on the manual but have given feedback that it depends on how much has changed as to whether this will trigger an assessment for the BCAs, which could mean an out of cycle assessment. The group is working on a process that will hopefully not trigger an out of cycle assessment and cost BCAs more.

Waikato District Council have a Full Audit of our BCA function in February 2023. In the interim we've had the auditors from Colab come in and do an annual internal audit as required by the BCA regulations, we're awaiting the report and will address any non-compliances prior to the February IANZ Audit.

5. Attachments

Ngaa taapirihanga

There are no attachments for this report

To	Audit & Risk Committee
Report title	Future Work Programme
Date:	Monday, 28 November 2022
Report Author:	Tony Whittaker, Chief Operating Officer

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

To provide the Committee's work programme for information.

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

THAT the Audit and Risk Committee receives the Future Work Plan update for December 2022.

3. Attachments **Ngaa taapirihanga**

Attachment 1 – A&R Future Work Programme 2022

Audit & Risk Committee: Future Work Plan

	December 2022	March 2023	June 2023	September 2023	Standing items for all meetings
Risk	Risk Management Framework review	Health & Safety Framework Review Risk Assessment of Council Controlled Organisations Statements of Intent Strategic Risk Register Review (workshop) Annual Risk Appetite Review (workshop)	CAPEX delivery Update	Update on Communications risk and mitigations plan	<ul style="list-style-type: none"> ▪ Chief Financial Officer Report Update on risks and issues that could impact council and its stakeholders from a financial perspective, including insurance and procurement matters. ▪ Strategic Risk Register and Emerging Risks Update on key strategic risks and associated management actions, including trajectory of risk assessment. Opportunity to discuss emerging risks with potential for strategic impact. ▪ Risk Conversations Opportunity for Committee to dialogue with key staff to obtain assurance that appropriate controls and culture are in place. ▪ Strategic Risk Deep Dive Detailed inspection of a key risk for the purpose of assurance. ▪ Zero Harm Update Health & Safety performance update against agreed targets, systemic issues identified which can be fed into the risk control framework. To include monthly statistics. ▪ Quality Governance and Assurance Progress against audit issues and rolling review of bylaw & policies: <ul style="list-style-type: none"> - Anti-fraud and corruption framework (and related policies) - Health & Safety Policy - Risk Management Policy - Treasury Risk Management Policy ▪ Post Implementation Reviews and/or Incident Debrief Reports Post project appraisals on key investments. ▪ Zero Harm Site Visits Six monthly and separate day to meeting
Internal Audit		Internal Audit TBC	Internal Audit Framework Review Internal Audit Work Programme	Internal Audit TBC	
Insurance		Insurance Policy / Premium Confirmation			
Annual Report		Annual Report Risk Assessment Final Audit Management Report (one off timing due to Audit NZ delays)		Annual Report Process Review	
Other	Fraud and corruption risk management update	Confirm Committee Performance Evaluation Survey	KPMG attendance to observe effectiveness of Committee meeting Committee Performance Evaluation Survey Results	Audit & Risk Committee Key Achievements Review of Audit & Risk Committee performance against Terms of Reference Committee Terms of Reference review	

Strategic Risk Deep Dives

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

- Affordability
- Technical Capability
- Workplace Culture
- Business Resilience

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

To	Audit & Risk Committee
Report title	Register of Interests – Elected and Appointed Members
Date:	Friday, 9 December 2022
Report Author:	Gaylene Kanawa, Democracy Manager
Authorised by:	Gavin Ion, Chief Executive

1. Purpose of the report

Te Take moo te puurongo

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

Advising the Committee that the Democracy Team have not received all the interest forms from Councillors and will follow these up prior to the next Audit & Risk meeting.

2. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Register of Interests for the Council to December 2022 be received, noting that not all elected members have returned their declaration of interest forms provided as part of their induction pack.

3. Attachments

Ngaa taapirihanga

- A Financial Interests – Statement Reference
 - B Register of Elected Members Interests
-

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							
	1 to 6	With the exception of	Companies		Employment/Paid Positions	Other Organisations		Property	Gifts (received since October 2022)	Payments for activities and services (since October 2022)	Debts
			Director/Manager	Financial Interests		Trustee/Beneficiary	Other Bodies				
Eugene Patterson	No	N/A	• Complete Painting & Decorating (Painting)	N/A							
Marlene Raumati	No	N/A	Mcnally Truckpainters (Panel-paint)	N/A	N/A	N/A	N/A	N/A		N/A	N/A
Vern Reeve					• VL Reeve Property Ltd (Director) • Ray White Pukekohe • Southern Corridor	• The Reeve Family Trust • The Ski Trust	• Tuakau Business Association • Tuakau Rotary Club • Tuakau Emergency Services Charitable Trust	• 1x Tuakau (Owner)		N/A	N/A
Lisa Thomson	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A
Peter Thomson					P&A Thomson Ltd (Director)		N/A	1x Farm/Property (Owner)		N/A	N/A
Tilly Turner					• Mighty Fine Products/Taana Mussel Fritters (Director) • Power Up Ltd (Director) • Waikato Raupatu Lands Trust • Te Puni Kokiri	• Waikato Raupatu Lands Trust • Hone & Miriama Turner Whanau Trust • Rawiri Whanau Trust		1x (Beneficiary) - location not specified		N/A	N/A
David Whyte	No	N/A	N/A		• National Australian Bank (Bank) • Farmlands Loop Ltd (Farm Supplies)						

To	Audit and Risk Committee
Report title	Exclusion of the Public
Date:	7 December 2022
Report Author:	Rosa Leahy, Democracy Advisor
Authorised by:	Gaylene Kanawa, Democracy Manager

1. Staff recommendations

Tuutohu-aa-kaimahi

THAT the Audit and Risk Committee:

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item number PEX 2 Confirmation of Minutes Item PEX 3.1 Fraud Declaration Item PEX 3.2 Register of Members' Interests - Senior Staff Item PEX 3.3 Audit NZ Time with Committee Item PEX 3.4 Fraud and Corruption Risk Management Update	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

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

Item No.	Section	Interest
Item PEX 3.1 Fraud Declaration	7(2)(a)	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— (ii) would be likely otherwise to damage the public interest.
Item PEX 3.2 Register of Members' Interests - Senior Staff	7(2)(a)	Protect the privacy of natural persons, including that of deceased natural persons.
Item PEX 3.3 Committee Time with Audit New Zealand	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.
Item PEX 3.4 Fraud and Corruption Risk Management Update	7 (2)(a)	To protect a person's privacy.
	7(2)(c)(i)	To protect information that is subject to an obligation of confidence and to ensure the information avenue remains open, when it is in the public interest for it to do so.
	7(2)(c)(ii)	To protect information that is subject to an obligation of confidence and to protect the public interest.

- b. THAT Ms Macown and Mr Susan from Audit NZ be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee members.

2. Attachments

Ngaa taapirihanga

There are no attachments for this report.