

Notice of Meeting:

I hereby give notice that an ordinary meeting of Audit & Risk Committee will be held on:

Date: Thursday 26 November 2015

Time: 10.30am

Meeting Room: Committee Room 1

Venue:

Richard Briggs
Chief Executive

Audit & Risk Committee OPEN AGENDA

Membership

Chairperson Mr Paul Connell
Members Mr Tony Steele
Her Worship the Mayor J Hardaker
Cr A O'Leary
Cr R Pascoe

Quorum: Three Members (including one external appointee)

Meeting Frequency: Quarterly

Mary Birch
Democracy Team Leader

19 November 2015
Telephone: 07 838 6772
Mary.Birch@hcc.govt.nz
www.hamilton.govt.nz

Terms of Reference:

The role and scope of the Audit and Risk Committee is defined in the Audit and Risk Committee Charter.

Special Notes:

The Chief executive and Internal Auditor are required to attend all meetings but are not members and have no voting rights.

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

Appointment of external members is by contract.

External member contracts are to be reviewed and assessed six (6) months after each triennial election.

Power to act:

The committee has no decision making powers.

The committee may request expert advice through the Chief Executive when necessary.

Power to recommend:

This Committee may make recommendations:

To Council.

To the Chief Executive.

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies	4
2	Confirmation of Agenda	4
3	Conflict of Interest	4
4	Public Forum	4
5	Audit and Risk Committee Meeting - Open Minutes - 16 September 2015	5
6	Recommended dates for reports to be presented to Audit and Risk Committee	13
7	Organisational Risk Report	15
8	Organisational Improvements Work Programme Status Report	37
9	Insurance Report 2015/16	70
10	Audit NZ Quality Audit on the IS Programme of Work	78
11	PWC Internal Audit Update	95
12	Resolution to Exclude the Public	99

1 Apologies

2 Confirmation of Agenda

The Committee to confirm the agenda.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum

Not Required.

Committee: Audit & Risk Committee

Date: 26 November 2015

Report Name: Audit and Risk Committee Meeting - Open Minutes - 16 September 2015

Author: Mary Birch

Status	<i>Open</i>
---------------	-------------

Recommendation

That the Committee confirm and adopt as a true and correct record, the open Minutes of the Audit and Risk Committee Meeting held on 16 September 2015.

1. Attachments

- Attachment 1 - Audit and Risk Committee Meeting - Open Minutes - 16 September 2015.

Audit & Risk Committee

OPEN MINUTES

Minutes of a meeting of the Audit & Risk Committee held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Wednesday 16 September 2015 at 2.30pm.

PRESENT

Chairperson	Mr Paul Connell
Members	Mr Tony Steele Her Worship the Mayor J Hardaker Cr R Pascoe
In Attendance	Richard Briggs – Chief Executive Paul Conder – Chief Financial Officer Lance Vervoort – General Manager Community Chris Allen – General Manager City Infrastructure Stephen Standley – Zoo Director Stephen Halliwell – Accounting Manager David Robson - Crisis Manager Barnaby Pace – Risk Manager David Gunn – Service Delivery Manager, Information Services Tracey Stevenson – Health and Safety Manager Sarah Giles – Communication Advisor
	Leon Pieterse – Audit NZ Naude Kotze – Audit NZ Andrew Holmes – PwC Emma Jones – PwC
Democracy Advisor	Mrs Jude Pani

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That the apologies from Councillor O’Leary be received and accepted.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)
That the Committee confirm the agenda

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

There were no speakers in the public forum.

5. Audit and Risk Committee Meeting - Open Minutes - 17 June 2015

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)
That the Committee confirm and adopt as a true and correct record the Open Minutes of the Audit and Risk Committee Meeting held on 17 June 2015.

6. Recommended dates for reports to be presented to Audit and Risk Committee

Resolved: (Messrs Connell/Steele)
That the report be received.

7. Organisational Risk Report

The Chief Executive (CE) introduced this Item advising that, as requested at the 18 June Audit and Risk Committee, in conjunction with the Committee Chair, he had commenced a review of the risk management framework including the way that risk was managed and reported. The CE advised that while the organisation had a functional risk model, risk was more than a model; it was about developing a culture to embody risk management into decision-making frameworks. He had spent some time with the Risk Manager and Crisis Manager, along with the Senior Leadership Team, reviewing the organisation's operational risk programme. He had also spent time with the Chairman and the Mayor in terms of discussing strategic risks.

Along with the CE, the Crisis Manager and Risk Manager responded to questions from the Committee with the following noted:

- Top 10 risks came out of the organisational assessment model. It was anticipated that top five risks by Group would in future be discussed with the Committee by each General Manager. This approach would replace the current assessment model.
- Training workshops had been running over the last five weeks comprising of three sessions. Attendance was voluntary with an upcoming session programmed for Unit Managers.
- Risk training was one part of the change of risk culture. The biggest element was leadership and expectations around risk based decision making. It was about the Senior Leadership Team having an understanding of risk and risk based conversations.
- Two main risks (Item 8 on the Risk Summary) related to annual drought and water level and if the river was polluted in a natural disaster.

- Following completion of the work by the Audit and Risk Committee, risks would be discussed with the full Council.
- The need to include and report on culture change as it related to risk management was questioned.

Resolved: (Messrs Connell/Steele)

That the report be received.

8. Organisational Improvements Work Programme Status Report

The Crisis Manager introduced this Report providing an update on the status of Organisational Improvements Work Programme.

The Chief Financial Officer (CFO) advised that completed projects were capitalised on the fixed asset register within three months of finishing the project; approximately 10% were not being capitalised within this timeframe.

It was requested that staff report back to the Audit and Risk Committee at the December 2015 Meeting on the systematic process.

Additionally, it was requested that staff also report back to the Finance Committee on monitoring matters, noting that this issue had been previously discussed at the Finance Committee.

Resolved: (Cr Pascoe/Mr Connell)

That the report be received.

9. Cyber Security Risk Update

The Service Delivery Manager, Information Services, introduced this report providing an update on the approach taken and the process in place to manage cyber security risks. He considered that given the level of risk, there was sufficient budget allocated for this activity. It was noted that an update on sensitive matters would be held in the Public Excluded session.

Resolved: (Mr Steele/Cr Pascoe)

That the report be received.

10. 2014/15 Safety and Wellbeing Concept Plan

The CFO, supported by the Health and Safety Manager, introduced this Report which provided an organisational update against the 2014/15 Safety and Wellbeing concept plan key performance indicators and activity. The following was noted in response to questions:

- The Health and Safety at Work Act 2015 would become effective from 4 April 2016.
- The 2014/2015 Annual Report indicated an improvement in safety and wellbeing with the Vault web tool a significant component of reporting.
- Currently, drug testing was undertaken with pre-employment screening. However, a change in policy would be required for the organization to be able to undertake random testing.

- Participating Councils in the Local Authority Shared Services (LASS) were currently undertaking information gathering to benchmark and share learning opportunities. Staff were confident that everything would be in place prior to April 2016 when the new legislation was introduced.
- A gap analysis had been carried out in the three areas most affected by the legislation change: Contractor Management (includes subcontractors); workers perception; and volunteer workers being included.

It was requested that staff provide regular updates on the new legislation.

It was noted that training was being arranged for November 2015 to enable Elected Members and Appointed Members to have an understanding of both their responsibility and liability under the new legislation.

Resolved: (Her Worship the Mayor Hardaker/Mr Steele)

That the report be received.

11. Audit NZ Update

The CFO introduced this Item. Audit New Zealand (Messrs Leon Pieterse and Naude Kotze) were in attendance to provide an update on external audit activities with the following noted:

- Overall, the Long Term Plan process went well.
- Asset Management Plans ('AMP') formed a reasonable basis for decision-making with the organisation well placed to respond to a crisis with the expertise available.
- The AMP were robust, informed the budget and were a reasonable basis for future forecasting.
- It was acknowledged that a lot of work had gone into asset improvement plans. It was difficult to know for certain the condition of water infrastructure. As assets were replaced, additional information would be made available.

Resolved: (Messrs Connell/Steele)

That:

- a) The report be received; and
- b) The verbal report by Audit New Zealand be received.

12. Annual Report 2014/15

The Chairman referred to the replacement pages 9 and 105 that had been circulated to the Committee, and invited the Accounting Manager to introduce this Item. Audit New Zealand (Messrs Leon Pieterse and Naude Kotze) were in attendance to provide an update and respond from an audit perspective.

The Manager advised that the following the informal Committee session a number of changes had been made to the Annual Report 2014/15 and it was now being presented for the Committee to recommend to the Council that the Annual Report 2014/15 be adopted. The Manager worked through the substantive changes from the earlier draft documents and responded to questions from the Committee; with the following noted:

- The Mayor and Chief Executive introduction was still to be included.
- Pages 4-9 were rewritten.
- Page 8 of the Summary document and Page 9 of the Annual Report to be replaced.
- Page 74 - \$5M acquisition of investments represents term deposit for longer than 30 days.
- Page 88 Gains/Losses – related to Knox Street which was accounted for inappropriately; gain on land and loss on the building.
- Page 101 – Disposals; represent major items in the Gains and Losses.
- Clarence Street Gifting: A gift of property was effective from the date of settlement and for the purposes of financial statements was treated as a disposal. If Council received the gift of property back it would be reflected at the market value at that time. (A sentence was to be included to clarify this situation in the balance sheets.)
- Page 88 – Consultancy and Legal had been separated. (A note was required to explain both the Legal and Insurance expenses.)
- Page 126 – Increased infrastructure insured; other insurance element related to restructuring with the first \$10M claim paid out immediately and there were now tiers to the Policy.
- Page 106 – Weathertight homes resolution. One claim outstanding.
- Page 107 –The annual leave calculation in 2014 was based on different methodology than 2015 (a note was required to explain the increase in the annual leave provision).
- Page 111 – Dame Hilda Ross and Roman Catholic Schools Funds to be moved from Reserves when appropriate communication had been completed.
- Page 118 – Note 36: Completed after balance date.
- Page 131 – Disclosure Statement. Additional information included.
- Information relating to CCOs – errors corrected relating to performance data.

The Committee would receive a final Annual Report prior to it being presented to the Council.

It was requested that a copy of the letter from Audit NZ be provided to the Committee Members.

Mr Pierterse advised that Audit NZ were close to signing off the Annual Report and issuing an unmodified position. The only aspect Audit NZ did not audit, but read through, were the comments from the Mayor and Chief Executive. There would be two audit opinions; one covering the Annual Report and one covering the Summary document.

Mr Pierterse concluded by asking the Committee:

Were the Committee –

- aware of anything that could impact on the accounts from 30 June 2015 until the current balance date that was not adequately disclosed; (Response – No)
- aware of any fraud; (Response – No)
- comfortable with management systems and controls to prevent and detect fraud? (Response – Yes)

These questions would also get formally presented to the Mayor and Chief Executive.

Resolved: (Messrs Connell/Steele)

Recommended to the Council:

That:

- a) The report be received; and
- b) The Audit and Risk Committee recommends to Council the adoption of the Annual Report 2014/15, subject to the corrections.

13. 2016 Quarter 1 Update from PWC

This Report was introduced by Emma Jones and Andrew Holmes – PwC, providing an update on the Internal Audit Programme for Quarter 1.

Resolved: (Cr Pascoe/Her Worship the Mayor Hardaker)

That the report be received.

14. Resolution to Exclude the Public

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

Section 48, Local Government Official Information and Meetings Act 1987

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Audit & Risk Committee Meeting - Public Excluded Minutes - 17 June 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. PwC - Internal Audit Status Report) Official Information and Meetings Act 1987)	

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 C1.	to protect the privacy of natural persons	Section 7 (2) (a)
	to maintain legal professional privilege	Section 7 (2) (g)
	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)

The Meeting moved into a public excluded session from 4.30 to 5.30pm.

The Meeting was closed at 5.30pm.

Committee: Audit & Risk Committee

Date: 26 November 2015

Report Name: Recommended dates for reports to be presented to Audit and Risk Committee

Author: Jessica Ashworth

Status	<i>Open</i>
---------------	-------------

Recommendation

That the report be received.

1. Attachments

- Attachment 1 - Recommended Schedule of Reports to Audit and Risk Committee 2015

3. Purpose of the report

- This report provides detail of recommended dates of reports to the Audit and Risk Committee for 2015.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
------------	--------------------------------------

Updated: 19/11/15

Audit and Risk Committee Reports - 2016

D-1358919	Audit and Risk Committee Meetings					Informal Audit and Risk Committee	Non-Audit and Risk Committee Meetings	
	Presenters	Notes	23/03/16	08/06/16	13/09/16		Council Workshop	Council
Standard Reports								
Organisation Improvement Programme	Corporate							
Risk and Opportunities Report	Corporate/Finance							
Risk Management Report	Corporate/Risk							
Weathertight Buildings Report	City Growth/Building							
Fitch Report	Corporate/Finance							
Legal Review (Contingent Liabilities) - Public Excluded	Corporate/Democracy							
Audit and Risk Committee Self Review	Chairperson							
Health and Safety Update	Corporate/Health & Safety							
Annual Report Related								
Annual Report Planning Update	Finance Group							
Review of Draft Financial Statements	Finance Group							
Annual Report (recommendation to Council)	Finance Group							
Internal Audit (PricewaterhouseCoopers)								
Draft Internal Audit Plan	PWC							
Internal Audit Update	PWC							
Internal Audit - Reports (Public Excluded)	PWC	as required						
Risk Workshop	PWC							
External Audit (Audit New Zealand)								
IS Assurance Report		as required						
Audit Engagements Letter/Audit Arrangements Letter	Audit NZ							
Interim Management Report	Audit NZ							
Final Management Report	Audit NZ							
Clearance to Audit and Risk Committee	Audit NZ							
Issue of Audit Opinion	Audit NZ							

Committee: Audit & Risk Committee

Date: 26 November 2015

Report Name: Organisational Risk Report

Author: David Robson

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Organisational Risk</i>
Financial status	<i>This activity is supported by the Risk and Emergency Management Unit budget</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

2. To provide an update to the Audit and Risk Committee on the risk management framework and top organisational risks to enable the Audit and Risk committee to assess effectiveness of the risk assessment/management policies and processes.

3. Executive Summary

4. In consideration that the current risks of the Organisational Risk Register may not accurately reflect the current risks to the organisation, the improvement programme continues in identifying and separating appropriate strategic and operational risks.
5. SLT continue to workshop and refine the risks, which are attached in draft form to this report, before assigning ownership and full risk assessment.
6. The risk maturity programme also continues in the delivery of training targeting tier three management.
7. Management attended a LGNZ workshop in order to provide input regarding current risk management practices at a local government level in relation to the consideration of Central Government funding in a natural disaster event and the possibility of creating a Local Government Risk Agency.

Recommendation from Management

That the report be received

8. Attachments

9. Attachment 1 - Top Ten Organisational Risks Summary Nov 15
10. Attachment 2 - Internal Legislative Compliance Survey October 2015
11. Attachment 3 - Draft Operational and Strategic Risks and Gap Analysis

12. Top Ten Organisational Risks

13. Risks are collated from a variety of sources including unit risk registers, projects, emerging risks and organisational risks that are ranked outside of the top ten. Reporting to this Committee focuses on the top ten organisational risks, as currently scored by the organisation.
14. The current top ten organisational risks are summarised below. A supporting page for each risk is attached which provides further detail, risk scores, controls and mitigation. (Attachment 1).

Risk Name	Residual Risk Score
As a result of flooding, pollution, pump station overflows and increased discharges through city growth and 3rd parties, the storm water system might not meet city requirements of quality and quantity under its resource consent for discharge.	Very High
As a result of commercially sensitive information being made available to external parties, HCC could expose itself to financial, reputational and legal risk as well as damage to stakeholder relationships	High
As a result of CDEM training relying on scenarios only and the lack of exposure to real emergencies, HCC maybe unable to deliver its CD and EM statutory obligations.	High
The failure of wastewater infrastructure could lead to pollution of waterways and result in a public health impact and regulatory action	High
Due to an increase in 'leaky buildings' liability claims, the budget provision within the 10 Year Plan may be exceeded	High
Due to a lower than desirable operational risk culture, risk may not be readily identified and escalated as appropriate.	High
As a result of a shortfall in workforce capacity, the current work programme, or any new work programmes, may not be delivered.	High
As a result of insufficient storage capacity or in the event of a natural disaster, poor raw water quality or sustained systems failure, it might lead to limited availability and quality of treated water	High
As a result of the level of organisational change, this could become unmanageable for staff and may lead to an increase in staff turnover and a decrease in wellbeing.	High
Due to an unexpected sustained IT system outage, HCC may be unable to process transactions and in turn affect our service to customers	Medium

15. Emerging Risks

16. The emerging risk that is currently being considered is around assurance of organisational legislative compliance, given the results of the recent internal survey (section 18 of this report).
17. It is acknowledged that the main channels of information regarding changes in legislation to Hamilton City Council are made via professional memberships. However these notifications are not internally driven and add no assurance to this committee that they are recognized and/or implemented.

18. Risk Culture Update

19. Continuing the next phase of risk maturity at HCC, training has been delivered which targeted 3rd tier managers.
20. The one hour intensive session covered the following topics:
 - the risk management framework
 - - the process for risk escalation
 - - creating risk statements
 - - Risk assessment
 - - risk treatment techniques for controls and mitigation
 - - considering the wider context of risk in regards to organisational strategic goals and objectives.
21. Twelve tier 3 managers attended the session which was less than expected, however organisational workload is acknowledged and another session is planned to take place in the near future.

22. Business Continuity Management Update

23. To ensure business continuity, each business function is required to identify what dependencies it has in order operate efficiently. These dependencies are then risk assessed to understand their criticality.
24. The mitigations/controls for the dependency are often an internal process, for example alternative suppliers of goods or services in the failure of the business as usual arrangements. To date these processes and procedures have not been analysed to ascertain their level of robustness.
25. To address this, the Risk Manager has incorporated a 'vulnerability analysis' into the Business Continuity Management Framework. This additional exercise will risk assess the dependencies and underpinning processes. This will highlight high risk alternative arrangements and promote the identification of further alternatives as required in order to strengthen plans and provide assurance to governance.
26. The Risk Manager has recently completed two more business continuity plans which relate to Development Contributions (Economic Growth) and Sampling and Analysis (City Waters Shared Services). These plans have now been signed off by the respective business function who now assumes ownership of its implementation.
27. The total number of business continuity plans to date is fourteen.

28. Legislative Compliance Update

29. The Risk Manager has conducted a periodic survey with tier 3 managers to ascertain the usage and usefulness of the email updates that are sent to the organization in regards to changes in legislation. It is acknowledged that staff receive information well in advance of changes to legislation through correspondence via professional memberships. However these notifications are not internally driven or monitored and provide no assurance to this committee that the changes are recognized and/or implemented.

30. A total of four questions were asked in the survey with a response rate of 15 (out of 28), and the results are attached as attachment 2.

31. The results were unexpected and in order to address this and affect change, the Risk Manager has added the request for evidence of discussion or changes to legislation to the quality audit check list will include the subject in regular risk catch ups with senior management and will conduct a follow up survey in three months to determine improvement.

32. Strategic and Operational Risk Update

33. Many of the risks within the organisational risk register were the result of workshops with councillors and senior management. However, HCC has matured in many respects and it is now appropriate to review risk from a strategic perspective and revisit key risks.

34. Workshops and discussion sessions have been conducted with SLT to identify and articulate the relevant operational and strategic risks. Strategic risks can be defined as the uncertainties and untapped opportunities that would impeded Council achieving its strategic outcomes. In the context of HCC, this would be the Hamilton Plan which is Council's primary strategic document.

35. Work continues in refining the risks and the draft results to date are provided for discussion as attachment 3. A gap analysis is also presented by which the identified risks are compared against the global top 10 risks identified by KPMG.

36. The next step is to continue the refinements of the risks through discussion with SLT and then risk analysis through the identified risk owner. Once the full assessment of these risks has been completed, the results will be presented to the Audit and Risk Committee for discussion.

37. Local Government Risk Agency

38. Following a report which examined current risk management practices in local and regional councils in relation to central government funding in a disaster event, Local Government New Zealand (LGNZ) have appointed an establishment board and working party to investigate opportunities for improvement to local government's risk management practices.

39. This work is largely focused on the development of a business case which would outline the three to five year plan for a Local Government Risk Agency (LGRA).

40. To date 60 local and regional councils have responded to an information gathering questionnaire relating to arrangements for corporate risk management, insurance and natural hazards and this information will be used to inform LGNZ of the current state of risk management throughout the sector.

41. A workshop which was held by LGNZ was attended by the CFO/GM Corporate and the Crisis Manager which was designed to understand the scope of the establishment board's work and be part of the discussion around possible services and delivery options of the potential LGRA.

- 42. Feedback given to LGNZ included the risks and opportunities to small/rural councils who currently do not have a risk management framework, the incentive to implement one, who pays and consistency of modeling and delivery. The feedback was collected by LGNZ with further communications to take place.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
------------	--------------------------------------

Top Ten Organisational Risks Summary

Item 7

Attachment 1

Rank	Risk Summary	Initial Risk Rating (Aug 2015)	Residual Risk Rating (Aug 2015)	Risk Status Since Previous Report
		Very High 	Very High 	New 
2	Organisational damage through external parties receiving commercially sensitive information.	Very High 	High 	No Change 
3	Ability to deliver statutory obligations in a civil defence/emergency event.	Very High 	High 	No Change 
4	Failure of wastewater infrastructure leading to pollution of waterways.	Very High 	High 	No Change 
5	LTP budget provision is insufficient to meet increased leaky buildings liability claims.	Very High 	High 	Down 
6	Embedded risk management culture.	Very High 	High 	New 
7	Staff capacity to delivery on work programmes.	Very High 	High 	Down 
8	Insufficient water quality in the event of natural disaster.	Very High 	High 	New 
9	Increase in staff turnover due to organisational change	High 	High 	Down 
10	Sustained IT systems outage.	Very High 	Medium 	No Change 

Risk Summary:	Rank
<p>Storm water system unable to meet city requirements during an event.</p> <p>As a result of flooding predominantly through heavy/seasonal rainfall this could result in pollution through pump station overflows and increased discharges. Also, through city growth and 3rd parties, the limits of the storm water system might not meet city requirements of quality and quantity under the current resource consent for discharge.</p>	1

Management Risk Assessment					
Likelihood of Occurrence	Certain				
Impact - Our People	Minor		Impact - Safety & Wellbeing	Minor	
Impact - Information Management & Tech	No Risk		Impact - Reputation	Major	
Impact - Financials	Moderate		Impact - Social & Cultural	Moderate	
Impact - Compliance	Extreme		Impact - Service Delivery	Moderate	

Initial risk score	Very High		Residual risk score(after consideration of controls and mitigation)	Very High	
---------------------------	-----------	--	---	-----------	--

<p>Commentary on Risk Assessment</p> <p>The driver for this risk is the likelihood of ‘certain’. Although the effects on the above criteria are moderate, this risk poses a major risk of reputational damage</p>
--

Risk Treatment Summary
Controls
<ol style="list-style-type: none"> 1. Integrated Catchment Management Plans (I&I Strategy) 2. Storm water Monitoring Plan 3. Flood Hazard Maps 4. Wastewater network model 5. Trade waste bylaw and consenting process 6. District Plan rules 7. Separate storm water and wastewater networks 8. Infrastructure plans available on web site 9. Wastewater Overflow Strategy 10. Storm water bylaw 11. Proposed transportation environmental plan 12. Preventative maintenance programmes: <ul style="list-style-type: none"> - Stream and screen cleaning - Pump station
Mitigations
<ol style="list-style-type: none"> 1. Emergency Response Plan

Risk Summary:	Rank
<p>Organisational damage through external parties receiving commercially sensitive information.</p> <p>Essentially a risk connected to information security in that if commercially sensitive information is intentionally made available to external parties, HCC could be exposed financial, reputational and legal risk as well as the likely damage to stakeholder relationships</p>	2

Management Risk Assessment					
Likelihood of Occurrence	Almost Certain				
Impact - Our People	Moderate		Impact - Safety & Wellbeing	N/A	
Impact - Information Management & Tech	Moderate		Impact - Reputation	Serious	
Impact - Financials	Serious		Impact - Social & Cultural	Serious	
Impact - Compliance	Moderate		Impact - Service Delivery	Minor	

Initial risk score	Very High		Residual risk score(after consideration of controls and mitigation)	High	
--------------------	-----------	--	--	------	--

Commentary on Risk Assessment
<p>This risk has been assessed by the owner as 'almost certain' and is based on the historical mostly media leaks. However, due to increased security measures connected to the security of information this risk is trending down and given that activity in this area is now historical, it is expected that the risk transition to a medium/low rating.</p>

Risk Treatment Summary
<p>Controls</p> <ol style="list-style-type: none"> 1. Password protection is implemented on all PC's as standard for all user log-in. 2. Passwords are required to be renewed on a regular basis in line with best practice. 3. Procedures and resources are provided for the disposal/destruction of confidential/sensitive documents. 4. Photocopying/printing facilities have individual logins which are monitored. 5. Elected Members Code of Conduct and the option of public excluded meetings. 6. Legislative compliance with Local Government Act, Privacy Act etc. 7. Privacy Officer employed to screen information requests and oversee information management.
<p>Mitigations</p> <ol style="list-style-type: none"> 1. External legal advice is engaged on a case by case basis. 2. Continuing briefing of confidentiality and privacy issues to staff and elected members 3. Staff Engagement Plan

Ref ID: 18/06

Risk Summary:	Rank
<p>Ability to deliver statutory obligations in a civil defence/emergency event.</p> <p>Due to its relatively low risk and stable hazardscape, CDEM training in Hamilton is generally confined to being scenario based. With this lack of exposure to real emergencies, HCC maybe unprepared and fail to deliver its CDEM statutory obligations in an actual event.</p>	3

Management Risk Assessment			
Likelihood of Occurrence	Likely		
Impact - Our People	Serious 	Impact - Safety & Wellbeing	Serious 
Impact - Information Management & Tech	Moderate 	Impact - Reputation	Extreme 
Impact - Financials	Moderate 	Impact - Social & Cultural	Major 
Impact - Compliance	Major 	Impact - Service Delivery	Major 

Initial risk score	Very High 	Residual risk score(after consideration of controls and mitigation)	High 
---------------------------	---	---	--

<p>Commentary on Risk Assessment</p> <p>The 'high' likelihood score is a reflection of the risk of unpreparedness as opposed to the risk of a disaster event. However, due to increased capability self assessment scores HCC has trended up from 30% to 78% in just under 3 years. Improved alignment with regional and local councils of the Waikato also provides the opportunity of the inclusion of experienced personnel to assist in managing a disaster event in Hamilton. Given the added commitment to on-going training for HCC staff volunteers in events and exercises outside the city, it is anticipated that this risk will trend down.</p>
--

Risk Treatment Summary
Controls
<ol style="list-style-type: none"> 1. Monthly training exercises and scenario testing which has realised an increase in HCC Civil Defence and Emergency Management capability assessment from 30% to 78% in three years. 2. HCC Emergency Operation Centre (EOC) has received a score of 65% against National standards. 3. Multi-agency emergency exercises targeted at critical infrastructure. 4. Dedicated, experienced Civil Defence Professional staff. 5. Fully trained Local Controllers who have the capability to lead HCC's response in an event.
Mitigations
<ol style="list-style-type: none"> 1. Key trained staff have emergency event experience, e.g. involvement in the Christchurch disaster.
Future Actions
<ol style="list-style-type: none"> 1. The inclusion of trained staff in the incident management team for local events outside of Hamilton to gain experience.

Risk Summary:	Rank
<p>Failure of wastewater infrastructure leading to pollution of waterways.</p> <p>From a compliance perspective, the failure of wastewater infrastructure for any reason could lead to pollution of waterways and result in a public health impact and regulatory action which would likely include financial penalties.</p>	4

Management Risk Assessment			
Likelihood of Occurrence	Almost Certain		
Impact - Our People	Serious 	Impact - Safety & Wellbeing	Serious 
Impact - Information Management & Tech	N/A 	Impact - Reputation	Moderate 
Impact - Financials	Serious 	Impact - Social & Cultural	Moderate 
Impact - Compliance	Extreme 	Impact - Service Delivery	Moderate 

Initial risk score	Very High 	Residual risk score(after consideration of controls and mitigation)	High 
--------------------	---	--	--

Commentary on Risk Assessment

This risk rating is driven by the almost certain likelihood with extreme compliance impacts. However, a strong business as usual programme contains activities designed to prevent this risk from occurring.

Risk Treatment Summary

Controls

1. External peer review of plant operations with is conducted on a reoccurring cycle.
2. Online monitoring of system performance for the early detection of potential errors.
3. Investment in proactive inspection, maintenance and renewal of assets and infrastructure.

Mitigations

1. Emergency management response plan and the dry weather overflow response manual which is routinely tested.
2. Better understanding of risk which informs our capital works programme through Asset Management Plans and water network models.

Future Actions

1. LTP investment in wastewater infrastructure capacity improvement to decrease risk of spills.

Ref ID: 24/07

Risk Summary:	Rank
<p>LTP budget provision is insufficient to meet increased leaky buildings liability claims.</p> <p>'Leaky buildings' liability claims remains a topical issue and given the unpredictability of when claims and their costs may arise, the risk is that the budget provision within the 10 Year Plan may be exceeded.</p>	5

Management Risk Assessment			
Likelihood of Occurrence	Certain		
Impact - Our People	Minor 	Impact - Safety & Wellbeing	No Risk 
Impact - Information Management & Tech	No Risk 	Impact - Reputation	Moderate 
Impact - Financials	Extreme 	Impact - Social & Cultural	Minor 
Impact - Compliance	Minor 	Impact - Service Delivery	Moderate 

Initial risk score	Very High 	Residual risk score(after consideration of controls and mitigation)	High 
--------------------	---	--	--

Commentary on Risk Assessment

Hamilton has a good track record in regards to the low number of claims in comparison to other metros and as such, this risk continues to trend down. The risk remains, but due to the reducing number of claims the likelihood has been reduced.

Risk Treatment Summary

Controls

1. An independent external Quantity Surveyor has been engaged to assess claims and overall costs on a case by case basis.
2. HCC solicitors' involvement as appropriate.
3. Independent leaky building experts are assigned to assess potential liability to HCC as required.
4. Claims are monitored and costs estimated, where possible, against the 10-year plan budget.

Mitigations

1. Proactive approach employed by early engagement with party's to facilitate dispute resolution. Note: dependent on claim – large and complex disputes are handled by HCC engaged solicitors.
2. External advice sought on a building's risk profile. This provides information and statistics, costs and trends across other local authorities in order to construct a forecasting tool by which HCC can report against.

Future Actions

Nil

Ref ID: 34/08

Risk Summary:	Rank
<p style="text-align: center;">Embedded risk management culture.</p> <p>The HCC risk management journey to date has heavily focussed on its build and integration as a result, the organisation has a lower than desirable risk culture which could mean that risks may not be readily identified and escalated as appropriate.</p>	6

Management Risk Assessment					
Likelihood of Occurrence	Almost Certain				
Impact - Our People	Minor		Impact - Safety & Wellbeing	No risk	
Impact - Information Management & Tech	Moderate		Impact - Reputation	Moderate	
Impact - Financials	Moderate		Impact - Social & Cultural	Moderate	
Impact - Compliance	Moderate		Impact - Service Delivery	Moderate	

Initial risk score	Very High 	Residual risk score(after consideration of controls and mitigation)	High 
--------------------	---	--	--

Commentary on Risk Assessment

The assessment has resulted in relatively consequences, however with an 'almost certain' likelihood this risk has rated highly. However, a significant focus is currently being made in creating and maintaining a risk culture and it is expected that this risk will trend down on its next review.

Risk Treatment Summary

Controls

1. Permanent, dedicated full time resource allocated to deploy risk management framework and embed within the organisation
2. A risk section has been added to business plans to further identify risk at a unit level
3. 6 weekly meeting with SLT and quarterly reporting to A&R Committee
4. Risk now forms part of the key project report and Health and Safety Management
5. Risk management training programme

Mitigations

1. Establishment of a Crisis Management team with a wide brief to understand our risk parameters and profile
2. Risks identified at unit level are reported the 'risk forum' discussion group on a quarterly basis for consideration to add to organisational risk register
3. Emerging risks are identified and reported by the Risk Manager
4. PWC acknowledgement in October 2013 audit of a robust framework with recommendations of future enhancements

Future Actions

Nil

Ref ID: 38/07

Risk Summary:	Rank
<p>Staff capacity to delivery on work programmes.</p> <p>This risk relates to the workforce capacity and the effect on delivery of work programmes that is the result of a lean organisation.</p>	7

Management Risk Assessment				
Likelihood of Occurrence	Certain			
Impact - Our People	Major		Impact - Safety & Wellbeing	Serious 
Impact - Information Management & Tech	Minor		Impact - Reputation	Moderate 
Impact - Financials	Serious		Impact - Social & Cultural	Moderate 
Impact - Compliance	Moderate		Impact - Service Delivery	Serious 

Initial risk score	Very High 	Residual risk score(after consideration of controls and mitigation)	High 
--------------------	---	--	--

Commentary on Risk Assessment

The focus of this risk is not only capacity versus delivery, but also the impact of the health and wellbeing of the staff that are completing the work. This may have links to the risk currently ranked number 9 regarding staff retention and turnover. This risk was reviewed on completion of the recent organisational review and was found to have trended down.

Risk Treatment Summary

Controls

1. Work flow guidance from Project Governance Group's (PGG's).
2. Senior Management oversight through quarterly business unit reporting which includes work programme status updates
3. Management and prioritisation of workload via a business case process.

Mitigations

1. Expanding business cases to include supporting unit/stakeholders sign-off.
2. Aligning business to outcomes/goals and organisational priorities.

Future Actions

1. Wellbeing project.
2. Development of Senior Leadership Team prioritisation framework.
3. Development of overarching Project Governance Group (PGG).

Ref ID: 46/03

Risk Summary:	Rank
<p>Insufficient water quality in the event of natural disaster.</p> <p>As a result of insufficient storage capacity or in the event of a natural disaster (which may include the now considered annual drought) , poor raw water quality or sustained systems failure, might lead to limited availability and quality of treated water.</p>	8

Management Risk Assessment					
Likelihood of Occurrence	Likely				
Impact - Our People	Minor		Impact - Safety & Wellbeing	Minor	
Impact - Information Management & Tech	No risk		Impact - Reputation	Major	
Impact - Financials	Major		Impact - Social & Cultural	Extreme	
Impact - Compliance	Serious		Impact - Service Delivery	Major	

Initial risk score	Very High 	Residual risk score(after consideration of controls and mitigation)	High 
---------------------------	---	---	--

Commentary on Risk Assessment
Due to its unpredictability and current water storage resources to mitigate it, this risk is difficult to manage.

Risk Treatment Summary
Controls
<p>1. Insufficient storage capacity:</p> <p>a. Water hydraulic model, b. Master Plan, c. AMPs, d. 30 year infrastructure strategy plan, e. 10 year plan</p> <p>2. Natural disaster:</p> <p>a. Seismic assessments (tell us what risk our infrastructure is at), b. Risk assessment, c. AMPs, d. 10 year plan</p> <p>3. Poor raw water quality:</p> <p>a. ESCAN, b. SOPs, c. Reservoir storage</p> <p>4. Sustained systems failure:</p> <p>a. Maintenance plans, b. AMPs, c. 10 year plan, d. Water storage</p>
Mitigations
1. Emergency and continuity plans
Future Actions

Risk Summary:	Rank
<p>Increase in staff turnover due to organisational change</p> <p>With a connection to the number 7 ranked risk of programme delivery , this risk is articulates that the levels of organisational change could become unmanageable for staff and may lead to an increase in staff turnover and a decrease in wellbeing</p>	9

Management Risk Assessment			
Likelihood of Occurrence	Likely		
Impact - Our People	Serious 	Impact - Safety & Wellbeing	Serious 
Impact - Information Management & Tech	Moderate 	Impact - Reputation	Moderate 
Impact - Financials	Moderate 	Impact - Social & Cultural	Minor 
Impact - Compliance	Minor 	Impact - Service Delivery	Moderate 

Initial risk score	High 	Residual risk score(after consideration of controls and mitigation)	High 
--------------------	--	--	--

Commentary on Risk Assessment

This was historically the number one risk to the organisation due to the recent organisational restructure. However, on review this has since trended down and it is anticipated that this risk will reduce even further as the organisation continues to transition into the 'new normal'.

Risk Treatment Summary

Controls

1. All staff have access to HCC's Employee Assistance Programme (EAP) which provides access to face- to-face professional counselling.
2. On-going email communication and discussion sessions by the CEO regarding the proposed restructure along with regularly updated FAQ's posted on Velocity.
3. The opportunity for staff to talk directly with the CEO regarding proposed structural changes.

Mitigations

1. Progressing outcomes of change fast and increasing certainty of new structure.

Future Actions

1. Development of Change Management Framework
2. Succession planning for key roles

Ref ID: 02/14

Risk Summary:	Rank
<p align="center">Sustained IT systems outage.</p> <p>Due to an unexpected sustained IT system outage, HCC may be unable to process transactions and in turn affect our internal functions and ultimate service to customers</p>	10

Management Risk Assessment					
Likelihood of Occurrence	Likely				
Impact - Our People	Moderate		Impact - Safety & Wellbeing	Serious	
Impact - Information Management & Tech	Major		Impact - Reputation	Moderate	
Impact - Financials	Serious		Impact - Social & Cultural	Serious	
Impact - Compliance	Serious		Impact - Service Delivery	Major	

Initial risk score	High		Residual risk score(after consideration of controls and mitigation)	Medium	
--------------------	------	---	--	--------	---

Commentary on Risk Assessment

Due to the outsourced arrangements of some IT provision, much of the risk has been transferred. However, robust contingency plans are in place and are tested regularly. Most affected systems have back up plans in order to continue to conduct business as usual and in turn provide a seamless experience to our customers.

Risk Treatment Summary

Controls

1. Outsourced IT arrangements to transfer the risk
2. Contingency and Business Continuity plans in place.
3. Off-site data centre for secure storage of data outside of the CBD.

Mitigations

1. Back up telecommunication/internet networks.
2. Alternate power supply arrangements
3. Audit programme focused on infrastructure security and process is currently active.

Future Actions

Nil

Ref ID: 01/03

<p>Q1. Do you have designated people in your team that receives email legislation bulletins such as Alert 21?</p>	<p>Yes 60%</p>	<p>No 40%</p>
<p>Q2. Are changes in legislation a discussion item in your team talks?</p>	<p>Yes 72%</p>	<p>No 28%</p>
<p>Q3. There are numerous avenues for notifications in changes to changes in legislation. On a scale of 1-10 (10 being excellent) how would you rate the usefulness of the email bulletins to your unit?</p>		

<p>Q4. Does your unit have any outstanding audit recommendations regarding non-compliance to legislation</p>	<p>Yes 12%</p>	<p>No 88%</p>
--	--------------------	-------------------

Strategic Risks	Comments
Failure to regularly forecast and adequately test forecast key assumptions results in council missing opportunities or inadequately responding to external pressures (pressures such as Economic, Growth etc).	Review of organisational structure/ design through a robust people strategy ensures agility to respond to change
Sub-optimal decision making on the future of critical asset management may lead to inadequate execution and failure of assets.	The need for robust asset management
Council is unsuccessful in obtaining funding for key projects which results in projects not being undertaken or they are delayed.	
Decision makers don't take the necessary long term view resulting in poor execution.	
Lack of alignment/common agreement with Iwi stakeholders results in ineffective processes.	The need for engagement processes/strategies
Failure to identify and adequately manage environmental requirements results in Council not achieving its outcomes.	
Reputational and financial damage due to failure of the River Plan as a result of its complexity and size.	Robust project management/external expertise
The out of the appeals process may compromise the principles of the district plan.	Contingency planning
Ineffective engagement and support of the stakeholders required to buy into key strategic plans (including the CCTP) may result in unpredictable/negative outcomes.	The need for targeted engagement processes/strategies
That demand outstrips supply (including land banking), through the lack of provision of 'shovel' ready land, results in upward pressure on house pricing.	

Not taking a comprehensive and strategic communications focus could lead to council's reputation being negatively impacted	Comprehensive and strategic communications focus with an integrated risk culture approach.

Item 7

Operational Risks	Comments
Breach of health and safety legislation through the non-management of identified critical health and safety risks results in harm to staff and/or penalties.	Would replace current Risk #12 on the ORR (noncompliance to H&S legislation could result in death/prosecution).
Heightened turnover and low engagement may lead to increased recruitment and temporary cover costs.	Would replace current Risk #2 (unmanageable levels of change> turnover) and #13 (skills shortage/recruitment).
In a disaster event a lack of suitably trained and experienced civil defence staff leads to undue harm to members of the community and delays in restoring the city to an operational standard.	Would replace current Risk #3 (only scenario based training).
Failure to develop and test robust Business Continuity Plans result in prolonged business interruption and a reduction of service to the community.	Would replace current Risk #4 (BCP's aren't robust enough).
A low performing environment which is not managed results in failure to meet business plan targets/objectives	Would replace current Risk #5. Risk #10 (poor business cases leading to misinformed decision making) and #39 (inadequate project governance) are to be reviewed in light of the departure of the PMO Manager.
Newly opened subdivisions place the organisation under increased financial pressure resulting un-forecasted spend or a reduction in service levels.	New Risk
Lack of resource coordination and poor prioritisation of projects results in reduced effectiveness across the portfolio and increased cost.	Would replaces current risk #39 (as above).
Lack of customer engagement through complicated/bureaucratic processes results in low customer satisfaction.	New risk

Attachment 3

Gap Analysis of the KPMG Top 10 Global Risks

Rank	KPMG Global Risk	Covered in HCC ORR?	HCC Risk Theme	Risk Rating	Comments
------	------------------	---------------------	----------------	-------------	----------

1	Cyber-security		Related Org Risk: No.01: Unexpected IT systems outage.	Medium	Cyber risk was identified in April 2014 as part of a wider risk of information security. An internal investigation was conducted in September 2014 with a report provided to SLT in Sept 2014 and a revised report to Acting GM Corporate in August 2015.
---	----------------	---	--	--------	---

Attachment 3

2	Regulatory compliance		Org Risk: No.37: Legislative compliance and No. 12: Non-compliance with H&S legislation	Medium	Legislative compliance framework in place based on Audit NZ standards and email bulletins of changes to legislation are provided to staff as part of a subscription service.
3	Anti-bribery/Anti-corruption		Org Risk: No. 33: Fraud	Medium	Audit NZ/ PWC audit programme

4	International Operations	X	Not aligned to Council Core Business		
5	Third-party Relationships	✓	Org Risk: No.18 Stakeholder relationships	High	On-going operational and strategic risk
6	Mergers, Acquisitions, and Divestitures	X	In context, the essence of this risk would relate risks associated to future amalgamation		
7	Strategic Alignment	X	Draft Strategic Risk: Threats to the Hamilton Plan	Investigating	This risk is currently under investigation to determine how current organisational and emerging risk impact on strategic priorities.
8	Integrated and Continuous Risk Assessment	✓	Org Risk: No. 38: Risk Management Framework	Medium	Current work being undertaken to further embedded the risk culture within the organisation.
			Related Org Risk: No. 21 Business Continuity Management	High	
9	Data Analytics and Continuous Auditing	X	Emerging Risk: Management input in to audit programme.	Investigating	Risks previously featured on the Organisational Risk register were considered mitigated and archived. A renewed investigation will begin in this area.
10	Talent Recruitment and Retention	✓	Org Risk: No. 13: Attracting and retaining specialist staff	Medium	Currently under review as a draft operational risk.
			Related Org Risk: No. 02: Organisational change	High	

Committee: Audit & Risk Committee

Date: 26 November 2015

Report Name: Organisational Improvements
Work Programme Status
Report

Author: David Robson

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Organisational Improvements</i>
Financial status	<i>This activity is funded through the internal audit programme</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

2. This report provides an update on the status of Council's Organisational Improvements Work Programme as at November 2015, responding to recommendations made by Audit New Zealand (external audit), PWC (internal audit), QEC (Quality Environmental Consulting Ltd) and Deloitte.

3. Executive Summary

4. A total of 38 new audit recommendations have been raised from the Audit NZ Management Report in relation to Infrastructure and Asset Management Plans and the Zoo revenue process and control assessment.
5. No historic recommendations have been signaled for closure by management this quarter.
6. The PWC review of recommendations for closure continues at the time of writing this report.

Recommendation from Management

That the report be received.

7. Attachments

8. Attachment 1 - Organisational Improvements Work Programme - Control List - open Items November 2015
9. Attachment 2 - Organisational Improvements Work Programme-Items signaled for closure by management requiring audit sign off
10. Attachment 3 - Organisational Improvements Work Programme-signaled by management as completed and closed

11. Organisational Work Programme Update Summary

12. Since the September 2015 report, a summary of the open items is as follows;
13. The detailed report of open items is attached (attachment 1) and separate reports are provided for items signaled by management for closure (attachment 2) and recommendations signaled by management as completed and closed (attachment 3).
14. Fifteen new recommendations have been added and assigned to the Programme Manager – Growth and Assets from the August 2015 Audit NZ Management Report in relation to Infrastructure and Asset Management Plans. The risk rating of these recommendations has yet to be assigned.
15. Twenty three recommendations (medium and low) from the same report have been added and assigned to the Zoo Director in relation to the Zoo revenue process and control assessment.
16. No historic recommendations have been signaled for closure in this quarter.
17. The PWC review of recommendations for closure continues at the time of writing this report and an update will be provided in future reporting.

18. Summary Table

19. The table below provides a summary analysis of the Organisational Improvements Work Programme:

	Q4 (2014/15)	Q1 (2015/16)	Q2	Q3	Q4	2015/16 YTD
Opening	15	15	9			24
New	0	0	38			38
Completed	19	6	0			6
Closing	15	9	47			56

Signatory

Authoriser	Paul Conder, Chief Financial Officer
------------	--------------------------------------

Hamilton City Council
Organisational Improvements Control List (Open items)

Key:												
No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
Governance and Internal Audit:												
198		Project Management Framework	No project portfolio management framework is in place.	PWC Project Mgt Framework assessment 20 May 2014, Trim D-1419095	Finding #1 page 6	Management acknowledge that a portfolio management approach to HCC projects is the preferred and ideal environment in which to manage the organisation's projects. Business planning and project prioritisation are current activities that are acknowledged as under resourced - recruitment has just been successful for the appointment of a business planning specialist who will contribute significantly to this area of the business. However this may not occur for another 12-18 months. A simple prioritisation tool has been developed (Business Improvement Unit/PMO combined effort) and accepted by SLT. The business planning framework (as part of the Business Improvement Unit - Organisational Development Group) is seen as a key contributor to assisting the organisation to establish greater visibility of project activities. Agreement is in place with SLT that activities would be reviewed in 3 month time periods. The Business Planning role (appointed in May 2014) will be seeking to address this matter and will continue to work closely with PMO on this.	Portfolio Mgmt Framework - Under action - PMO will be actively working with Business Improvement (specifically Tania Hermann and Tracey Hancock) as a follow on to the Organisational business planning exercise to identify where progress can be made. Must be mindful of change "impact on the business" and ensure decisions on steps for change are pragmatic and minimise impact as possible. Portfolio Owner – Under action in relation to work being undertaken between Bi and PMO – Prioritisation component Under action - SLT have identified 21 priority pieces of work for the 2014/15 year – on going work to continue to address prioritisation is part of the business planning process and will be actively managed through the new resource (Tracey Hancock)	High	PMO Manager		Second quarter 2016	
199		Project Management Framework	Maturity of PM practices requires improvement.	PWC Project Mgt Framework assessment 20 May 2014, Trim D-1419095	Finding #2 page 7	The approach taken to date has been to provide a PMO that is "enabling" not "controlling". This has been intentional with the PMO designed to address HCC's needs in an incremental way. Management acknowledge that a more directive line is likely to have achieved a faster result, in terms of engagement with and of the PMO. However a directive approach was considered to require a greater level of staffing than the current PMO was able to provide. Inability to meet demand created by a directive approach in addition to the added burden on the organisation this approach would create were considered significant risks to the PMO's ongoing success. The PM Policy can be revisited in light of the recommendation to provide direction on engagement with the PMO and can be updated to include a single project lifecycle. This can be completed within the first quarter 2014/15. Since the commencement of this assessment process 32 staff have completed all three project management modules and a community of practice has been established. It is envisaged that this will enable a monthly forum for PMs to meet on an ongoing basis. The primary objective is to continue to develop HCC's PM capability and continue to strengthen the PMO's visibility and positive working relationship across the organisation. It is intended that the PM in house training courses will continue. HCC has engaged a provider who is also delivering equivalent PM training to Waikato Regional Council and Western BOP. Discussions between the arranging staff at these Councils has been on the basis of enabling cross over to enable training sessions to be filled, as going forward the demand will lessen with more and more people having been captured.	Monthly meetings - Actioned and ongoing– with commencement of community of practice meetings – held monthly and coordinated by PMO Org wide PM Training Courses – Actioned and ongoing Policy has been created and is to be approved by the CEO	High	PMO Manager		first quarter 2016	
205		Project Management Framework	Sub-optimal PM systems and tools.	PWC Project Mgt Framework assessment 20 May 2014, Trim D-1419095	Finding #8 page 13	Current tools and systems support the current reporting framework. Management agree that an extension beyond the existing reporting structure will require additional investment in technology and resources for the PMO to provide additional services. There are currently no plans to extend either. MS Project is available to all staff on the citrix network – it is unlikely to be changed because this is currently the most cost effective way of managing licensing costs. Agreement on the what tools will most effectively support HCC PMs is required ahead of investment in this area. This discussion will be ongoing and held in conjunction with the Business Improvement Unit as business planning changes are implemented over the next 12-18 months.	Systems and tools – No activity currently planned – activity highlighted above on reporting and in conjunction with Bi will determine outcomes in this area MS Project – as indicated in management response – No change in current practice is envisaged PM and organisational reporting tool is under development and anticipated for release early 2nd quarter	High	PMO Manager		Second quarter 2016	
89		Cash flow forecasting	The automated modelling tool to manage forecasting of cash flow requirements is not reviewed following changes.	PWC Internal Audit Ring Road Project Review 20 Dec12	Finding #6, Page 23	Management agree with the recommendation. A new process has recently been established whereby the Corporate Projects Accountant will have responsibility for ensuring a standardised methodology is applied to all budget models associated with large key projects. Outputs of these budget models will be subject to a structured peer review process within the finance department. The new process will apply to the ring road project.	This item refers to HCC's ability to ensure budgets are correct over the life of a large multi year project where budgets are sometimes carried over from one financial year to another. These situations are managed through our capital deferrals that are agreed at year end by management and approved by Council. Cash flow forecasting of capital projects will be managed within the Microsoft AX budgeting module when it is anticipated that this becomes operational later this year.	Medium	Corporate Projects Accountant		Dec-15	

Hamilton City Council
Organisational Improvements Control List (Open items)

Key:												
	In progress or open											
	closed since last Audit & Risk meeting											
	open or new item since last Audit & Risk meeting											
	exceeded estimate completion date											
No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
106		Event Management	There is a lack of formal review of event planning to ensure that appropriate services are provided to clients.	PWC Internal Audit Event Management Review 10 Jun 13 12/13	Finding #3, Page 12	Management are currently in the process of developing an Event Order confirmation report within EBMS. This report will detail all services and requests that the client has made and will be required to be signed off by the client and event co-ordinator prior to the commencement of an event. This will assist in ensuring that all client requests are raised as service orders. This report is due for release in 11 June 2013. We agree with all the other recommendations detailed in the outcome of the review and will be putting together a project team to create a clear and simple process supported by a detailed checklist for our entire event staff. The timeline for this will be incorporated into the overarching programme of changes.	Management have developed an Event Order confirmation report within Ungerboeck. This report details all services and requests that the client has made and is required to be signed off by the client and the event co-ordinator prior to the commencement of an event. This will assist in ensuring that all client requests are raised as service orders. Management agrees with all of the other recommendations detailed in the outcomes of the review and has put in place a project team to create a clear and simple process supported by a detailed checklist for our entire event staff. The timeline for this will be incorporated into the overarching programme of changes	Medium	GM Events & Economic Development		Mar-16	
193		Development Contribution Processes and Controls	Development contribution applicability assessments are not captured and information on development contributions cannot be reported on nor reviewed for authority.	PWC Assessment of Development Contribution Processes and Controls, 3 Mar 2014, Trim D-1359727 13/14	Finding #2, page 8	Assessments are captured in a temporary database that can theoretically be linked to Authority for reporting purposes, however a significant amount of work is needed to do this and/or implement a more stable solution. There is a need to set-up a repeatable and well documented process for linking charges calculated by the Development Contributions Model to the charge calculation spread sheet and the online GIS viewer. This will require a significant amount of work but is on hold due to other priorities. Additional resource will be needed if this is to be completed within reasonable timeframe. As previously reported.	The current solutions remains fit for purpose whilst further investigation continues in modeling solutions .	Medium risk rating assigned by management	Chief Financial Officer		Jun-16	
196		Development Contribution Processes and Controls	Evidence of the compilation of "base charges" by catchment has not been retained.	PWC Assessment of Development Contribution Processes and Controls, 3 Mar 2014, Trim D-1359727 13/14	Finding #5, page 16	Assessments are captured in a temporary database that can theoretically be linked to Authority for reporting purposes, however a significant amount of work is needed to do this and/or implement a more stable solution. There is a need to set-up a repeatable and well documented process for linking charges calculated by the Development Contributions Model to the charge calculation spread sheet and the online GIS viewer. This will require a significant amount of work but is on hold due to other priorities. Additional resource will be needed if this is to be completed within reasonable timeframe. As previously reported.	The current solutions remains fit for purpose whilst further investigation continues in modeling solutions .	Medium risk rating assigned by management	Chief Financial Officer		Jun-16	
110		Event Management	There is no formalised and independent review performed to ensure operational event management procedures are followed.	PWC Internal Audit Event Management Review 10 Jun 13 12/13	Finding #7, Page 17	As part of the overall upgrade, programme management will initiate a project to facilitate the report recommendations. Where possible we will automate the processes within EBMS. The internal event audit process is still to be developed and expected to be complete by the end of the year.	Management will address this issue as part of the overall upgrade programme of EBMS with core HCC finance systems	Low	GM Events & Economic Development		Dec-15	

Hamilton City Council
Organisational Improvements Control List (Open items)

Key:												
		In progress or open										
		closed since last Audit & Risk meeting										
		open or new item since last Audit & Risk meeting										
		exceeded estimate completion date										
No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
243		Property, plant and equipment	Improve the quality of information in the asset management system by implementing the identified changes in the AECOM report	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-1628444)	3.8, page 10	On-going continuous improvements are being made to asset information where there are resources available to do so. Through the 2015-25 10 year plan, funding and resource allocation has been requested to enable the significant items to be addressed.	Improvements identified by AECOM are incorporated in the Water, Wastewater, Stormwater and SolidWaste AMP's for 2015-45. In addition the draft 2-15-25 LTP has budget allocation in opex to enable further improvements in the quality of information. Improvements to Pump Station assets have been completed, and planning to commence a 2 to 4 year improvement programme for treatment plants is underway.	Low	Waters Manager		progressively over the next 10 years- this will be prioritised based on the risk to Council.	
266		Infrastructure Strategy and Asset Management Plans	As part of future strategy preparation processes, a procedure is required that provides an indication as to the quality of information regarding the age, description, condition and performance of infrastructure assets	Audit NZ Management Report, August 2015	P3	The recommended improvements for the Infrastructure Strategy will be included in specific AMPs and considered for inclusion in the next version of the Infrastructure Strategy.	In Progress	?	Programme Manager - growth and assets			
267		Infrastructure Strategy and Asset Management Plans	As part of future strategy preparation processes, a summary of historical expenditure for key asset types to provide a benchmark for future expenditure levels	Audit NZ Management Report, August 2015	P3	The recommended improvements for the Infrastructure Strategy will be included in specific AMPs and considered for inclusion in the next version of the Infrastructure Strategy.	In Progress	?	Programme Manager - growth and assets			
268		Infrastructure Strategy and Asset Management Plans	As part of future strategy preparation processes, consider proposed funding strategies for planned expenditure, e.g., stating what changes are proposed (if any) in how services are funded going forward	Audit NZ Management Report, August 2015	P3	The recommended improvements for the Infrastructure Strategy will be included in specific AMPs and considered for inclusion in the next version of the Infrastructure Strategy.	In Progress	?	Programme Manager - growth and assets			
269		Infrastructure Strategy and Asset Management Plans	As part of future strategy preparation processes, the identification of any planned deferral of expenditure, the consequences of that deferral and the City Council's planned response is noted	Audit NZ Management Report, August 2015	P4	The recommended improvements for the Infrastructure Strategy will be included in specific AMPs and considered for inclusion in the next version of the Infrastructure Strategy.	In Progress	?	Programme Manager - growth and assets			
270		Infrastructure Strategy and Asset Management Plans	As part of future strategy preparation processes, consider council's intended approach for delivery of services to maintain the assets and build new assets	Audit NZ Management Report, August 2015	P4	The recommended improvements for the Infrastructure Strategy will be included in specific AMPs and considered for inclusion in the next version of the Infrastructure Strategy.	In Progress	?	Programme Manager - growth and assets			
271		Infrastructure Strategy and Asset Management Plans	As part of future strategy preparation processes, consider any significant changes in the way assets will be managed over time compared to current arrangements	Audit NZ Management Report, August 2015	P4	The recommended improvements for the Infrastructure Strategy will be included in specific AMPs and considered for inclusion in the next version of the Infrastructure Strategy.	In Progress	?	Programme Manager - growth and assets			
272		Infrastructure Strategy and Asset Management Plans	As part of future strategy preparation processes, consider any expected changes in technical, legislative or regulatory requirements and City Council's response to those changes.	Audit NZ Management Report, August 2015	P4	The recommended improvements for the Infrastructure Strategy will be included in specific AMPs and considered for inclusion in the next version of the Infrastructure Strategy.	In Progress	?	Programme Manager - growth and assets			

Hamilton City Council
Organisational Improvements Control List (Open items)

Key:												
		In progress or open										
		closed since last Audit & Risk meeting										
		open or new item since last Audit & Risk meeting										
		exceeded estimate completion date										
No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
273		Infrastructure Strategy and Asset Management Plans	In the contents of the Asset Management Policy, Council should consider including performance measures for AM such as timeframes for reviews and community consultation	Audit NZ Management Report, August 2015	P4	Council is currently reviewing a number of its policies and the Asset Management Policy is being recreated as a management level policy given the new legislative requirement for an Infrastructure Strategy. An update of the policy will include the role and preparation of the Infrastructure Strategy in the Management Policy. The other respects raised above will be included in either the reviewed management policy or documented standard operating procedures.	In Progress	?	Programme Manager - growth and assets			
274		Infrastructure Strategy and Asset Management Plans	In the contents of the Asset Management Policy, Council should consider including procedures for audit and review	Audit NZ Management Report, August 2015	P4	Council is currently reviewing a number of its policies and the Asset Management Policy is being recreated as a management level policy given the new legislative requirement for an Infrastructure Strategy. An update of the policy will include the role and preparation of the Infrastructure Strategy in the Management Policy. The other respects raised above will be included in either the reviewed management policy or documented standard operating procedures.	In Progress	?	Programme Manager - growth and assets			
275		Infrastructure Strategy and Asset Management Plans	In the contents of the Asset Management Policy, Council should consider including contribution of AM to the City Council's sustainable development objectives	Audit NZ Management Report, August 2015	P4	Council is currently reviewing a number of its policies and the Asset Management Policy is being recreated as a management level policy given the new legislative requirement for an Infrastructure Strategy. An update of the policy will include the role and preparation of the Infrastructure Strategy in the Management Policy. The other respects raised above will be included in either the reviewed management policy or documented standard operating procedures.	In Progress	?	Programme Manager - growth and assets			
276		Infrastructure Strategy and Asset Management Plans	Council should amend the AM Policy to provide clearer direction for each activity as to what aspects of AM the lower level is acceptable and which parts are expected to be at the higher level.	Audit NZ Management Report, August 2015	P5	The maturity targets for asset management have been developed after assessing the risk associated with each activity and the value of assets that relate to the activity. Independent expert advice was taken in setting the activity maturity targets within the existing policy. Each AMP contains an improvement programme specific to asset management practice for that activity. These improvement programmes outline what changes are priorities and in doing so guide what is recommended in order to achieve appropriate practice. As part of the improvement programme in each AMP, more specific maturity targets for aspects of each activity will be considered and documented where appropriate	In Progress	?	Programme Manager - growth and assets			
277		Infrastructure Strategy and Asset Management Plans	Council should ensure that issues identified from the independent peer reviews are incorporated into the AM Improvement Plans. We also encourage the City Council to continue with assigning appropriate time and resource to enable the tasks identified in the 2015 AMP improvement programme to be undertaken.	Audit NZ Management Report, August 2015	P6	Improving asset management data and practices is a clear focus for council. Cross-organisational teams exist to deliver these types of improvements across the business. The recent restructuring has also led to a new corporate position being created to lead these types of changes across the organisation. An updated corporate improvement plan is being prepared during 2015 to make sure improvement actions are still appropriate and adequately prioritised and resourced.	In Progress	?	Programme Manager - growth and assets			
278		Infrastructure Strategy and Asset Management Plans	Council needs to ensure that it obtains a complete set of asset attributes, condition ratings and performance data for all asset components in the water treatment plants/reservoirs and wastewater treatment plant/pump stations. This data should be held in the Council's AM system and periodically updated so that reliable information is available to generate future operating and capital programmes and to reduce the reliance upon informal anecdotal evidence	Audit NZ Management Report, August 2015	P6	More thorough cataloguing of assets relating to the Water and Wastewater treatment plants is underway. This is being done as part of planning for future upgrades to these plants. The initial work is focussed on accurately locating and capturing assets in a 3D spatial (BIM) model. The use of BIM models is regarded as standard industry practice for understanding complex sites and underground services. Data capture of asset information will continue over 2015/16 and 2016/17	In Progress	?	Programme Manager - growth and assets			

Hamilton City Council
Organisational Improvements Control List (Open items)

Key:												
No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
279		Infrastructure Strategy and Asset Management Plans	We recommend that the business process for inputting data into the AM system is amended so that the condition and performance ratings are incorporated into the information loaded. This will enable optimal decisions to be made about the maintenance and renewal of those assets in future budget rounds	Audit NZ Management Report, August 2015	P7	A review of these business processes and asset management practice will be included in the relevant improvement plans for infrastructure assets	In Progress	?	Programme Manager - growth and assets			
280		Infrastructure Strategy and Asset Management Plans	We recommend that Council ensures reliable information is recorded in its AM system so as to ensure that the current shortcomings in the valuation of treatment plant assets can be rectified as soon as practicable	Audit NZ Management Report, August 2015	P7	Council has a programme of three yearly revaluations for our treatment plants and above ground assets, unless indices show that costs are moving in such a way that the carrying value is no longer representative of fair value. Focus is currently being placed on improving the asset register of these sites. Once the asset register is completed, a more robust revaluation will be able to be calculated. Once assets have been identified, we can use market values for the majority of our assets that are purchased annually such as pumps, valves, motors etc. However some assets contained within the treatment plants are bespoke and their value are best determined through tender process. For these assets we will continue to use an inflation factor where it is appropriate.	In Progress	?	Programme Manager - growth and assets			
281		Zoo Revenue Process and Control Assessment	Re Visitor number and earnings reports from Centaman are inaccurate due to configuration errors, management should liaise with Information Services (IS) and the system vendor if appropriate to check that reports from Centaman are appropriately reconfigured to ensure accurate, complete and reliable data is reported	PWC Review August 2015	P5	Agreed - IS have provided verbal assurance that there are no issues and configuration of GST reporting is correct but we will require further assurance that all Centaman reports are accurate and complete.	Centaman report configuration is part of IS Work Request Form sent on October 19. Ticket number is 15338452	Medium	Zoo Director		Jan-16	
282		Zoo Revenue Process and Control Assessment	Re Visitor number and earnings reports from Centaman are inaccurate due to configuration errors, management should establish methods to independently check the accuracy and completeness of key performance metrics currently relied on from Centaman.	PWC Review August 2015	P5	Agreed - IS have provided verbal assurance that there are no issues and configuration of GST reporting is correct but we will require further assurance that all Centaman reports are accurate and complete.	Accuracy of reports in Centaman is part of IS Work Request Form sent on October 19. Ticket number is 15338452	Medium	Zoo Director		Jan-16	
283		Zoo Revenue Process and Control Assessment	Re The ability to reverse sales transactions and make cash refunds is not restricted and these transactions are not reviewed Management should restrict the ability to reverse transactions within Centaman and segregated this privilege from personnel involved in processing sales. If due to the small team this is deemed impractical, especially during peak times implement daily reporting which identifies all refunds and void transactions performed	PWC Review August 2015	P6	Agreed, however it is impractical to segregate personnel reversing transactions from personnel involved in processing sales due to small team. However, we will implement daily reporting which identifies all refunds and void transactions performed for review	Not yet begun	Medium	Zoo Director		Jan-16	

Hamilton City Council
Organisational Improvements Control List (Open items)

Key:												
No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
284	In progress or open	Zoo Revenue Process and Control Assessment	Re The ability to reverse sales transactions and make cash refunds is not restricted and these transactions are not reviewed Management should liaise with IS to configure a report from Centaman on reversed/ voided transactions and cash refunds which can be reviewed and consider restricting refunds to cash only when the transaction is purchased in cash, and to the EFTPOS card used to purchase the ticket	PWC Review August 2015	P6	We have seen configured reports on reversed/ voided transactions and cash refunds being used and reviewed on other POS models, which will be considered.	Functionality to reverse transactions to card/cash is part of IS Work Request Form sent on October 19. Ticket number is 15338452	Medium	Zoo Director		Jan-16	
285	In progress or open	Zoo Revenue Process and Control Assessment	Re Promotional schemes and discounts are not governed by a policy or appropriately monitored Management should establish a policy for discounts / variations from published prices which covers the nature and extent of discounts that are permissible and specifies who is authorised to approve such discounts	PWC Review August 2015	P7	Work instruction on discounts, variations from published prices and tickets for family members established for the Zoo; may require HCC to establish a policy or some changes to delegated authorities of senior staff	Promotional proposals now require Zoo Director and General Manager approval.	Medium	Zoo Director		Jan-16	
286	In progress or open	Zoo Revenue Process and Control Assessment	Re Promotional schemes and discounts are not governed by a policy or appropriately monitored Management should create a separate button within Centaman for the length of promotional schemes to account for the number of visitors for the scheme and enable the functionality to enforce a dialog box pop up to capture reasons when a no charge ticket is selected and issued	PWC Review August 2015	P7	Button for promotional schemes tested during August, will roll out in September. Pop up box to be implemented.	Complete, however awaiting Centamans 'notes' functionality to be fixed before reporting is possible. This fix is part of IS Work Request Form sent on October 19. request is now being progressed. Ticket number is 15338452	Medium	Zoo Director		Jan-16	
287	In progress or open	Zoo Revenue Process and Control Assessment	Re Promotional schemes and discounts are not governed by a policy or appropriately monitored Management should formally monitor the uptake of promotion schemes, to determine whether they are achieving the intended benefits for the zoo and HCC, the reasons for issuing a no charge ticket to assess their appropriateness and the use of discounts	PWC Review August 2015	P7	Monitoring of promotion scheme uptake already happening as a verbal discussion but we will investigate whether a report can be produced in Centaman	Promotional scheme monitoring is reported to Zoo Director by Visitor Experience Manager. Separate Centaman buttons are already in use for common no charge admissions, and notes functionality has been enabled for irregular no charge entry. However this is awaiting Centamans 'notes' functionality to be fixed before reporting is possible. This fix is part of IS Work Request Form sent on October 19. Ticket number is 15338452	Medium	Zoo Director		Jan-16	
288	In progress or open	Zoo Revenue Process and Control Assessment	Re Promotional schemes and discounts are not governed by a policy or appropriately monitored Management should update current pricing policies to reflect that immediate family (partner and children) of Zoo staff members are allowed entrance for free to the zoo	PWC Review August 2015	P7		Not yet begun	Medium	Zoo Director		Jan-16	

Hamilton City Council
Organisational Improvements Control List (Open items)

Key:												
		In progress or open										
		closed since last Audit & Risk meeting										
		open or new item since last Audit & Risk meeting										
		exceeded estimate completion date										
No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
289		Zoo Revenue Process and Control Assessment	Re The ability to perform key activities within Centaman is not restricted and user access rights have not been reviewed, management should identify the level of access required for each Centaman user while considering restricting the ability to perform key activities such as amending prices to buttons, applying discounts and reversing transactions and appropriately segregating duties of users who perform key activities mentioned above and users who process admission invoices and collect cash	PWC Review August 2015	P9	Level of access will be reviewed for all users but it is impractical to segregate duties of users who perform key activities due to small team. A periodic review of access rights in Centaman will be performed to ensure management continue to be comfortable with provisioned levels of access.	Not yet begun	Medium	Zoo Director		Jan-16	
290		Zoo Revenue Process and Control Assessment	Re The ability to perform key activities within Centaman is not restricted and user access rights have not been reviewed, management should establish a process to periodically review and confirm that the access rights that has been granted continue to remain appropriate	PWC Review August 2015	P9	Level of access will be reviewed for all users but it is impractical to segregate duties of users who perform key activities due to small team. A periodic review of access rights in Centaman will be performed to ensure management continue to be comfortable with provisioned levels of access.	Not yet begun	Medium	Zoo Director		Jan-16	
291		Zoo Revenue Process and Control Assessment	Re The ability to perform key activities within Centaman is not restricted and user access rights have not been reviewed, management should consider granting read only access to Centaman users who do not require edit access	PWC Review August 2015	P9	Granting read only access will be considered for new staff or if roles or systems change	No staff changes since audit.	Medium	Zoo Director		Jan-16	
292		Zoo Revenue Process and Control Assessment	Re Cash handling activities are not aligned to best practices Management should segregate the duties of the cashier and the person performing the end of day cash reconciliations	PWC Review August 2015	P10	Impractical to segregate cashier from the person performing the end of day cash reconciliations due to small team. However, will implement internal spot checks by Zoo staff in addition to those already carried out by HCC.	Spot checks have not yet begun	Medium	Zoo Director		Jan-16	
293		Zoo Revenue Process and Control Assessment	Re Cash handling activities are not aligned to best practices Management should retain supporting documentation to evidence the results of the biweekly cash count held	PWC Review August 2015	P10	Cash change functionality exists already, but was not being used by those observed at time of audit.	Not yet begun - note, management response is incorrect	Medium	Zoo Director		Jan-16	
294		Zoo Revenue Process and Control Assessment	Re Cash handling activities are not aligned to best practices Management should consider establishing a process to have an independent person review the end of day cash reconciliation and bi weekly cash count	PWC Review August 2015	P10	Cash change functionality exists already, but was not being used by those observed at time of audit.	This audit comment is a repeat of the above two audit comments.	Medium	Zoo Director		Jan-16	
295		Zoo Revenue Process and Control Assessment	Re Cash handling activities are not aligned to best practices Management should configure the cash drawer to be opened only on cash transactions	PWC Review August 2015	P10	Cash change functionality exists already, but was not being used by those observed at time of audit.	Part of IS Work Request Form sent on October 19. request is now being progressed. Ticket number is 15338452	Medium	Zoo Director		Jan-16	

Hamilton City Council
Organisational Improvements Control List (Signal to Audit For Sign Off)

Key:	 in progress or open
	 closed since last Audit & Risk meeting
	 open or new item since last Audit & Risk meeting
	 exceeded estimate completion date

No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
Recommendations Signalled for Closure by Management Requiring Audit Sign Off												
32		Key Financial Controls	Identify, based on recommendations from reports, the key financial controls that should be implemented or improved	Deloitte Review 28 Feb 12	Process & Documentation	The Finance Group has focused on driving for continuous improvement across all areas. The new finance system project (i.e. Microsoft AX) with the objective of driving improvements to processes and reporting went live on 1 July 2014. A new chart of accounts and standardised reports have been implemented.		Medium	Chief Financial Officer	Aug-15		Signalled for closure by management - requires audit sign off
43		Property, plant and equipment and intangible assets	Procedures for capturing and processing information are not adequate. Systems not integrated. Large number of adjusting entries between FA register and GL due to late capitalisation. Many issues with auditing Property, Plant & Equipment - lack of supporting documentation for additions, disposals and movements. As the Asset Accountant is the only person that has complete knowledge of processes, other resources and back up needs to be considered.	Audit NZ 2011 mngt letter 9 Dec 11	5.2 9.1	A number of improvements are underway across fixed assets. These reviews include the asset management plan processes, the implementation of the new finance system (Microsoft AX), Hansen 8 asset system upgrade and fixed assets policy. The CFO has closely monitored the capitalisation of Work in Progress (WIP) and provided regular updates to SLT- this has had a major impact on reducing WIP levels at year end for 2013 & 2014. Microsoft AX Fixed Asset module successfully went live on 1 July 2014. Audit NZ did not raise any cortical issues it respect to the 2013/14 audit.	With the implementation of a new Microsoft AX system, some issues were identified that delayed the ability to process WIP. The issue has now been resolved and processing of WIP is now on-going. The Fixed Asset Module in Microsoft AX is fully reconciled with the General Ledger, without the need for any manual adjusting entries. Hansen 8 asset management system has been implemented for City Waters, Property, Parks and Open Spaces and Hamilton Gardens, and this system will be functioning as the Fixed Asset Register for those units from 1 July 2015.	Medium	Chief Financial Officer	Aug-15		Signalled for closure by management - requires audit sign off
177		Changes to public benefit entity accounting standards.	Plan and prepare in timely manner for transition to the new PBE accounting standards to apply for reporting periods beginning on or after 1 July 2014.	Audit NZ 2013 Mgt Letter 13 Nov 13 (Trim D-1160990)	4.2	Council has commenced reviewing the new PBE standards and will identify the changes for the 2014/15 annual plan. Annual Report disclosures for 2014/15 to be completed by Aug 2015 and reviewed by Audit NZ in Sep 2015.	Planning is underway and is part of the annual report project plan. No significant issues identified to date.	Low	Finance Manager	Aug-15		Signalled for closure by management - requires audit sign off
201		Project Management Framework	The PMO does not have oversight of all HCC programmes/projects.	PWC Project Mgt Framework assessment 20 May 2014, Trim D-1419095	Finding #4 page 11	SLT have a high degree of ownership of the organisation's key projects (currently 9) and regularly review and add/change the projects on the list to ensure all significant, high risk, high value, complex projects are monitored and given visibility with Council. It is not envisaged that the level at which this reporting occurs will change in the short or medium term. However with the changes in the business planning area opportunity for expanding this may arise. PMO will continue to work closely with the Business Improvement Manager in this regard. A purposeful, tiered approach currently exists. Key projects are reported via PMO to SLT and the Finance Committee, all approved business cases are expected to progress through the project framework and adhere to the project lifecycle. These projects are expected to be assigned PMs who report to an assigned Project Sponsor (and often a Project Governance Group). PMO follows up all projects, at the end of the project lifecycle, where an approved business case exists. This is reflected in the benefits reporting process. Since the commencement of this assessment process, alignment to strategy is being addressed through the inclusion of a specific "strategic alignment" section in the project scope template and project check sheet. Management will review PMO FTE requirements in due course. However no plans exist to expand staff in this area in the short to medium term. Quarterly Audit NZ assurance reviews are currently undertaken of IS. The overall IS programme of work is reported in detail to the Finance Committee quarterly so good oversight is already occurring at governance level.	Strategic alignment of projects - Already under action in current approach Increasing FTEs of PMO - Status quo - as identified in following management response - no plans to change current PMO resourcing levels Align IS with PMO - Not considered an issue. Current organisational activity is considered pragmatic and functional	Medium	PMO Manager	Aug-15		Signalled for closure by management - requires audit sign off
237		Hazards associated with perceived workplace bullying and stress.	Conclusions from independent investigation reports are to be trended and assessed to identify areas for improvement within Council.	QEC Progress Review Report 4 Sep 2014 Trim D-1558685	34.3, page 22	As these reports are made available we will trend and assess the areas of improvement.	The People and Capability Manager continues to review the investigation reports. There have been no recent investigations so trend is moving down, which is a positive indication that good systems and processes are in place. The People and Capability Manager will continue to monitor this on a regular basis. We consider this action to be now closed.	Low	People & Capability Manager	May-15		Signalled for closure by management - requires audit sign off

Hamilton City Council
Organisational Improvements Control List (Signal to Audit For Sign Off)

Key:	 in progress or open
	 closed since last Audit & Risk meeting
	 open or new item since last Audit & Risk meeting
	 exceeded estimate completion date

No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
214		Management policy.	Council can strengthen the Koha and Donation policy and the Gift and Hospitality policy.	Audit NZ 2014 Interim Mgt Letter, 9 Sep 2014, D-	4.1, page 8	The review of these policies have commenced and will be completed by the end of May 2015.	Completed	Low risk rating assigned by management	Procurement Manager	completed - approved by SLT 14 May 2015		Signalled for closure by management - requires audit
241		Procurement (purchasing and contract management).	Council to ensure all contract information is updated in the system and this system is used to generate contract registers that were regularly monitor.	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-1628444)	3.4, page9	The implementation of the AX Dynamics system has seen a significant improvement in the tools Council use to record contract payments and manage Approved Contract Sums. These are recorded within the contracts module of AX Dynamics. This enables a full history of payments made on any contract and key financial contract data to be recorded within the system. This is linked through the data warehouse to non-financial information. This is a significant improvement on previous excel based systems and will help with preparation of the annual accounts for capital commitments and work in progress in the future. Since the review undertaken by Audit NZ the 'gateway' checklist system is now live for staff to use.	Completed - Now part of AX System	Medium risk rating assigned by management	Procurement Manager	New Financial System Microsoft AX implemented 1 July 2014		Signalled for closure by management - requires audit sign off
242		Project management	Continue to make improvements to project management. The PMO Manager is currently working through approaches aimed at strengthening the PM framework without imposing unnecessary impact on the organisation and is seeking input from other organisations. Any final approach	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-1628444)	3.6, page 10	A number of recommendations arising from the PWC review of the project management framework are considered to be addressed in the current practice of the organisation. The remainder will be addressed as resourcing of the PMO allows. The key areas of improvement are seen to be the implementation of stage gates for all projects and particularly longer term projects. The PMO manager is currently working through approaches aimed at strengthening the PM framework without imposing unnecessary impact on the organisation and is seeking input from other organisations. Any final approach will be tested with PWC before implementation	Completed	Medium risk rating assigned by management	PMO Manager	Closed 01/02/2015		Signalled for closure by management - requires audit sign off
244		Work in progress	Capitalise completed projects in the fixed asset register on a more timely basis to ensure assets are correctly depreciated.	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-1628444) Q2/15	3.9, page 11	There is now a process in Hanson (newly implemented) to monitor the timeline of asset data flowing from project manager to capitalisation. Currently working through system issues (ability to run WIP reports) with the provider of the accounting system AX that are looking to be resolved by 15 March 2015. Once these issues have been resolved we will then be able to fully utilise the resources we have to capitalise WIP. We have accrued related depreciation throughout the year to ensure there is not a large variance.	Issues with the system have now been resolved, WIP reports are now available and capitalisation of WIP is progressing	Medium risk rating assigned by management	Finance Manager	Aug-15		Signalled for closure by management - requires audit sign off
246		Water and wastewater performance measures	Put controls in place to ensure that information entered into Hansen 8 for water and wastewater measures are correct.	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-1628444)	3.12, page 13	Management agree with this recommendation. To identify data that is being incorrectly entered, we are now completing weekly and monthly audits. As a result, training of specific staff is implemented. Additionally, we have identified that it is impossible to correct an incorrect date in Hansen. This has been highlighted to the Hansen Project Team and we are awaiting a confirmed date to resolve.	Completed	Low risk rating assigned by management	Water Manager	Dec-14		Signalled for closure by management - requires audit sign off
247		Transportation performance measures	Ensure independent audits of Downer Ltd include a review of the Downer's performance information management systems.	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-	3.13, page 13	An independent audit of the Infrastructure Alliance (Downer) was initiated in October 2014. A draft report has been provided and this is available on TRM D-1656275. This report will be finalised in April 2015	Improvements identified by the auditor have been actioned and completed by the Infrastructure Alliance manager.	Low	City Transportation Manager	May-15		Signalled for closure by management - requires audit sign off
248		Council Controlled Organisations	Council to review if the functions and activities of the various CCO's fit the purpose of local government as intended in section 10(1)(b) of the Local Government Act 2002.	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-	3.14, page 13	Management will prepare a report for the CCO Subcommittee meeting that will be held on 22 April 2015.	reported to CCO Subcommittee 22 April 2015	Medium risk rating assigned by management	Chief Financial Officer	Closed April '15		Signalled for closure by management - requires audit sign off
251		IS Programme of Work	Consider developing a standard induction for non-IT staff that participate in IT projects as sponsor or project control group member. Include information about what supporting	Audit NZ- Project Mgt Review on IS Programme of Work 24 Nov	R12	IS are currently working with the PMO to develop and provide targeted training to managers who will either act as sponsor or sit on the Project Governance Groups for projects.	Completed	Medium risk rating assigned by management	Solutions Delivery Manager	Feb-15		Signalled for closure by management - requires audit sign off
252		IS Programme of Work	Enhance the project management focus on benefits realisation- at the business stage (benefits identification), planning stage (benefits realisation measurement framework) and post-implementation (benefits realisation measurement and reporting). Consider the expected timing of benefits realisation and schedule a post-	Audit NZ- Project Mgt Review on IS Programme of Work 24 Nov 2014 (Trim D-1630123 and D-1629357)	R13	Projects (including the Assets Project, HR/Payroll and Finance projects) have started explicitly referencing and reporting on Benefits. This is an area where some of our reporting has improved over the last 12 months as referenced by the positive feedback on the Finance project close out report that included a significant section on benefits realisation/management. Post Implementation Reviews will be scheduled with the Project Sponsors for the projects identified	Completed	Medium risk rating assigned by management	Solutions Delivery Manager	Feb-15		Signalled for closure by management - requires audit sign off

Hamilton City Council
Organisational Improvements Control List (Signal to Audit For Sign Off)

Key:	 in progress or open
	 closed since last Audit & Risk meeting
	 open or new item since last Audit & Risk meeting
	 exceeded estimate completion date

No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
253		IS Programme of Work	Consider including a formal requirement to review the lessons learned register in any new planning process, and consider documenting this in Project Initiation Document.	Audit NZ- Project Mgt Review on IS Programme of Work 24 Nov	R14	This will be included into the IS Project Methodology and included in Project Initiation Document template as a required section	Completed	Medium risk rating assigned by management	Solutions Delivery Manager	Feb-15		Signalled for closure by management - requires audit sign off
254		IS Programme of Work	Consider the extent of the formal project management processes to apply to currency upgrade projects. As a minimum consider developing a template for a short form business case	Audit NZ- Project Mgt Review on IS Programme of Work 24 Nov	R15	Currency upgrades will use the Small Project Specification document in lieu of the larger Project Initiation Document. This will allow scope and benefits to be well defined and provide a baseline for project success to be measured.	Completed	Medium risk rating assigned by management	Solutions Delivery Manager	Feb-15		Signalled for closure by management - requires audit sign off
255		Business Continuity Framework	Establish a formal process to regularly review all BCP's and identify, document and align key interdependencies across the plans	PWC Int Audit Business Continuity Framework	P4	Review of completed BCPs has been added to the Risk and Emergency management work programme. BCPs will be reviewed on an annual basis with the plan holder to assess continued relevance and appropriateness	Completed	Medium	Crisis Manager	May-15		Signalled for closure by management - requires audit sign off
259		AR and online portal process and control	Access to sensitive Authority functionality and the Authority SQL database is not properly restricted or segregated	PWC March '15 Municipal Building Accounts Receivable and Online Portal process and Control Assessment Q3/15	P6	Revenue staff have reviewed user access in regard to Authority debtors and NAR modules. A significant number of these were staff who had left the organisation. Although their network access was terminated through HCC Connect their permission still existed against the individual modules within Authority. In these cases there is no risk as they are locked out of Council's network. We have compiled a list of users to be either deleted or adjusted to meet the requirements, which is currently with IM for processing. We have also requested further investigation as to whether the permission levels can be adjusted to separate out ability to invoice from other financial adjustments. New users requiring NAR, debtors and receipting access currently must be authorised by the revenue manager.	Completed	High	Finance Manager	Aug-15		Signalled for closure by management - requires audit sign off
260		AR and online portal process and control	Not all fees configured in eservices and Authority are included in the approved pricing schedule	PWC March '15 Municipal Building Accounts Receivable and Online Portal process and Control Assessment Q3/15	P8	The \$96 new dog transaction fee is an estimated fee used for testing for the next year. This is not a selectable fee and has been removed. The LIM fees are standard fees and are correct on the Fees and Charges schedule. This would be an enhancement to the authority module and a significant cost and Council is not considering any changes. This will be checked by the business owners each year after Council approves the new fees and charges schedule.	As there is no facility to load an expiry/deactivation date in authority for the various fees and charges, these will need to be checked by the business owners after 30 June each year for any changes to existing fees or new fees to be added.	Medium	Revenue Manager	May-15		Signalled for closure by management - requires audit sign off
261		AR and online portal process and control	Authority does not prevent duplicate debtors being setup and no manual detective check is performed	PWC March '15 Municipal Building Accounts Receivable and Online Portal process and Control Assessment Q3/15	P10	Authority is limited and allows duplicate debtors to be created. Any change to this would require an enhancement by our vendor (Civica) at a significant cost. A contributing factor is also that Council operates a decentralised debtors system due to the fact that we are an extremely diverse organisation. There are adequate internal processes to mitigate duplicate debt accounts specifically when invoices are not generated via the applications module. With the exception of the application module, limited staff within the organisation can create new debtor accounts (those that have received training which emphasises the importance of	Completed	Low	Finance Manager	May-15		Signalled for closure by management - requires audit sign off
262		AR and online portal process and control	Duplicate debtor receipts are not prevented by Authority	PWC March '15 Municipal Building Accounts Receivable and Online Portal process and Control Assessment Q3/15	P13	Until a payment is 'posted' as part of the end of day processing, manual payments can be accepted for the charge more than once. It would mean the account would be in credit and the monitoring of the credit report at the end of the month would pick this up as well as the next rates notice to the customer. This is very low risk and does not happen often.	Completed	Low	Finance Manager	May-15		Signalled for closure by management - requires audit sign off
263		AR and online portal process and control	Receipts are sometimes posted directly to the general ledger instead of against debtor accounts in Authority	PWC March '15 Municipal Building Accounts Receivable and Online Portal process and Control Assessment Q3/15	P14	Consent application fees may not require an invoice as these are 'fees up front'. In this case they are receipted to the appropriate ledger account at the time of application. There are occasions where payments are receipted by customer service staff to the General Ledger in error (should have gone against an invoice). These are generally discovered/addressed as part of the sundry debtors follow up. As a form of mitigating the Customer Services Team Leader is notified of each occurrence as a means of eliminating future occurrences.	Completed	Low	Finance Manager	May-15		Signalled for closure by management - requires audit sign off

Hamilton City Council
Organisational Improvements Control List (Signal to Audit For Sign Off)

Key:	
	in progress or open
	closed since last Audit & Risk meeting
	open or new item since last Audit & Risk meeting
	exceeded estimate completion date

No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
265		AR and online portal process and control	Debtors with aged credit balances are not periodically reviewed	PWC March '15 Municipal Building Accounts Receivable and Online Portal process and Control Assessment	P16	The debtors report has been adjusted to show aging of credit balances. Although the focus is on debt recovery we acknowledge that this is also an important function. Within the current staff resource, the Debt Management Administrator does dedicate time each month to address the credit report and will now work in date order (oldest to newest)	Completed	Low	Finance Manager	May-15		Signalled for closure by management - requires audit sign off

Hamilton City Council
Organisational Improvements Control List (Signaled by Management as completed and closed)

Key:	 in progress or open
	 closed since last Audit & Risk meeting
	 open or new item since last Audit & Risk meeting
	 exceeded estimate completion date

No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
Recommendations Signalled as Complete by Management												
90		Pre-employment screening	We recommend: Strengthen the current pre-employment screening procedures.	PWC Internal Audit Transparency Assessment Report 23 Nov13	Finding #1, Page 7	Management understand why it is desirable to have mandatory criminal history checks for all new employees. On balance however, we feel that increasing the scope of the existing process to encompass all new employees will adversely impact on the ability to appoint staff in a timely manner. We therefore don't intend to make criminal history checks mandatory for all new employees at this time. However we will investigate making criminal history checks mandatory for certain types of roles in the organisation. This will be carried out in conjunction with our broader fraud and corruption awareness activities. Management agree with the recommendation that credit and bankruptcy checks be required for preferred candidates for finance role, roles with significant financial delegations (up to tier 3) and roles that involve cash handling. At present line managers are encouraged to undertake background checks for these types of roles although this is not a mandatory requirement. This process will be tightened to ensure that background checks are always completed for these types of roles. Induction processes will also be reviewed and, where required, updated to ensure all new employees are made aware of Council's fraud related policies and procedures.	The Senior Leadership Team have agreed and approved a new Recruitment and Selection policy which addresses the need to have mandatory criminal and credit history checks on at risk positions. An automated process has been implemented to request criminal and credit history checks using our e-recruitment system	Medium	People & Capability Manager	Apr-15		Signalled my management as completed and closed
92		Staff Awareness	We recommend: implement a fraud and corruption awareness training programme.	PWC Internal Audit Transparency Assessment Report 23 Nov13	Finding #3, Page 10	Staff will be informed through the regular People and Capability newsletter of their obligations with fraud and corruption. There is also a fraud and corruption policy being signed off at the SLT 15 December 2014 Ops meeting. This aligns with the Protected Disclosure management policy.	The Senior Leadership Team have agreed and approved a new Recruitment and Selection policy which addresses the need to have mandatory criminal and credit history checks on at risk positions. An automated process has been implemented to request criminal and credit history checks using our e-recruitment system	Medium	People & Capability Manager	Dec-14		Signalled my management as completed and closed
93		Sound Ethical Behaviour	We recommend: Management and Council to ensure that the appropriate tone is expressed and promulgated throughout HCC.	PWC Internal Audit Transparency Assessment Report 23 Nov13	Finding #4, Page 11	The fraud and corruption policy will be signed off by SLT Ops meeting 15 December 2014. This policy provides clear guidelines on the organisations response when fraudulent or corrupt activities occur or are suspected.	Completed - Policy approved December '14	Medium	People & Capability Manager	Dec-14		Signalled my management as completed and closed
94		Line Manager Accountability	We recommend: Deliver training to Line Managers on their fraud responsibilities.	PWC Internal Audit Transparency Assessment Report 23 Nov13	Finding #5, Page 13	Staff will be informed of the new Fraud and Corruption policy once it has been formally signed off by the SLT on 15 December 2014. This will be done through the staff daily mail online newsletter and through the People and Capability monthly newsletter that is sent to all managers.	Completed - communications to staff sighted	Medium	People & Capability Manager	Dec-14		Signalled my management as completed and closed
95		Fraud and Corruption and detection framework	We recommend: Include additional controls in the Fraud Control Framework.	PWC Internal Audit Transparency Assessment Report 23 Nov13	Finding #6, Page 14	As outlined in section three on page 10 of this report, management have initiated a six month work programme to significantly improve the effectiveness of ten key management policies (including the Fraud and Corruption Council Policy). Management expect to be recommending modifications to the Fraud Policy as a result of this work and will have specific regard for the observations made in action 1 when reviewing this policy. In addressing procedures and controls associated with the ten key management policies, we will address the observations outlined in actions 2, 3 and 4 and, where necessary, will engage with PWC to test the adequacy of the process changes identified prior to implementation. Through this work programme a review of the issue and use of ID cards will also be undertaken.	Completed - Fraud and Corruption Policy sighted. ID card review completed.	Medium	Chief Financial Officer	Dec-14		Signalled my management as completed and closed
104		Event Management	There is limited use and integration of EBMS with core HCC finance systems.	PWC Internal Audit Event Management Review 10 Jun 13	Finding #1, Page 6	The design & development for an automated interface to provide financial summary information from EBMS to HCC Finance Systems (via the Operational Data Store) is underway. The interface design, development, testing and implementation is being undertaken with input from key IS & finance team members & is due to be completed in time for financial project go-live on 1 October 2014 (delayed due to other finance/IS operational priorities). In addition to this the information requires from HCC systems to flow back into EBMS is being addressed and the solutions will also be in place for the financial project go-live on 1 October. This is part of the Event Facilities Unit Event Processes & Systems Review project. On-track for estimated completion date. The go live of the EBMS financial system will now take a phased approach, starting 1st October with event based revenue and expenditure. Complete cutover of the processing and reporting of all financial transactions and data to be completed before the end of the 1st qtr. of 2015.	Completed - system implemented	Medium	GM Events & Economic Development	Mar-15		Signalled my management as completed and closed

Hamilton City Council
Organisational Improvements Control List (Signaled by Management as completed and closed)

Key:	 in progress or open
	 closed since last Audit & Risk meeting
	 open or new item since last Audit & Risk meeting
	 exceeded estimate completion date

No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
105		Event Management	There are a lack of controls in place to protect the integrity of event reports and manual outputs prepared.	PWC Internal Audit Event Management Review 10 Jun 13	Finding #2, Page 10	Full Solution: As part of the Event Facilities Unit Event Processes & Systems Review project, financial processes and internal audit processes are being developed which will adhere to the HCC financial control environment policies and will mitigate this risk. On-track for estimated completion date.	Completed - system implemented	Medium	GM Events & Economic Development	Mar-15		Signalled my management as completed and closed
109		Event Management	Delegations of authority to enter in to event contracts do not accommodate EFU business requirements and there are limited controls to ensure that contractual terms agreed are appropriate.	PWC Internal Audit Event Management Review 10 Jun 13	Finding #6, Page 16	Business processes are under review as a part of the wider Event Facilities Unit Event Processes & Systems Review project. We have revised the delegation process to base contract approval for venue hire and event management services on standard/rack price (per price book). We also implemented Director level approval for all variations or additions to general contractual terms.	Completed - system implemented	Medium	GM Events & Economic Development	Mar-15		Signalled my management as completed and closed
182		Interim audit issues (several matters)	Strengthen controls over PeopleSoft user access, password security for network and application logons. Review GST on Property purchases to ensure correct GST is claimed, ensure General Ledger reconciliations are appropriate.	Audit NZ 2013 Mgt Letter 13 Nov 13 (Trim D-1160990)	Appendix 2	Audit to confirm the action taken by management as part of the next year's interim audit follow-up. PWC has reviewed the controls of the new AX system and will provide a report to Council in April 2015.	Complete - addressed by Ax Implementation	Medium	Chief Financial Officer	New Financial System Microsoft AX implemented 1 July 2014		Signalled my management as completed and closed
189		Management policy framework	A formal and compressive Management Policy Framework should be established to capture guidance on key processes, decisions and roles.	PWC Internal Audit Assessment of Management Policy Framework, 23 Apr 2014, Trim D-1359725	Finding #1, page 6	The management policy framework is to be presented to SLT 15 December 2014 Ops meeting for sign-off which addresses this action.	Completed - framework approved by SLT and applied (memo D-1727302)	Medium	Business Improvement Manager	Feb-15		Signalled my management as completed and closed
190		Management policy framework	Key steps/ decisions made in the creation/review of management policies are not sufficiently documented.	PWC Internal Audit Assessment of Management Policy Framework, 23 Apr 2014, Trim D-1359725	Finding #2, page 8	Significant work has been undertaken in this area with all policies now receiving SLT sign off and minuted through the SLT meetings. The management policy framework which is to be presented for approval to the SLT on 15th December outlines this new process.	Completed - framework approved by SLT and applied (memo D-1727302)	Medium	Business Improvement Manager	Feb-15		Signalled my management as completed and closed
240		Group consolidation	Discuss accounting treatment issues early with IWL to ensure Council receive manner and the group consolidation are in line with IPSAS	Audit NZ 2014 Final Mgt Report 19 Nov 2014 (Trim D-1628444)	3..1, page 7	Council Finance has commenced discussion with IWL on the accounting disclosure requirements.	This has been completed and reviewed by Audit NZ.	Medium risk rating assigned by management	Finance Manager	Work on this completed - May 2015		Signalled my management as completed and closed
256		Business Continuity Framework	Management should develop a fit for purpose maturity assessment framework.	PWC Int Audit Business Continuity Framework Assessment March 2015	P5	The adoption of the PWC BCM maturity model will facilitate an annual maturity self-assessment. This has been added to the risk and emergency management unit work programme with the first assessment due in 2016	Completed and sighted	Medium	Crisis Manager	May-15		Signalled my management as completed and closed
257		Business Continuity Framework	Establish and periodically review key BC	PWC Int Audit Business Continuity Framework Assessment	P6	BCP templates now include a section to capture BCP KPI's.	Completed and sighted	Low	Crisis Manager	May-15		Signalled my management as completed and closed
258		Business Continuity Framework	Consider developing a formalised training programme supported by detailed guidance documentation to enable organisational units to develop and maintain their	PWC Int Audit Business Continuity Framework	P7	A strong focus will continue on individual training/discussion with training documents provided as supporting information. The training documents will consist of a user friendly version of the pre-existing material and integrated into the workshops already provided as part of the plan creation process.	Completed and sighted	Low	Crisis Manager	May-15		Signalled my management as completed and closed

Hamilton City Council
Organisational Improvements Control List (Signaled by Management as completed and closed)

Key:	 in progress or open
	 closed since last Audit & Risk meeting
	 open or new item since last Audit & Risk meeting
	 exceeded estimate completion date

No.	Current Status	Issue	Audit Comment	Source	Reference	Agreed Management Response	Comment on Current Activity	risk rating	Owner	Date closed	Estimated completion date	Audit sign off of closure
264		AR and online portal process and control	Cash handling and receipting controls at the main counter are not secure	PWC March '15 Municipal Building Accounts Receivable and Online Portal process and Control Assessment	P15	The following process changes have been made to the cash handling and receipting processes - - it is correct the Authority receipting is not connected to the Eftpos machines. This would require an enhancement to Authority at a significant cost. The only risk is the amount keyed into Authority and the Eftpos machine could be different. This would be picked up at the end of day reconciliation and corrected then. - The cash up process for all tills is conducted away from public view in the customer service back office. - The till keys have been separated from staff access cards. Customer service staff are instructed not to share till keys	Completed - approved policy and procedures sighted.	Low	Finance Manager	May-15		Signalled my management as completed and closed

Committee: Audit & Risk Committee

Date: 26 November 2015

Report Name: Insurance Report 2015/16

Author: David Robson

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Organisational Insurance Programme</i>
Financial status	<i>There is budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To provide an update on the 2015/16 insurance renewal programme.

3. Executive Summary

- A group of Waikato Councils including Hamilton City Council continues to collectively tender its insurance programme under the Local Authority Shared Services (LASS) company umbrella.
- As previously reported, significant savings for all councils in Material Damage insurance and Infrastructure insurance have been made by using a 'maximum probable loss' approach rather than reinstatement value for all properties, and the benefit of spreading risk across a wider geographical area.
- Work continues to provide assurance that the value of Material Damage and Infrastructure arrangements are accurate and the risks are understood so that appropriate cover is in place.
- The HCC insurance programme continues to be managed as part of the Crisis Manager role along with business continuity planning, emergency management, risk management and legislative compliance. This is beneficial to the organisation as a dedicated centralised risk management service and knowledge base resource for internal risk and local hazard management.
- Underground Infrastructure Insurance is currently purchased up to 40% of the asset value, but Central Government 60% assistance in a disaster event is not guaranteed. On the advice of AON NZ, a primary layer cover to meet the first \$10m of loss (100% of the asset value) continues to be added to the policy.
- A LGNZ insurance working group continues to investigate risk assessment/profiling and the appropriate insurance programmes for councils in New Zealand. The Waikato Collective is

closely monitoring this work and looking to pre-align with initiatives from this working party as they develop.

Recommendation from Management

That the report be received

10. Attachments

11. Attachment 1 - 2015 16 Policy wording and comparison

12. Background

13. Insurance Brokering was collectively tendered by the Lion Partnership for a group of Waikato Councils led by Hamilton City Council in March 2012. The contract was awarded to AON NZ.
14. The purpose of the process was to leverage the regions' collective insurance requirements to deliver economies of scale through reducing brokerage costs and reducing the exposure to market increases in premium costs while also ensuring adequate coverage of risk. A collective insurance programme across the Waikato councils commenced from 1 November 2012.
15. The insurance programme continues to evolve and mature as more information becomes available. The first stage of the insurance programme established the joint arrangements and the Maximum Probable Loss Model (MPL). The second stage was the addition of the previously uninsurable underground infrastructure cover. The third stage was the addition of 100% cover to the primary layer and we are now in stage 4 with a focus on risk assessment and further assurance on the accuracy of the MPL Model (section 27 of this report).

16. Aon New Zealand

17. The key benefits of placing insurance through AON NZ are:
 - AON NZ's ability to bring a high level of strategic advice to the collective;
 - AON's experience delivering similar collective insurance programmes to councils across New Zealand via their LASS entities;
 - The clarity with which they were able to identify the benefits for the group working as a collective including options for placing premiums for the collective;
 - Their strong presence with offices throughout the Waikato region;
 - The reduction in brokerage fee paid by the group;
 - Providing insurance companies with the ability to purchase "layers" into the insurance pool rather than the whole programme;
 - Risk profiling of councils being conducted;
 - A change from a 30 June to 31 October renewal date which has assisted the insurance market to participate in this programme.

18. Financials

19. The total insurance premiums for Hamilton City Council in 2015/16 are \$1.67m. Fire Service Levies are expected to increase due to a new ruling whereby the amount is now payable on fire loss limits. Historically the levies have been spread across the LASS on an apportion basis, however the ruling states that additional levies to those already paid on residential properties will be based on the largest fire exposure of each council and could conservatively mean an additional \$46k for HCC in fire service levies.
20. The total value of HCC assets included in the cover is approximately \$2.2b. This includes property, infrastructure, vehicle fleet and fine art. A break down of costs for 2015/16 is provided below;

	2015/16 Premium	2014/15 Premium
Renewal of Material Damage Policy	\$386,635	\$448,297
Renewal of Business Interruption Policy	\$51,693	\$73,048
Renewal of Fine Arts Policy	\$47,500	\$47,500
Renewal of Boiler Explosion Policy	\$2,473	\$2,748
Renewal of Commercial Motor Insurance Policy	\$84,935	\$79,160
Renewal of Crime Policy	\$12,499	\$12,449
Renewal of Business Travel Policy	\$540	\$2,590
Renewal of Personal Accident Policy	\$1,210	\$1,210
Renewal of Hall Hirers Liability Policy	\$11,750	\$11,750
Renewal of Contracts Works Policy	\$3,750	\$3,750
Renewal of Employers Liability Policy	\$1,266	\$1,266
Renewal of Statutory Liability Policy	\$1,722	\$1,722
Renewal of Underground Infrastructure Policy	\$556,121	\$533,827
Renewal of Public Liability/Professional Liability	\$107,016	\$122,640
Building Valuations Fee	\$5,750	\$6,000
100% Primary Layer Cover	\$130,428	\$163,032

	2015/16 Premium	2014/15 Premium
EQC Levy	Estimate \$64,980	\$64,980
Collective Fire Service Levies	Estimate \$124,000	\$78,382
Brokerage Fees	Estimate \$37,533	\$37,533
Underground Infrastructure Assurance Work	\$34,000	-
Total	<u>\$1,665,801</u>	<u>\$1,691,884</u>
Budget Provision	<u>\$1,735,138</u>	<u>\$1,793,242</u>
Estimated Saving	<u>\$69,337</u>	

21. Risk Assessment and Maximum Probable Loss

22. Insurance is a risk sharing exercise and by bringing ten councils together in this insurance programme, risk is able to be shared across a wider pool. Maximum Probable Loss (MPL) is the anticipated value of the biggest monetary loss that might result from a catastrophe, whether natural or otherwise. In lessons learned from Christchurch, the majority of the major earthquake damage to Christchurch was limited to a 20 km radius from the epicenter. As the earthquake was shallow the damage was severe but limited to a relatively small geographical area.
23. As the Councils in the Waikato region are spread over a large area and with a low level of seismic activity the accumulated losses for all members is assessed as being low - a shallow earthquake could cause extensive damage but in a very small area. A deeper earthquake could affect a larger area but with less energy.
24. Based on current risk and hazard profiling for HCC, AON NZ have calculated a Maximum Probable Loss for the Material Damage Policy. The result is a Loss Limit of \$150m for the collective with an additional excess layer for HCC of \$150m. This means that HCC have available material damage insurance of \$300m, noting the value of HCC above ground assets included in the insurance policy is \$959m.

25. Continued Risk Assessment of MPL Assumptions

26. Working with environmental and engineering consultants Tonkin and Taylor, AON are completing a risk profiling exercise with an aim to test current MPL assumptions in order to determine if current material damage and infrastructure cover is appropriate. If the existing cover is found to be insufficient based on the findings of this investigation, it is likely that the material damage and infrastructure policies may need to be increased and as such will rely on the buffer created by the savings achieved in the 2015/16 renewals. It is anticipated that the results of this investigation will be known by December 2015.

27. Infrastructure Policy Enhancements

28. The infrastructure insurance policy is a separate policy from the material damage policy with a collective limit of \$120m and HCC can claim up to \$95m for a major loss. The assumed MPL for HCC infrastructural assets, based on current asset valuations, is \$80m however these assumptions are currently being tested in the Tonkin and Taylor assessment.

- 29. The infrastructure policy also includes the HCC owned bridges that span the Waikato River and seven key HCC transportation bridges. The value of HCC assets included in the Infrastructure insurance policy is \$1.3b.
- 30. Currently Underground Infrastructure Insurance is purchased up to 40% of the asset value based on the assumption that Central Government will contribute 60% in a natural disaster event. These assumptions have been reviewed in terms of the risk of uncertainty of Central Government being unable to deliver this expectation, especially if the event does not result in a declared Civil Defence Emergency.
- 31. In response to this a 100% primary layer has been added to create the portion of cover that is immediately exposed once the policy excess value has been exceeded. This provides certainty of cover for the events that are more likely to occur, as opposed to the current assurance of 40% with no guarantee of additional funding from Central Government. The policy addition for the Waikato Region will buy \$10m extra insurable capacity with a cost to Hamilton City Council of \$130,000 per annum based on asset values and likelihood and frequency of claims.
- 32. The infrastructure policy has now been enhanced to include \$5m cover for ‘enabling’ work; Water Supply, Wastewater and Storm water (or three waters) systems comprise a series of interconnected assets often located over a large area. Insured structures which form part of a three waters system may need to be taken offline for repair following insured damage. Maintaining functionality of the three waters system whilst individual assets are undergoing insured repairs are considered part of the repair process and can be defined as “enabling works”. An example of enabling works would be the costs of setting up and running a by-pass to re-direct waste flows around a damaged waste water pump station. The total cost of this additional cover is 0.6% of the infrastructure policy premium (~\$6.5k).
- 33. Next Steps**
- 34. On completion of the Tonkin and Taylor work in testing the current MPL assumption, a review will be made of the material damage and infrastructure cover and adjusted accordingly to ensure adequate cover is maintained.
- 35. Discussion continues with AON NZ regarding the design of a long term insurance strategy for the Waikato Collective. This is a project currently being investigated by Wellington City Council and is designed to enhance the annual insurance renewal. This would see alignment of the insurance programme to the longer term plans with regards to future infrastructure and insurable assets so that cover can be tailored at the most economical option.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
------------	--------------------------------------

Policy	Purpose	2014/15 premiums	2015/16	Policy limits/specifics	Policy Excess
Material Damage Policy	To reinstate assets after a fire, flood, earthquake or other such event where there is obvious destruction, loss or damage to buildings, plant and stock	\$448,297	\$386,635	\$150m any one loss + \$150m on the excess layer we purchase based on a maximum probable loss (MPL) model	\$10,000
Business Interruption Policy	Covers the loss of income that a business suffers after a disaster while its facility is either closed because of the disaster or in the process of being rebuilt after it as well as any associated increased cost of working.	\$73,048	\$51,693	Increased cost of working \$10m Claims Preparations costs \$2.5m Loss of Rent Revenue \$41m Increased cost of working water treatment plants \$40m	Excess will be as a percentage of claim and incorporated to the \$10k Material Damage excess as an associated policy claim
Fine Arts Policy	Protects artwork (including specified fountains) against	\$47,500	\$47,500	\$31m (combined art and heritage	\$10,000

	financial loss through damage			collection)	
Boiler Explosion Policy	Catastrophic failure of a boiler which is excluded from material damage cover	\$2,748	\$2,473	\$1.1m	\$500
Commercial Motor Insurance Policy	Protection of the organisations vehicle fleet	\$79,160	\$84,935	Varies as to incident, but covers all fleet vehicles	1% of the sum insured (min \$500)
Crime Policy	Covers money, securities and other property against a variety of criminal acts, such as employee theft, robbery, forgery, extortion and computer fraud	\$12,449	\$12,499	\$2m	\$25,000
Business Travel Policy	Cover for employees for serious accidents and delay in travel	\$2,590	\$540	Varies as to incident, but is comprehensive cover	\$25
Personal Accident Policy	Serious accident or injury cover at work that falls outside of an ACC claim – payment to HCC, not the individual	\$1,210	\$1,210	\$100k	<\$2,000
Hall Hirers Liability Policy	Cover for damages caused during venue hire	\$11,750	\$11,750	\$5m	\$250
Contracts Works Policy	Protection during	\$3,750	\$3,750	10% of the contract	\$2,500

	building/renovation work			value with a limit of \$600,000	
Employers Liability Policy	Provides financial compensation to help employers against common law claims	\$1,266	\$1,266	\$1m	\$1,000
Statutory Liability Policy	Protection through costs associated with prosecution where advice given by the organisation has caused financial harm to another party	\$1,722	\$1,722	\$1m	\$1,000
Underground Infrastructure Policy	Cover for underground pipes etc in a natural disaster event	\$533,827	\$556,121	\$120m loss	\$1m
100% Primary Layer Cover as an extension to Infrastructure Insurance	Shared additional cover above the 40% threshold of a material damage claim	\$163,032	\$130,428	\$10m	
Public Liability/Professional Liability	Cover against claims for unexpected/unintended injuries or property damage in a business activity	\$122,640	\$107,016	\$50m	\$2,500

Includes fire service levies where applicable, excluding GST

Committee: Audit & Risk Committee

Date: 26 November 2015

Report Name: Audit NZ Quality Audit on the IS Programme of Work

Author: David Gunn

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i><Enter Strategy, Policy or Plan></i>
Financial status	<i>There is/is not budget allocated Amount \$<enter amount></i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To present the findings of the latest Audit New Zealand Quality Assurance Audit on the Information Services (IS) Programme of Work to the Audit and Risk Committee.

3. Executive Summary

- The IS Programme of work consists of PIFs 12015, 12049 and 12050 and includes the upgrade and currency of a number of business and technical applications and network infrastructure projects. As part of the IS Project approach, Audit New Zealand conducts a quality assurance audit of projects and project methodology on a semi-annual basis.
- This is the seventh audit of the IS programme and was conducted over two days in June 2015. There are six recommendations made in this report (Attachment 1), mostly pertaining to the close out of ongoing projects and the previous overarching programme of work. All previous recommendations have been closed (Attachment 2).

Recommendation from Management

That the report be received.

Attachments

- Attachment 1 - Audit NZ Report on the IS programme of Work June 2015 - FINAL
- Attachment 2 - Audit Actions Log - December 2015

Signatory

Authoriser	Paul Conder, Chief Financial Officer
------------	--------------------------------------

Our ref: H600 SA7

5 October 2015

Mark Donnelly
Solutions Delivery Manager
Hamilton City Council
Private Bag 3010
HAMILTON 3240

Level 6
280 Queen Street
PO Box 1165, Auckland 1140

www.auditnz.govt.nz

Freephone: 0508 AUDITNZ
(0508 283 4869)
Fax: 09 366 0215

Dear Mark

Project management assurance over projects included in Hamilton City Council's IT programme of work – June 2015

The attached report presents the findings, conclusions and recommendations arising out of our independent assurance review of the project management processes being employed by Hamilton City Council (HCC) in projects within its IT programme of work.

Our assurance reviews are designed to provide HCC with independent assurance over the processes used to manage the projects within the IT programme of work. The scope and terms of the engagement were set out in our letter of 22 May 2013. Our assurance review does not include:

- Assurance over the outcome of the IT projects. This is rightly the role of the governance and management of the programme and the projects.
- Assurance over the success of the business process change or the readiness of HCC to implement the business process changes necessary to achieve the outcomes identified in the business cases for the IT projects.

An assurance review of this kind can help an entity understand the risks it faces and assist it to manage those risks, but it does not remove the responsibility of the entity itself for ensuring that its actions comply with all relevant legal and other standards.

Our expectations

During this engagement, our work has been undertaken on the basis that HCC:

- Provided access to the project team and governance personnel from HCC and the supplier(s).
- Made available to us all information that we requested or that was available and relevant to our engagement.
- Advised us of any circumstances that arose during the course of our work that may have been material to and significant in relation to our work.

Way forward

If there are aspects of this report that you wish to discuss further, please feel free to contact me: phone 021 222 8602, or e-mail lyn.daken@auditnz.govt.nz.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Lyn Daken', with a long horizontal line extending to the right.

Lyn Daken
Associate Director Specialist Audit and Assurance Services

cc Peter Davies, Director Specialist Audit and Assurance Services
Leon Pieterse, Audit Director

Hamilton City Council

IT Programme of work

Project Management Review

1 Executive summary

1.1 Introduction

This report presents the findings, conclusions and recommendations arising out of our independent assurance review of the project management processes being employed by Hamilton City Council (HCC) to the projects within its IT programme of work.

1.2 Key areas of focus and approach

For this review, we agreed with HCC that the following would be the main areas of focus:

- Assets project: review Phase 1 benefits realisation measurement and reporting or post-implementation review processes; review Phase 2 with emphasis on the project close and benefits realisation framework.
- Financials project: follow-up project prior report items and review benefits realisation measurement and reporting or post-implementation review processes.
- Infrastructure as a Service (IaaS): review the procurement stages not already reviewed. Review the project management arrangements for the transition with a particular focus on risk management.
- Mobility project: review to focus on the initiation stage and on-going project management.
- HR Phase 3 (Learning and Development) and E-services: high level review of these small value projects for consistency with the project management processes adopted by Information Systems.
- Follow-up on any other recommendations from our previous reviews.

Our review was conducted as follows:

- Examination of the key programme and project documentation during the period September 2014 to May 2015.
- Interviews of the following people:
 - Oliver Te Ua – General Manager Organisational Development
 - David Gunn – Chief Information Officer
 - Mark Donnelly - Solutions Delivery Manager (and Project Manager Financials project and Mobility project)
 - Sue Souren – Project Manager Assets (Phase 2 and 3) project and IaaS Transition
 - Stuart Girven – PGG representatives Phase 2 – Assets project and Mobility project

- Oropai Woon – User representative – Assets project and Mobility project
- Paul Conder – PGG member Financials project
- Iain Anderson – User representative Financials project
- Graeme Eagar-Savage – PGG member Mobility project
- Debra Cropper-Rutherford - User representative Mobility project
- Alan Rex – PGG member HR (Phase 3 Learning and Development) project
- Jared Beever – Project Manager HR (Phase 3 Learning and Development) project
- Ailsa Hunt – Project Manager E-Services (Liquor Licencing) project
- Scott Copeland – Procurement Manager
- Carol Serra – PMO Manager

In reviewing the processes and assessing compliance with good practice, we applied the standards, principles and best practice guidance set out in the following documents, as well as our understanding of how those principles operate in practice:

- Project Management Body of Knowledge (from PMI).
- PRINCE2 Project Management Methodology (Office of Government Commerce, UK).
- "Guidelines for Managing and Monitoring Major IT Projects" (from SSC and Treasury).
- "Governance and Oversight of Large Information Technology Projects" (from the Office of Controller and Auditor-General).
- "SSC Principles and Good Practices for Selecting and Managing IT Projects" (from SSC).

1.3 Conclusions

- The majority of the scope of the original IT Programme of Work is now complete, with only minor items of scope still remaining to be delivered. The Information Systems Unit is now moving beyond the original IT Programme of Work, initiating other projects (such as Mobility) to continue to maintain the capacity and capability of the suite of HCC systems and giving effect to the Information Systems Strategic Plan.
- The focus of the original IT Programme of Work is now on the completion of the remaining scope items and towards the future work in maintaining the currency of those systems that have been implemented through this programme.

- Over the period of our reviews of the original IT Programme of Work, we have noted:
 - the development of a well understood framework for the management of IT projects, including good practice templates for use in managing the various aspects of projects (such as business cases, risk registers, change control forms, Project Initiation Documents, etc);
 - an improvement in the consistency of application of the project management framework to all IT projects;
 - improvements in the training and development of staff involved in project management and governance activities;
 - enhanced consideration of the rationale for IT projects and improvements in documenting the business cases;
 - greater ownership of IT projects by the business units affected (to the extent of recognising that IT projects are actually business change projects facilitated by technology);
 - greater collaboration and communication between the Information Systems Unit and the business units to deliver IT projects effectively;
 - improvements in the change management processes that arise when considering IT projects; and
 - better understanding and identification of the benefits expected by the business from the completion of IT projects.
- As the original IT Programme of Work funding approval (PIF) expires at 30 June, we would expect a final wrap-up report to be completed. The report should document the actual expenditure to budget but also capture the scope completed and outstanding, and how the outstanding scope is to be delivered.
- Phase 2 of the Assets project is essentially complete, awaiting finalisation of the phase close report. Benefits realisation is in the hands of the two participating business units.
- The last remaining scope item in the Financials project has a stop/go milestone in August 2015. A draft project closure report has been completed, but will need to be updated for this decision and its implications.
- The Infrastructure as a Service (IaaS) procurement was completed without any probity issues. The transition to the successful vendor from the incumbent was undertaken using the IT project management framework, without significant disruption to the service delivery.
- Mobility Project is a good example of the implementation of previous lessons learned in IT project management. Improvements are evident in the identification of expected benefits which we anticipate will be useful in the continuing development of benefits realisation frameworks and reporting.

- HR/Payroll Phase 3 is now essentially complete (go-live end July 2015). The team is working on the phase close report. As Phase 3 is the completion of the scope of the project a final project close report would be useful.
- The IT project management framework has been adapted for small projects as evident in the E-Services (Liquor Licencing) project.

1.4 Recommendations

We have made a number of recommendations throughout the text. Some of the recommendations identified as relating to individual projects reviewed represent common findings across projects. Therefore the reference numbers may appear more than once in the findings.

- R1 Prepare a formal PIF closure report for the original IT Programme of Work scope.
- R2 Consider the completion of an overall project closure report for the Assets project, in addition to the closure of the Phases 2 and 3 just completed.
- R3 Update the project closure processes and report for the Financials project to ensure all remaining aspects of the project (other than the budgeting module work which is on-going) are completed and closed.
- R4 HR/Payroll project team to work with the users to identify an appropriate benefits realisation framework based on the business case benefits.
- R5 Complete a final project close process for the full HR/Payroll project business case scope.
- R6 Nominate the E-Service (Liquor Licencing) project Business Owner with some urgency and, if not previously involved with the project, ensure they are comfortable with the scope and expected benefits. Formally conclude the PID approval process.

1.5 Acknowledgement

We wish to thank all HCC personnel interviewed during the course of this review for the open, honest and constructive way in which their views were given.

2 Findings

2.1 Governance

The changes in the composition of the IS Executive Governance (ISEG) group since our last review reflect movements in staff at HCC during the period rather than any changes to the roles represented at the group. The members of ISEG continue to identify that reporting provided to it for consideration is sufficient to provide visibility of risks and issues at the key project level to enable informed decision-making. ISEG has reviewed and confirmed an amended terms of reference since our last review.

2.2 General project management findings

During our review of the progress of each of the specific projects of focus we identified a number of items that relate to the overall project management of IT projects:

- We noted that the HCC Project Management Office has organised for training to be delivered on the roles and responsibilities of those involved in project governance. This training has been delivered to some staff that are currently involved in the governance of the Mobility project, and is being rolled out across staff in level 2 and level 3 throughout the organisation. We understand it may also be available to staff at level 4 that are involved in project governance through roles as user representatives.
- We have noted improvements in the focus on benefits realisation at the initiation/business case development stage of the projects. Our review of the Mobility project business case and the Project Initiation Document for the HR/Payroll Phase 3 (Learning and Development) project, identified an improved identification of benefits. The identification of benefits at this early stage of the projects provides a sound foundation for the development of the benefits realisation framework (although there is still work to be completed in identifying some targets).
- We noted a general agreement that post-implementation reviews needed to be led by the business units, but some business areas may need assistance to plan and complete the reviews. We are still unclear whether there is agreement about who sees the results of any post-implementation reviews, although we noted that the PMO has a role in the monitoring of benefits realisation reporting to the Senior Leadership Team.
- We noted that Project Initiation Documents are now formally recording that the Project Manager has considered the items included in the IT lessons learned log.

2.3 “Currency” budgets

We understand that part of the HCC Long Term Plan (LTP) process for the 2015-25 LTP included a reassessment of the way in which funding is allocated to long-term programmes. Rather than being included in the initial year’s budget, with unspent funding being carried forward in future years, the budgets are now being allocated to the year in which they are expected to be required. We understand that all

historic PIF approvals are to be cancelled from 30 June 2015 in favour of this new approach.

For the IT Programme of Work, this means that the original PIF for the programme expires on 30 June 2015. The unspent budgets which were included in the original PIF approval to ensure the systems remain up to date (for a period of ten years from implementation), the “currency” budgets, have been identified to an approximate year in which they will be required and those budgets approved as part of the operational requirements for the IT Programme of Work for that year.

This change in process effectively means that these currency budgets are now no longer treated any differently to funding requests to maintain the currency of other IT solutions that were not part of the IT Programme of Work, but still require to be maintained in a current state. The change provides greater flexibility for the Information Systems Unit to prioritise, plan and complete the upgrade works required for all systems.

Given that the original PIF expires on 30 June 2015, we suggest that a final financial report should be completed identifying the total amount of work completed under the PIF and the amount of total funds expended compared to the budgets for that work, and. We expect that this final financial report should coincide with the completion of the final implementation projects included in the original IT Programme of Work (HR/Payroll Phase 3, Assets and Financials). However, there may still be some small aspects of the scope of the original PIF incomplete. We suggest that the final financial report identify any incomplete scope, document how this scope is planned to be funded and when it is expected to be complete.

We note that the Mobility project was added to the IT Programme of work with a separate funding approval from the original programme.

Recommendation

R1 Prepare a formal PIF closure report for the original IT Programme of Work scope.

2.4 Assets project

2.4.1 Phase 1 benefits realisation

Our discussions identified that the benefits realisation framework is clearly in the hands of the business owners of the assets system and that work is continuing to identify appropriate metrics to report the (largely anecdotal to date) benefits that the business has experienced from the assets project. No post-implementation review has been conducted to date.

We noted on-going development and understanding of the system within the Waters business area as they become familiar with the Assets system and realise other possible business process changes that may be required with the roll-out of further functionality (the valuation module for example).

2.4.2 Phase 2 closure

Phase 2 of the Assets project (Parks and Open Spaces) went live on the Hansen system in March 2015 and Phase 3 (Property) went live in February 2015. This was

somewhat delayed from the indications of a November 2014 go-live that was expected during our previous visit due to some complications with the works maintenance scheduling aspects. The PGG chose to defer go-live into early 2015 to ensure that the go-live would not be disrupted by the Christmas 2014 period.

We understand there was some on-going work post-implementation until approximately mid-May 2015 related to the configuration of reports and processes for HCC service delivery contractors to engage with the system. The project is now effectively complete. No project phase close report has yet been completed and approved, but we understand this work is underway.

Benefits realisation work is also underway in the two business units as separate streams of work outside the assets project itself.

We suggest that the project team give some consideration to:

- Completing a formal project close report which brings all three Phases to a close, with the possibility of identifying any additional benefits that may accrue to HCC from having all of these assets now rationalised into one modern up to date management system.
- Planning for the project post-implementation review (including benefits realisation), timing, responsibility and reporting lines.

Recommendations

- R2 Consider the completion of an overall project closure report, in addition to the closure of the Phases 2 and 3 just completed.

2.5 Financials project

During our previous visit we reviewed the draft project close report, which we identified was of a good standard. The close report was subject to two final elements of the project that were at that time incomplete, but expected to be completed prior to the end of the calendar year. The separate BI reporting tool functionality is now being delivered by the management reporting tool within the Financial system solution chosen. We note that this was a compromise on the initial proposed BI reporting tool, but it is providing some functionality.

The budgeting module work is still underway with the project team identifying significant difficulties in ensuring the module was fit for HCCs purposes. A stop/go milestone is scheduled for August to determine whether the last issues are resolvable and go-live is feasible.

We note that there is a view some of the system documentation is still outstanding from the main system implementation. Although the project is now essentially only a single module short of complete, it is a significant one. The project cannot yet be considered complete. However, we understand the PGG now only meets on an ad hoc basis to make any required decisions on the budgeting module. In our view the project team should consider a project closure process to ensure all the remaining elements of the Financials project are completed appropriately (including any remaining system documentation).

Consideration should be given to the formal post-implementation review timing, including reporting on the benefits realised from the modules that were able to be implemented in 2014.

Recommendations

R3 Update the project closure processes and report to ensure all remaining aspects of the project (other than the budgeting module work which is ongoing) are completed and closed.

2.6 Infrastructure as a Service

During our previous visit, we completed a high level review of the procurement process completed to that date for the delivery of Infrastructure as a Service. The procurement was a two-stage process: a Request for Expressions of Interest (REOI) followed by a Request for Proposals (RFP). The process covered during the last visit consisted of the REOI and the development of the RFP document and process.

We completed a retrospective (high level) review of the remaining RFP processes, including the process for the evaluation of submissions and recommendation of the preferred party. Our limited review, identified nothing to indicate there were any significant probity issues arising from the procurement.

The result of the procurement process saw a change in vendor for the delivery of IaaS. A project was established to manage the transition from the incumbent vendor to the new preferred vendor to ensure that services continued to be delivered to HCC without compromising levels of service during the change of vendors. Although this was a transition of services project, rather than a new system identification and delivery project, the IT project management framework was applied and the IT templates for risk and PGG reporting were used.

Our discussions identified that the transition was managed smoothly with good communication between HCC and the two vendors involved and with goodwill between all parties. Services were maintained during the transition, with users only aware in a minor way that a significant vendor transition was being effected.

2.7 Mobility project

We reviewed the business case and project initiation documents for the Mobility project. Our review identified that these documents represent the most advanced business case and PID documents yet produced by the Information Systems Unit across all of the projects in the IT Programme of Work that we have reviewed to date. This reflects the learning and consistency that the Information Systems Unit has achieved over the period of this programme of works.

The business case presented a well-developed rationale for the project and had the clearest identification of expected benefits seen to date, although there is some work still to be done to identify targets for some of the benefits identified. This work will provide a good foundation for the benefits realisation plan that the business will implement once the project has delivered the mobile devices and systems.

The PID clearly identified the two-stream approach to the Mobility project (Assets Mobility and Inspectors Mobility), although considerations were given to whether a single solution was appropriate. The PID also formally identified the approach the

project team would take to avoid issues that had been experienced in previous IT projects, as recorded in the lessons learned register. This is the first time we had seen the (previously informal) review of the lessons learned register early in the project planning process formalised in the PID, providing assurance to the PGG that a thorough risk identification process had been undertaken.

Separate governance structures and user representatives were involved in each stream to ensure that the requirements were identified specific to each of the workstreams, and business process mapping was able to be completed for each workstream. This work identified the requirements that were used in the procurement process for the vendor, which resulted in the PGG endorsement of the decision to select different vendors/solutions for each of the workstreams to best meet the needs.

We noted that the Assets Mobility project utilised the same representatives as were on the PGG for the Assets project, providing continuity of governance decision-making across the assets areas. We also noted that a number of the governance representatives on the PGGs for each workstream had recently completed the project governance training organised by HCC's Project Management Office. We found these staff had a good awareness of the expectations of them in their roles and what they could expect of the Project Manager.

The IT project tools (such as the risk register, scope change forms and project reporting templates) were used during the project to monitor and manage progress and risks. The PGGs each reported that they were satisfied with the information presented by the Project Manager, and its sufficiency to enable key decisions to be made.

At the date of our review, each of the project workstreams were reasonably on target although the go-live date for the Inspectors Mobility workstream was expected early in the new financial year. The majority of external costs were committed as at balance date, with internal project costs only remaining to be incurred in the new financial year (related mainly to the project management and training costs). The project is expected to be completed within budget.

The final stages should see the project team focusing on the completion of delivery and project close processes, whilst the business is developing the benefits measurement and monitoring processes. The Users we spoke with acknowledged that they key to the success of this project will not simply be the successful delivery of the devices to users, but the culture change that comes with a different way of working. The benefits identified to date recognise this.

2.8 HR/Payroll (Phase 3 learning and development) project

The Project Initiation Document for Phase 3 was completed in August 2014, an initial risk register populated and some work completed on the requirements and possible approaches to the solution. At the date of our last visit, planning was expected to be completed in late October 2014 for a likely go-live in early 2015. However, staffing changes saw some delay in completing the planning of the project until early in 2015. Once the project was assigned a new PM and got underway again, and the decision made as to the appropriate solution, the project was then delayed by the availability of the vendor.

The PGG for Phase 3 consisted of some common members from the previous Phases of the HR/Payroll project and project management reporting has been provided in a common format from previously, so the PGG members knew what was expected.

Go-live was expected at the end of July. The business case for HR/Payroll was completed for all three stages together, some time ago. The identification of benefits was not as robust as we have noted in recent projects. We suggest the project team engage with the users to assist in identifying an appropriate benefits realisation framework (based on the benefits from the business case) to be handed over to the business for monitoring and reporting.

As the Learning and Development module is the final Phase of the HR/Payroll project the team should also consider completing a formal close of the overall HR/payroll project. The closure process should give consideration as to whether there are additional benefits from having completed the entire scope of the project beyond those delivered at each Phase close.

We understand the project is expected to be completed within the budget.

Recommendation

- R4 Project team to work with the users to identify an appropriate benefits realisation framework based on the business case benefits.
- R5 Complete a final project close process for the full HR/Payroll project business case scope.

2.9 E-Services (Liquor Licencing) project

The E-Services (Liquor Licencing) project is a continuation of a series of E-Services projects being undertaken by HCC under a contract with LeapThought. The original contract and series of E-Services were shared developments with Rotorua District Council. However, HCC sought to complete the Liquor Licencing scope of work alone as Rotorua District Council was not ready to participate. A contract variation was prepared and a separate scope of work negotiated with LeapThought.

Given this was a small project (by the standard of other IT projects underway), the project management processes were tailored for the small size of the project – no steps were removed, but the contents of the various documents were tailored for the project size and relative lack of complexity. This demonstrates the maturity of the IT project management framework.

This project also involved a relatively new Project Manager. We noted the induction processes to ensure the Project Manager was familiar with the IT project management framework and tools. Our review indicated that these tools were appropriately applied to this project.

We noted two areas which are not yet complete, despite the project progressing to development and testing:

- A PGG has been established but the Business Owner has yet to be formally nominated.
- The PID has been drafted but has not yet been formally approved.

It is usual for the business owner to be identified and involved in the project in its early stages. There is a risk that the eventually nominated business owner, once identified, will not agree with the project scope and direction or the expected benefits from the project.

We understand that go-live is planned for August 2015.

Recommendation

- R6 Nominate the Business Owner with some urgency and, if not previously involved with the project, ensure they are comfortable with the scope and expected benefits. Formally conclude the PID approval process.

Appendix 1: Follow-up of recommendations from September 2014 report

	Recommendation September 2014	Follow-up June 2015
R1	Consider developing a standard induction package for non-IT staff that participate in IT projects as project sponsor or project control group member. Include information about what supporting information to expect when changes are recommended to be made to the project (particularly scope changes).	PMO has provided training on the roles and responsibilities of project governance members, which is being rolled out to those staff that are likely to be appointed to project governance roles. PGG members on Mobility project have attended this training.
R2	Enhance the project management focus on benefits realisation – at the business case stage (benefits identification), planning stage (benefits realisation measurement framework) and post-implementation (benefits realisation measurement and reporting). Consider the expected timing of benefits realisation and schedule a post-implementation review to include a review of the achievement of benefits for Phase 1 of the Assets project, Phases 1 and 2 of the HR/Payroll project and the Finance project.	Reviewed the business case for Mobility project (approved since our prior visit). Identified an improvement in the identification of benefits included in this business case in comparison to previous projects. The business case for Mobility project provides a good foundation for the expected benefits realisation framework. There is still some work in this project to identify appropriate targets for a number of the benefits identified. Still some planning to be done on post-implementation reviews and reporting on the achievement of benefits in earlier projects. We understand the PMO now has a role in following up the benefits realisation reporting.
R3	Consider including a formal requirement to review the lessons learned register in any new project planning process, and consider documenting this in the Project Initiation Document.	Reviewed the PID for the Mobility project, completed since our previous visit. Identified formal documentation of the consideration of the lessons learned in the Mobility PID (completed in February 2015).
R4	Consider the extent of formal project management processes to apply to currency upgrade projects. As a minimum, consider developing a template for a short form business case to provide the rationale and key expectations for the project.	Reviewed the planning documents for small projects completed since our previous visit. Noted the tailoring of these to a small project. Did not review any further currency upgrades during this visit.

ID	Recommendation	Action	Action by	Status
R1	Where a sole source procurement is undertaken, follow a formal process to demonstrate that the recommendation satisfies the "value for money" principle (including appropriate documentation of the process and results).	Although staff felt this was satisfactorily dealt with in Council reports and the Assets project business case, future reports will explicitly outline the process undertaken to ensure the sole source procurement approach meets the "value for money" principle.	01/08/12	Closed
R2	Review and formally document the process used to demonstrate that the recommended assets solution procurement represents value for money to Hamilton City Council	Staff will formally document the processes undertaken to ensure the Infor contract met the value for money principle and place this as a memo in the contract file	01/08/12	Closed
R3	Consider how risk reporting can be supplemented to ensure there is a clear understanding of how the risks "track" over time and how effective the mitigation strategies are at addressing the risk	Work with the Strategy and Research unit to incorporate into the organisational risk framework how risk reporting can ensure there is a clear method to track risks over time and how effective the mitigation strategies are at addressing the risk.	01/10/12	Closed
R4	Consider the threshold at which contingency planning should be formalised for risk events and formalise contingency planning	Work with the Strategy and Research unit to include thresholds for formalised riskmitigation strategies into the Organisational Risk Framework	01/10/12	Closed
R5	Consider including a simple "direction of travel" indicator against any risk where the residual risk has changed from the previous month.	IS project staff will include a direction of travel indicator in Risk reporting.	01/04/13	Closed
R6	Complete the formal closure report for Phase 1 of the Assets project and Phase 1 of the HR/Payroll project (including the benefits realisation framework and lessons learned).	Close out reports are in progress. These should be completed and signed off by mid-June.	15/06/14	Closed
R7	Ensure benefits realisation planning is included in the planning for Phase 2: • HR/Payroll project (and Phase 3) to ensure the business is prepared to monitor the benefits achieved post completion.	Staff will explicitly include a benefits realisation framework within the planning for Phase 2 and 3 of the HR/Payroll Project (Safety & Wellbeing and Learning & Development phases)	01/07/14	Closed
R8	Ensure benefits realisation planning is included in the planning for Phase 2: • Assets project, including engagement with the business to make clear the roles and responsibilities for realising benefits.	Staff will explicitly include a benefits realisation framework within the planning for Phase 2 of the Assets Project	15/06/14	Closed
R9	Consider the composition of the Assets project governance groups to ensure appropriate user representation from the Parks and Open Spaces team.	Governance Groups for the Assets Project Phase 2 and 3 have been updated to include key stakeholders from Parks and Open Spaces, Hamilton Gardens, City Parks and the Property Management Unit	30/05/14	Closed
R10	Ensure that the benefits expected from the remaining scope of the HR/Payroll project are reconciled to the original business case in any business case for amendment to the business case for scope changes to Phases 2 and 3.	Benefits for the whole project will be reconciled with the business case during the project close out report to be completed once the remaining two phases have been completed.	30/08/14	Closed
R11	Complete the Financials Project benefits realisation framework to enable benefit measurement processes to be included in the business process change requirements.	Benefit realisation framework will be agreed and documented with the Executive Sponsor including what the benefit is, when it will be realised and who is responsible for Benefit Realisation	01/07/14	Closed
R12	Consider developing a standard induction package for non-IT staff that participate in IT projects as project sponsor or project control group member. Include information about what supporting information to expect when changes are recommended to be made to the project (particularly scope changes).	IS are currently working with the PMO to develop and provide targeted training to managers who will either act as sponsor or sit on the Project Governance Groups for projects.	01/05/15	Closed
R13	Enhance the project management focus on benefits realisation – at the business case stage (benefits identification), planning stage (benefits realisation measurement framework) and post-implementation (benefits realisation measurement and reporting). Consider the expected timing of benefits realisation and schedule a post-implementation review to include a review of the achievement of benefits for Phase 1 of the Assets project, Phases 1 and 2 of the HR/Payroll project and the Finance project.	Projects (including the Assets Project, HR/Payroll and Finance projects) have started explicitly referencing and reporting on Benefits. This is an area where some of our reporting has improved over the last 12 months as referenced by the positive feedback on the Finance project close out report that included a significant section on benefits realisation/management. Post Implementation Reviews will be scheduled with the Project Sponsors for the projects identified	01/05/15	Closed
R14	Consider including a formal requirement to review the lessons learned register in any new project planning process, and consider documenting this in the Project Initiation Document.	This will be included into the IS Project Methodology and included in Project Initiation Document template as a required section	01/05/15	Closed
R15	Consider the extent of formal project management processes to apply to currency upgrade projects. As a minimum consider developing a template for a short form business case to provide the rationale and key expectations for the project.	Currency upgrades will use the Small Project Specification document in lieu of the larger Project Initiation Document. This will allow scope and benefits to be well defined and provide a baseline for project success to be measured.	01/05/15	Closed
R16	Prepare a formal PF closure report for the original IT Programme of Work scope	A formal close out report will be prepared for Project Phoenix and presented to the Finance Committee in early 2016	01/03/16	Open
R17	Consider the completion of an overall project closure report for the Assets project, in addition to the closure of the Phases 2 and 3 just completed.	A formal close out report will be prepared for the Assets project in line with the IS project methodology	01/03/16	Open
R18	Update the project closure processes and report for the Financials project to ensure all remaining aspects of the project (other than the budgeting module work which is ongoing) are completed and closed.	A formal close out report will be prepared for the Finance project in line with the IS project methodology	01/03/16	Open
R19	HR/Payroll project team to work with the users to identify an appropriate benefits realisation framework based on the business case benefits.	Benefit realisation to be discussed with Business owner during project close out activities.	01/03/16	Open
R20	Complete a final project close process for the full HR/Payroll project business case scope.	A formal close out report will be prepared for the HR/Payroll project in line with the IS project methodology	01/03/16	Open
R21	Nominate the E-Service (Liquor Licensing) project Business Owner with some urgency and, if not previously involved with the project, ensure they are comfortable with the scope and expected benefits. Formally conclude the PID approval process.	Business Owner appointed for the Project (Kelvin Powell, City Safety Unit Manager). Induction carried out including review of scope and benefits.	01/08/15	Closed

Committee: Audit & Risk Committee

Date: 26 November 2015

Report Name: PWC Internal Audit Update

Author: Paul Conder

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Internal Audit Plan</i>
Financial status	<i>There is budget allocated. Amount \$150,000 per annum (4 year contract)</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- The purpose of this report is to update the Audit and Risk Committee on the PWC Internal Audit programme to November 2016.

3. Summary

- The PWC Internal Audit update outlines the status of the Internal Audit Programme.
- The first audit of 2016/17 is commencing. The remainder of the 2016 internal audit plan remains a work-in-progress. The outcomes of the current risk review (see separate agenda item) will provide direction and priority for the 2016/17 internal audit plan. Two items were deferred from 2015 to ensure the best value for those items, these will be reconsidered as part of the overall plan.
- PWC have finalised the Theatre Revenue Process Control Assessment Report and the Quarter Four Follow up on Prior Internal Audit Recommendations is nearing completion.

Recommendation from Management

That the report be received

7. Attachments

- Attachment 1 - HCC PWC Internal Audit Update to A&R Committee - 2015-11-26

Signatory

Authoriser	Paul Conder, Chief Financial Officer
------------	--------------------------------------

1. Status of the 2014–2015 Internal Audit Plan

We set out below a status update report which summarises our progress in performing the internal audit engagements as per the Internal Audit Plan for the year ending 30 June 2015.

<i>Project</i>	<i>Timing</i>	<i>Internal Audit Scope</i>	<i>Progress</i>	<i>Project status</i>
Project 1 Governance reporting	Q3 2014/15	An assessment of the design and operating effectiveness of key controls across the following governance reporting sub-processes, against good practices (for both the private sector and local government organisations): <ul style="list-style-type: none"> • agenda identification • report preparation • report review and approval • report submission • agenda and report accessibility for Councillors and the public. 		Complete. Final report issued.
Project 2 Municipal building accounts receivable and online portal process and control assessment	Q2 2014/15	An assessment of the design and operating effectiveness of key accounts receivable and online portal controls implemented at Municipal Building. The scope of the engagement includes: Part 1 – Accounts Receivable Assessment. Part 2 – Online Portal Assessment.		Complete. Final report issued.
Project 3 Follow up on prior internal audit recommendations	Q2 and Q4 2014/15	An assessment of progress made on agreed actions by performing a follow up of moderate and high risk rated issues identified in previous internal audits.		Q2 and Q4 fieldwork completed and draft report issued.
Project 4 Business continuity and disaster recovery planning	Q3 2014/15	An assessment of the business continuity management framework Follow up on prior internal audit recommendations against good practice standards and HCC policies and procedures.		Complete. Final report issued.
Project 5 Budgetary controls and reporting	Q3 2014/15	An assessment of the design and operating effectiveness of processes and controls relating to the compilation of budgets and budgetary reporting by management to ensure that information is accurate and complete. The scope of this assessment will include automated and manual review controls over the coding of revenue and expenses, correcting misallocations, and system access to this functionality.		Deferred. To be considered as part of the FY16 Internal Audit annual planning.
Project 6 Hamilton zoo	Q4 2014/15	An assessment of the design and operating effectiveness, against good practices and according to HCC policies and procedures, the key controls within revenue processes at Hamilton Zoo.		Complete. Final report issued.
Project 7 Theatre operations	Q4 2014/15	An assessment of the design and operating effectiveness, against good practices and according to HCC policies and procedures, of the key controls within revenue processes at Theatre Operations.		Complete. Final report issued.
Project 8 Safety & wellbeing management system	Q4 2014/15	An assessment of the design and operating effectiveness of key Vault processes and controls, specifically: <ul style="list-style-type: none"> • access to sensitive administrative functions/privileges such as maintenance of 		Deferred. To be considered as part of the FY16 Internal Audit annual

<i>Project</i>	<i>Timing</i>	<i>Internal Audit Scope</i>	<i>Progress</i>	<i>Project status</i>
		hazards, incidents and risk ratings <ul style="list-style-type: none"> incident and hazard recording and management to ensure it is compliant with the HCC Health & Safety Policy periodic incident and hazard reporting to the senior leadership team including trend analysis Vault's functionality and readiness to support the proposed reforms to the health & safety legislation. 		planning.
Project 9 Value for council model	Q4 2014/15	An assessment of the Value for Council model's build quality and compliance with modelling good practice.		Complete. Final memorandum issued.

*The scope of the Q4 follow up engagement has been revised. PwC will validate closure for high risk rated internal audit findings only. Closure of medium and low rated internal audit findings will be validated by the Crisis Manager. A combined report for Q2 and Q4 has been issued as agreed with management on completion of the Q4 follow up.

Key

-  On schedule / Good progress
-  Slightly behind schedule / Average progress
-  Behind schedule / Poor progress
-  Not started
-  Deferred

2. Completed Engagements

One engagement (Theatre Operations) has been finalised since the last Audit and Risk Committee meeting on 16 September 2015.

3. Status of the 2015–2018 Internal Audit Plan

The internal audit planning for 2015-2018 is in progress. As agreed with the Audit and Risk Committee Chairman and the Chief Executive, management will complete the strategic risk refresh, currently underway. We will use the strategic risk register, along with already received General Manager input, to draft the three-year internal audit plan for review by the Chief Executive. Once complete the draft internal audit plan will be submitted to the members of the Audit and Risk Committee for approval.

In the interim, the Chief Executive has requested we commence internal audit engagements on Strategic Lease Property and Asset Capitalisation. The terms of reference for Strategic Lease Property has been finalised and fieldwork commenced on 23 November 2015. The Asset Capitalisation engagement is currently in the planning stage and was requested following the implementation of Hansen 8 (Asset Management System) to ensure all business improvement opportunities have been utilised or are being addressed.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Audit and Risk Committee Meeting - Public Excluded Minutes - 16 September 2015) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. PwC - Internal Audit Status Report)	

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 C1.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)