

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Strategic Risk and Assurance Committee will be held on:

Date: Tuesday 3 September 2024
Time: 12:30 pm
Meeting Room: Council Chamber and Audio-Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Strategic Risk and Assurance Committee

Komiti Whakamauru Tuuraru

OPEN AGENDA

Membership

Chairperson Mr Bruce Robertson

Heamana

Deputy Chairperson Ms Carol Bellette

Heamana Tuarua

Members

Mayor Paula Southgate
Deputy Mayor Angela O'Leary
Cr Maxine van Oosten
Cr Moko Tauariki
Cr Kesh Naidoo-Rauf
Cr Ewan Wilson

Quorum: Four members (including one external appointee)

Meeting frequency: As required – no less than four times a year

Amy Viggers
Mana Whakahaere
Governance Lead

23 August 2024

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Purpose:

1. The Strategic Risk and Assurance Committee is responsible for providing objective advice and recommendations to the governing body on the adequacy and functioning of the Council's risk management and assurance framework and external reporting.
2. The committee will review the effectiveness of the following aspects of governance, risk, and resilience management and internal control:
 - risk and resilience management
 - internal and external audit and assurance
 - health, safety, and wellbeing
 - integrity and investigations
 - monitoring of compliance with laws and regulations

Terms of Reference:*Risk and Resilience*

3. Review the effectiveness of the risk control environment established by management to safeguard Council's financial and non-financial assets, including the adequacy and appropriateness of insurance policies in place and management's actions to mitigate risks and report six monthly to Council.
4. To review the Risk Management Policy and recommend to Council revisions to the policy for adoption.
5. Review Council's strategic and organisational risk register and monitor existing controls and treatment actions.
6. Periodic in-depth reviews of specific, significant risks.
7. Monitor emerging risks and recommend to Council or management new strategic and organisational risks to be added to the strategic and organisational risk register.
8. Oversight of risk management and assurance across Council's CCOs and CCTOs with respect to risks that may have a significant impact on Council.
9. Review the adequacy and effectiveness of Council's health, safety and wellbeing and resilience (cybersecurity, protective security, business continuity, crisis, emergency, incident) management programmes.
10. Review the Fraud and Corruption, Protected Disclosure, Conflict of Interest, and Sensitive Expenditure management policies to ensure appropriate guidance and processes are in place.

Internal Audit

11. In conjunction with the Chief Executive, agree the scope of the annual internal audit work programme, having regard to Council's significant risks.
12. Monitor the delivery of the internal audit work programme to ensure the effectiveness of the Council's internal control framework.
13. Assess whether internal audit recommendations have been properly implemented by management.
14. Review the annual internal audit plans to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

External Audit

15. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
16. Recommend to Council the terms and arrangements for the external audit programme.
17. Review the effectiveness of the Annual Plan audit and Long Term Plan audit.
18. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

Statutory Reporting

19. Review and monitor the integrity of the interim and annual report, focusing particularly on:
 - a) compliance with, and the appropriate application of, relevant accounting policies, practices and accounting standards
 - b) compliance with applicable legal requirements relevant to statutory reporting
 - c) the consistency of application of accounting policies as well as changes to accounting policies and practices that may affect the way that accounts are presented
 - d) any decisions involving significant judgment, estimation or uncertainty
 - e) the extent to which financial statements are affected by any unusual transactions and the manner in which these are disclosed
 - f) the disclosure of contingent liabilities and contingent assets
 - g) the clarity of disclosures generally
 - h) the basis for the adoption of the going concern assumption
 - i) significant adjustments resulting from the audit

Other Matters

20. Review the effectiveness of the systems for monitoring the Council's compliance legislation, regulation, policy and guidelines.
21. Engage with internal and external auditors on any specific one-off audit assignments.
22. Conduct and monitor special investigations in accordance with Council policy and approved budget or in response to material matters raised by staff or committee members, including engaging expert assistance, on matters within its Terms of Reference.
23. The Chairperson shall review the travel and other reimbursed expenses of the Chief Executive and confirm compliance with Council policies. This information will be provided to the Chairperson on a six-monthly basis.
24. Such other Matters referred to it by Council.

The Committee is delegated the following recommendatory powers:

- The Committee has no decision-making powers.
- The Committee may make recommendations to the Council and/or the Chief Executive, as appropriate.
- The Committee may request expert external advice through the Chief Executive where necessary.

Special Notes:

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.
- Council appoints two external members of the committee, one of whom shall be Chairperson. External members shall have a broad range of skills and experience including risk management, health, safety and wellbeing, accounting or audit experience; the terms of the appointment to be recorded in a contract. External member contracts are to be reviewed and assessed six (6) months after each triennial election with no external members staying on Committee for longer than three (3) trienniums.
- The Chief Executive and any Internal Auditor(s) are required to attend all meetings but are not members and have no voting rights. Other Council officers may attend the committee meetings, as required.
- The Chief Executive and the Principal Advisor shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of Council, any material breakdown in internal controls, and any material event of fraud, corruption or malpractice.
- The chairperson shall present an annual Audit and Risk Self Review to Council summarising the committee's activities during the year and any related significant results and findings.

Recommendatory Oversight of Policies and Bylaws:

- *Risk Management Council Policy*
- *Fraud and Corruption Management Policy*
- *Protected Disclosure Management Policy*
- *Conflict of Interest Management Policy*
- *Sensitive Expenditure Management Policy*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipaaanga*

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 – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Committee Room prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6699.

Council Report

Item 5

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2024

Author: Amy Viggers

Authoriser: Michelle Hawthorne

Position: Governance Lead

Position: Governance and Assurance Manager

Report Name: Confirmation of the Strategic Risk and Assurance Open Minutes 18 June 2024

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Strategic Risk and Assurance Committee confirms the Open Minutes of the Strategic Risk and Assurance Meeting held on 18 September 2024 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic Risk and Assurance Open Unconfirmed Minutes 18 June 2024



Strategic Risk and Assurance Committee
Komiti Whakamauru Tuuraru
OPEN MINUTES

Minutes of a meeting of the Strategic Risk and Assurance Committee held in Council Chamber and Audio-Visual Link , Municipal Building, Garden Place, Hamilton on Tuesday 18 June 2024 at 1:00 p.,.

PRESENT

| | |
|---|---|
| Chairperson <i>Heamana</i> | Ms Keiran Horne |
| Deputy Chairperson <i>Heamana Tuarua</i> | Mr Bruce Robertson |
| Members | Mayor Paula Southgate (via Audio Visual Link) Deputy Mayor Angela O’Leary Cr Maxine van Oosten Cr Moko Tauariki Cr Ewan Wilson Cr Sarah Thompson Cr Mark Donovan |
| In Attendance: | Cr Tim Macindoe Carol Bellette Bineeta Nand – KPMG representative Clarence Susan – Audit NZ representative Matthew Wilson – AON representative |

The meeting was opened with a Karakia by the Chair

- Apologies – Tono aroha**
Resolved: (Ms Horne/Cr Wilson)
That the apologies for absence from Cr Naidoo Rauf and for partial attendance from Deputy Mayor Angela O’Leary (Council Business) and Cr Donovan are accepted.
- Confirmation of Agenda – Whakatau raarangi take**
Resolved: (Ms Horne/Cr van Oosten)
That the agenda is confirmed.
- Declarations of Interest – Tauaakii whaipanga**
No members of the Council declared a Conflict of Interest.
- Public Forum – AAtea koorero**
No Members of the public wished to speak.

5. **Confirmation of the Strategic Risk and Assurance Open Minutes 26 March 2024**

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee confirm the Open Minutes of the Strategic Risk and Assurance Committee Meeting held on 26 March 2024 as a true and correct record.

6. **Chief Executive Report**

The Chief Executive spoke to his report in particular the changes being implemented by Central Government, updates on Future Fit processes and personnel savings resolved as a part of the Long Term Plan. They responded to questions from Members concerning consultancy budget reductions and support to be given to the incoming councillor following through the Kirikiriroa Maaori ward By-election.

Resolved: (Mr Robertson/Cr van Oosten)

That the Strategic Risk and Assurance Committee receives the report.

7. **Health & Safety Report - 1 February to 31 April 2024** *(Recommendation to the Council)*

The People Safety and Wellness Manger spoke to the report in particular the high number of incidents that had occurred during this quarter and what steps had been taken to address these. They responded to questions from Members concerning key trends in reporting information, lost time injuries and awareness of emerging risks.

Staff Action: *Staff undertook to provide Members with a comparison of reported incidents from the previous quarter as apart of the Health & Safety report.*

Staff Action: *Staff undertook to provide Members with an insight into the internal health and safety audits taking place.*

Resolved: (Cr Donovan/Cr Tauariki)

That the Strategic Risk and Assurance Committee recommends that the Council receives the report.

8. **Risk Management Report** *(Recommendation to the Council)*

The Governance and Assurance Unit Manager spoke to the report in particular the changes to risk levels. They responded to questions from Members concerning risks associated Lake Taupo and the risk appetite of the organisation.

Staff Action: *Staff undertook to consider the scope of the Risk Management Programme and how this can be achieved in the current environment.*

Resolved: (Ms Horne/Mr Robertson)

That the Strategic Risk and Assurance Committee recommends that the Council receives the report.

Deputy Mayor Angela O'Leary joined the meeting (1.33pm) at the beginning of the above item. She was present when the matter was voted on

9. Crisis, Emergency, Incident, and Business Continuity Management Update

The Governance and Assurance Unit Manager took the report as read. Staff responded to questions from Members concerning external collaboration with other local territorial authorities.

Resolved: (Ms Horne/Cr van Oosten)
That the Strategic Risk and Assurance Committee receives the report.

10. Compliance Reporting Update

The Governance and Assurance Unit Manager spoke to the report in particular the incident of fraud that was attempted by a third party source. They responded to questions from Members on loss modelling.

Resolved: (Ms Horne/Cr Tauariki)
That the Strategic Risk and Assurance Committee receives the report.

11. Annual Pre-Renewal Insurance Report

The Insurance Manager and representatives from AON spoke to the report in particular work on exposure and risk tolerance. They responded to questions from Members about loss modelling and the benefits associated with group purchases.

Resolved: (Ms Horne/Mr Robertson)
That the Strategic Risk and Assurance Committee:
a) receives the report; and
b) notes the market commentary and approach for the 2024/2025 insurance renewal.

Item 13 (KPMG- Internal Audit Update and Report) and Item 14 (Organisational Improvement Report) were taken after Item 11 (Audit New Zealand Update) to accommodate availability of external presenters.

12. KPMG - Internal Audit Update and Report

The Accounting Manager and representatives from KPMG spoke to the report in particular the Communication integrity review requested in the Internal Audit. They responded to questions from Members concerning enterprise risk and the Internal Audit work programme.

Resolved: (Mr Robertson/Cr Thompson)
That the Strategic Risk and Assurance Committee receives the report.

13. Organisational Improvement Report

The Accounting Manager introduced the report and highlighted the following errors in the staff report:

- ID Number 3067 and 3062 are duplicates;
- ID Number 3062 and 3066 status is in progress;
- ID Number E3063 is a delayed status and;
- ID Number E3065 should be considered in conjunction with Item 9 (Crisis Emergency, Incident and Business Continuity Management Update).

Resolved: (Ms Horne/Cr van Oosten)
That the Strategic Risk and Assurance Committee receives the report.

The meeting was adjourned from 2.20 to 2.28

14. Audit New Zealand Update *(Recommendation to the Council)*

The Accounting Manager and Audit NZ representatives took the report as read. They responded to questions from Members concerning the emphasis of matter and timeframes associated with the Audit of the Long Term Plan.

Resolved: (Mayor Southgate/Cr van Oosten)
That the Strategic Risk and Assurance Committee:

- a) receives the report;
- b) recommends that the Council:
 - i. approves the Audit Engagement letter; and
 - ii. delegates the Mayor to sign the Audit Engagement letter on Council’s behalf.

15. Resolution to Exclude the Public

Resolved: (Cr Wilson/Mr Robertson)

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. Confirmation of the Strategic Risk and Assurance Public Excluded Minutes 26 March 2024 |) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987 | Section 48(1)(a) |

-
-
- C2. Organisational Improvement Register - Public Excluded
 - C3. Legal Risks - Committee Update
 - C4. SR4 Loss of Information or Access to Systems and Services

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 prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C3. | to maintain legal professional privilege | Section 7 (2) (g) |
| | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) |
| | to enable Council to carry out negotiations | Section 7 (2) (i) |
| Item C4. | to protect information which is subject to an obligation of confidence where disclosure would likely damage the public interest | Section 7 (2) (c) (ii) |
| | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |

aThe meeting moved into a public excluded session at 2:51 pm.

The meeting was declared closed at 3:01pm.

Council Report

Item 6

Committee: Strategic Risk and Assurance Committee
Date: 03 September 2024
Author: Lance Vervoort
Authoriser: Lance Vervoort
Position: Chief Executive
Position: Chief Executive
Report Name: Chief Executive Report

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee of the key risks faced by Hamilton City Council that the Chief Executive would like to highlight.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Key areas of interest to be highlighted at this meeting are the central government's policy direction and Council's Long-Term Plan.
4. Other topics including risks, may be included in the verbal update should they become a matter of concern to the Chief Executive following submission of this report.
5. A more detailed review of Council's key risks is included in the Risk Management report and Safety and Wellness report to this Committee meeting.
6. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Central Government Policy Direction

7. Central Government policy implementation continues at a rapid pace.

Local Waters Done Well

8. The Local Water Done Well Programme was introduced in June 2024, which lays the foundations for Councils to move to the next stage of water reform. This Bill will require council to undertake an Long-Term Plan amendment in advance of the 2025/26 financial year to remove waters from its balance sheet and review the rating framework to separately identify 3 waters rates. These changes will fundamentally impact the form, function and structure of council and present challenges related to financial sustainability, both for waters and for the remaining business units of council.

Fast Track Approvals

9. In addition, the Fast-track Approvals Bill has been introduced. The purpose of the Fast-track Approvals Bill is to provide a streamlined decision-making process to facilitate the delivery of infrastructure and development projects with significant regional or national benefits. The Bill has been identified in the Government's Q3 plan, however further information from Government is required before Hamilton City Council can enact any changes.

Maaori Wards

10. A further significant policy shift is Central Government changes to the Local Electoral Act 2001 that it will reinstate the ability for communities to petition their councils for binding polls on the establishment of Maaori wards and constituencies. This reverses the changes that were made in March 2021. Councils that established a Maaori ward without holding a poll following the 2021 changes will be required to hold a poll at the 2025 local elections. If a council does not want to hold a poll at the 2025 local elections, they will have the option to reverse their decisions on Maaori wards. This would involve rescinding the decision if it has not yet been implemented, or disestablishing Maaori wards if they are already in place.
11. At the time of writing this report, the Extraordinary Council meeting to vote on Maaori Wards is scheduled for 29 August.

Central Government Policy direction

12. Central Government has also signalled further changes and released a summary of their policy direction for 'system improvements' under four key themes, these are outlined below. The impact these signalled changes have on Council vary from theme to theme, and further analysis will be needed by staff on these proposals.

Decision Making

13. Refocussing the purpose of local government To guide council decision-making, distinguish between the roles of central and local government and the private sector, and help manage community expectations.
14. Consultation and decision-making To help councils adapt quickly to changing circumstances, and to save councils time and money while balancing democratic principles.
15. Implementing discrete interventions To provide regulatory relief to councils and update the law. This could include modernising public notice requirements.

Systems and processes

16. Benchmarking To establish effective performance reporting and drive council accountability for communities they serve.
17. Bylaws and infringements To ensure councils have appropriate, modern tools for making and enforcing local regulations effectively. This could also include considering greater delegation for councils to set infringement fee levels.
18. Considering greater use of shared services between councils To improve local government financial sustainability, balancing efficiency gains with local authority over service levels and costs.

Funding and financing

19. Limiting rate increases for non-core expenditure To protect ratepayers from excessive rate increases, and to limit council spending on noncore activities.
20. Amending legal constraints on cost recovery, where fees have been set in statute To support councils in minimising pressure on rates by setting requirements on councils to demonstrate how they are recovering costs for certain activities.

21. Improving risk management practices, including the approach to insurance, to reduce costs to local government To support a collective approach to insurance to further insulate increasing costs being passed onto the ratepayer.

Transparency and accountability

22. Making the role of elected member more accessible Official council business should be conducted within specific parameters that align with a typical governance role (e.g. meeting frequency, time, and length).
23. Reviewing codes of conduct and conflicts of interest rules To balance freedom of expression with orderly business conduct, and to allow councillors to effectively represent electors. This could also include assessing the effectiveness of and compliance with notice requirements for rates assessments and ensuring access to information for elected members (e.g., written questions system).
24. Increasing borrowing limits for high-growth councils and improving the range of council funding tools beyond rates To improve local government activity funding and help high-growth councils invest appropriately.

Regional Deals Strategic Framework

25. Central Government has also released its Regional Deals Strategic Framework. This presents an opportunity for Council to continue to leverage partnerships with central government to achieve outcomes for the city.
26. Regional Deals will be based on a 30-year vision, with negotiated 10-year strategic plans to deliver shared objectives and outcomes between central and local government.
27. Deals will be long-term commitments, intended to endure, to promote economic growth and productivity, delivering connected and resilient infrastructure, and improving the supply of affordable, quality housing. To better deliver shared objectives and outcomes between central and local government, the deals will align with local government 10-year planning cycles rather than central government's three-year planning cycles.

Long-Term Plan

28. Hamilton City Council adopted its 2024-34 Long-Term Plan on 4 July. The Plan seeks to weigh up delivering the essential work residents value, everyday costs being met by everyday revenue, and keeping rates as low as possible given the significant financial challenges.
29. Economic outlook, financial pressures, and legislative compliance continue to be key areas of focus as Council now looks to implement Year One.
30. The adopted Long-Term Plan has significant impacts on the risk profile of Hamilton City Council, and as part of the annual risk review process, Elected Members and Executive Leadership Team will be revising the strategic and organisational risk register as part of the Strategic Risk and Assurance Committee workshop on 3 September. A verbal update will be provided to the Committee on the outcome.

Financial Considerations - *Whaiwhakaaro Puutea*

31. There are no financial implications in relation to receiving this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

32. Staff consider the matter of this report to be of low significance and that the recommendations comply with Council's legal requirements.

33. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

34. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
35. The subject matter of this report has been evaluated in terms of the ('the 4 wellbeings') during the process of developing this report.
36. The recommendations set out in this report are consistent with that purpose.
37. No known social, economic, environmental, or cultural considerations were identified in the development of this report.

Risks - *Tuuraru*

38. There are no known risks associated with the recommendation of this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

39. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance and no engagement is required.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 7

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2024

Author: Dan Finn

Authoriser: Sean Hickey

Position: People, Safety & Wellness Manager

Position: General Manager People, Performance and Culture

Report Name: Health & Safety Report - 1 May 2024 to 31 July 2024

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on safety and wellbeing progress, performance, and activities for the period covering 1 May to 31 July 2024.

Staff Recommendation - *Tuutohu-aa-kaimahi* (Recommendation to the Council)

2. That the Strategic Risk and Assurance Committee recommends that the Council receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This report is focussed on our continued progress of key strategic activities that are aligned to risks, relationships, and resources. To provide the Committee with a more comprehensive overview of our progress, we have included supplementary updates on wider activities, assurance, and successes.
4. A high level of reporting of events continued during this reporting period, which included 10 lost time injuries (LTIs) and 11 medical treatment events. There were 0 WorkSafe notifiable events from Council or from our external contractors during this reporting period.
5. We have completed 25 internal ISO45001 audits as of 31 July across sites who have the highest exposure to Council's critical risks identified within the areas they operate.
6. An online 'Injury Management for People Leaders' module has been launched to support better practice.
7. The wellbeing of our people continues to be a priority with on-site support being provided by Vitae on a scheduled and regular basis.
8. Staff consider the matters highlighted in this report to have a low significance and there are no recommendations of note.

Discussion - *Matapaki*

Strategic Progress – *Te ahunga whakamua rautaki*

9. With the exception of the critical risk management project, all other original 'safety reset' activities have now been completed and for efficiency these have now been removed from the table below.
10. These programs were designed to strengthen and support our wider health and safety strategy, however further projects continue to be worked on and/or introduced to ensure Council continues to meet its obligations and requirements under health and safety legislation.

| Workstream | Status | Next milestone | Comment |
|--------------------------|--------|---|---|
| Critical risk management | 90% | All 13 critical risk assessments have been completed and the results inputted into the Bowtie Risk Assessment software. | Future Fit has impacted some original project team members that were involved, and this will require a reset to ensure appropriate representation is re-established |

Table 1: Key workstreams

Risks and Incidents – *Ngaa Tuuraru me nga Paanga*

11. During this reporting period there has been an increase in events in the 'driving for work' and 'moving vehicles in the workplace' space. These incidents serve as a timely reminder of the need for additional care due to the time of year and weather conditions.
12. The incidents profiled during this reporting period are summarised in the below table, and provides a comparison to the previous quarter:

| | 1 May to 31 July 24 (current quarter) | 1 Feb to 31 April 24 (previous quarter) |
|-------------------------------|--|--|
| Total number of events | 200 | 222 |
| Injuries | 31 | 49 |
| Lost Time Injuries | 10 | 15 |
| Medical Treatment | 11 | 14 |

13. As a comparison to the same period last year, there was a total of 48 injuries reported. Of those injured, 7 resulted in lost time and 12 required medical treatment.



14. Within this reporting period an online 'Work Injury Management' module was developed and launched across the organisation to assist our People Leaders in better practices to support those employees who might become injured at work.
15. The 'First Move' manual handling training programme continues to be rolled out across our operational business units as a preventative measure to assist those staff who undertake physical work.

Council and Contractor WorkSafe Notifiable Events

16. There were no WorkSafe notifiable events reported within this period by either Council or any of its external contractors.

Relationships – Whanaungatanga

17. Over the last 3 months we have seen a decrease in the number of staff accessing EAP support, however more facilities are now accessing onsite support through Vitae who regularly visit (weekly/fortnightly) in person, which is receiving positive feedback from those areas.
18. Resilience and GoodYarn Mental Health Workshops have continued during this reporting period and are designed to help equip staff with the tools to support themselves and others.
19. The Safety Governance Committee (SGC) met on 11 June, and the meeting minutes are provided as **Attachment 1**.
20. The Committee continues to provide important guidance and strategic oversight across all areas of Council. A regular and important agenda topic is learning from the experiences of frontline workers who are exposed to critical risk(s) through the course of their daily duties. Committee members have gained valuable insights from visiting different facilities each quarter, where the different critical risk(s) relevant to that facility are profiled.
21. The next Committee meeting is scheduled for 30 August 2024, and will showcase important work undertaken by the team at the Zoo. The critical risks that will be profiled include working with animals, mental health, working at heights, working with plant and machinery, moving vehicles in a workplace, and working over and near water.

Resources – Rauemi

22. Following changes to team structures within the People, Safety and Wellbeing Unit, the Health and Safety Team have implemented changes to their work and processes. This has also prompted an opportunity to reset and refocus priority projects.
23. Collaborating and working with the decentralised health and safety team members across other business units is enabling a more consistent approach in how we meet our health and safety obligations. Improved alignment is a key to our success, and we have established regular meetings across teams to leverage our collective expertise and knowledge.

Assurance – Kii Taurangi

24. It is important that our People Leaders have the confidence and assurance to manage their staff well when injured at work. An online 'Injury Management for People Leaders' module has now been launched. This builds on our commitment to equip our People Leaders with the tools and knowledge they need. The module will also benefit those People Leaders who have completed the face-to-face training and simply need to have a refresher.
25. 25 internal ISO45001 audits have been completed as of 31 July 2024 in those business units which are exposed to higher risks on a day-to-day basis. It is intended to give business units a period of six months to implement improvements in areas highlighted, and in early 2025 it is envisaged that Council will apply for ISO45001 accreditation. Provided as **Attachment 2** is a copy of the audit template which is based on Council's Safety Management System which is aligned with the ISO45001 standard.

Successes – *Angituutanga*

26. Ora is Council's Incident Management System, and contained within it are automated inspection templates that have been developed as a result of working with business units to move away from paper-based systems and to utilise the Ora Mobile App instead. Our pool facilities complete multiple daily checks on filtration units and this has now been moved into the digital space, whilst also storing all the information in one place. This allows for real time reporting and oversight. In the last 3 months there has been a significant increase in the use of the inspection template.

Financial Considerations - *Whaiwhakaaro Puutea*

27. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

28. Staff confirm that the matters in this report complies with the Council's legal and policy requirements.
29. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

30. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
31. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below. The recommendations set out in this report are consistent with that purpose.

Social

32. The matters highlighted in this report may have the capacity to affect social wellbeing should they materialise. Social wellbeing continues to be prioritised and is considered alongside Council's risk management processes.

Economic

33. The matters highlighted in this report may have the capacity to affect economic wellbeing should they materialise. Identifying and measuring the economic costs of accidents, the relationship between operational requirements and safety and determining the inter-relationship between safety and other organisational goals and priorities. Economic wellbeing continues to be prioritised and is considered alongside Council's risk management processes.

Environmental

34. The matters highlighted in this report may have the capacity to affect environmental wellbeing should they materialise. Environmental protection includes programmes to reduce risks to the environment from contaminants like hazardous materials and waste. Environmental wellbeing continues to be prioritised and is considered alongside Council's risk management processes.

Cultural

35. Staff consider the matters highlighted in this report do not have a direct impact on cultural wellbeing.

Risks - *Tuuraru*

36. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

37. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.
38. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Safety Governance Committee Meeting Minutes 11 June 2024

Attachment 2 - ISO45001 Template

Meeting Minutes

Safety Governance Committee

| | |
|----------------|--|
| Time and date: | 1:00pm, Tuesday 11 June 2024 |
| Venue: | Te Kete Aronui – Rototuna Library |
| In Attendance: | Greg Dearsly (Independent Chair), Lance Vervoort (Chief Executive), Sean Hickey (GM People Performance and Culture), Helen Paki (GM Customer & Community), Louise Lukin (Director CE and Mayoral Offices), Ewan Wilson (Elected Member), Marie Snowball (Health & Safety Manager), David Bryant (GM Business Services), Janet Carson (GM Partnerships), Dan Finn (People, Safety & Wellbeing Manager), Claire Toko (Venues Tourism and Events) and Amanda Barlow (Health & Safety Business Partner - Minutes). |
| Guests: | Duncan MacDougall (Parks Service Manager), Maria Barrie (Parks and Recreation Unit Director), and Rhys Hickman (HSR – Parks). |
| Apologies: | Olly Te Ua (Māori Rep), Andrew Parsons (GM – Infrastructure and Assets), Blair Bowcott (GM – Strategy, Growth and Planning), Sean Murray (Venues Tourism and Events) and Paul Graham (AWUNZ) |

1. Welcome

2. Confirmation of previous minutes and review of the Action Register

The minutes of the Safety Governance Committee Meeting held Tuesday 19 March 2024 have been confirmed.

Moved by: Dan Finn

Seconded by: Sean Hickey

3. Insights from our staff in the Parks & Recs Team including those critical risks faced by them - working at heights, working with plant and machinery, moving vehicles in a workplace and hazardous substances which includes demonstrations of various areas covered by the team out in the park

- Parks have 98 staff employed looking after all the Hamilton parks, reserves, gardens, trees and hedges, mowing, sports turf, playgrounds, park furniture and maintenance, facilities cleaning, paths and walkways and rubbish bins.
- Overview of the numbers of street trees, walkways, gardens and playgrounds maintained by the parks team shared.
- Top critical risks for the parks team include:
 - Working on the road corridor
 - Driving for work
 - Hazardous Substances
 - Working with plant and machinery
 - Working at height
 - Working around electricity

Meeting Minutes

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Attachment 1

- Discussion of the controls put in place to manage the risks and an example of a job the arborists are required to take place where five of the critical risks listed above are encountered as part of the job.
- Further discussion around an event that took place within the Arborist team where there was a flash over by two of the power lines touching. How the event took place, what controls were in place at the time.
- Requirements of WEL Networks when working in and around power lines.
- Monitor trees on a two-year basis however, where a high-risk tree is identified don't wait for the two-year review. Trees in parks are reactive maintenance.
- Discussion of examples of other tree incidents from other areas and Councils.
- Moving towards more native and evergreen trees being planted when new trees are required to be planted in public spaces and avoiding planting trees that are likely to have a higher level of risk (more prone to branches falling).
- Top health and safety issues at present
 - Managing sprains and strains as these are the most common lost time injury (LTI)
 - Working on the road corridor
 - Park tree maintenance
- Looking to eliminate the risk of working on the road corridor by safety in design to remove gardens being planted in the middle of the median strip.
- NZTA taken on a new approach – staff feel safer working behind an attenuator as opposed to cones. A move towards a risk-based approach.
- Discussion on public perception and overuse of orange cones in traffic management sites.
- Question raised - if there are guidelines in place preventing having a garden in the median of the roads. This feeds into the District Plan – and we need the gardens for environmental purposes.
ACTION – Helen Paki to discuss with Andrew Parsons.
- For worksites 50km/hr or lower the team will set up their own traffic management site. Anything over, Connect Hamilton will set up the site.
- Discussion held about how learnings from a health and safety event get communicated. Benefit of being in touch with the other Councils and other operators in similar fields e.g., Arborists.
- Behaviour being seen out in the public, higher levels of intoxication, homeless and camping in parks increased and needing to move them on, people living in cars behind the Yacht Club at the Hamilton Lake. Utilizing City Safe to help where appropriate.
- Discussion of learnings and implementation of controls following the Hastings incident of a child being killed by a tractor mower operator.
- Discussion of spraying chemicals and controls put in place. Moving towards using less harmful chemicals. Spray logs kept identifying where and when the chemicals are sprayed.
- Approach to long-long requirements (clothing required to be worn by workers). We have moved towards a risk-based approach rather than a blanket rule.
- Health monitoring conducted for staff.

4. A tour around Korikori Park

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Meeting Minutes

- Observation of tractor on Korikori Park field and staff working from the Parks Team on and around the park.
- Some roles within Parks & Rec are required to be trained in traffic management.
- Work environments differ for the team for example, working at the Hamilton Lake or Memorial Park vs working on a roundabout and the different risks this presents and how they are managed.

5. Insight into events that have occurred in the last 3-6 months

- Sprains and strains are the main injuries being seen, implemented training through Provention with the First Move training. Challenge to embed the learnings in the day-to-day practice to prevent the sprains and strains occurring.
- Opportunity to look at different ways of getting messages through to the teams about improving the culture. Videos with key learnings from their experiences.
- Seen a spike recently in the number of eye injuries despite the team wearing PPE (eye protection). Need to identify if the eye protection workers are wearing are correct for the task, if there is a more suitable PPE option and/or could another control be put in place.

6. General Discussion – around the table

- Maria – great forum and pleased to see the team have an opportunity to discuss their job.
- Louise - Insightful and interesting.
- Greg - Part two released by the business leader's forum yesterday and information about the Regulatory reform.

7. Actions assigned from meeting

- Identify if there are guidelines in place preventing having a garden in the median of the roads. Helen to discuss with Andrew Parsons.

The meeting was declared closed at 3:39pm

Next Meeting: 30th August 2024

Hamilton City Council ISO45001 Internal Audit Template

| Clause No. | | Audit findings | Audit Evidence (Provide reference to documented information to justify the finding) | Opportunities for Improvement (Provide suggestions for process improvement) |
|--|---|----------------|--|--|
| 1. Planning and Leadership | | | | |
| 1.1 Health and Safety Policy | | | | |
| 1.1 | Health and Safety policy is available (either on the intranet - can staff access?) or on safety and wellbeing notice boards | Select | | |
| 1.1.1 | Health and Safety policy is communicated through inductions to workers and contractors | Select | | |
| 1.2 Accountability and Responsibility | | | | |
| 1.2.1 | Does the role clearly identify the Health and Safety responsibilities for each role within the business unit. Evidence shown in position descriptions. | Select | | |
| 1.3 Health and Safety Planning and Leadership | | | | |
| 1.3.1 | KPI's are set for People Leaders and Workers relating to health and safety within their role? | Select | | |
| 1.3.2 | Evidence of reviews taken place to identify if KPI's have been met by People Leader and Workers | Select | | |
| 1.4 Continuous Improvement | | | | |
| 1.4 | Safety data is reviewed periodically to identify trends that require improvement to continually improve our safety performance (at a business unit level) | Select | | |
| 1.4.1 | Workers involved in events are consulted with following an event and have an opportunity to contribute to the investigation. | Select | | |
| 1.4.2 | Corrective actions are identified in consultation with relevant workers and parties for events reported | Select | | |
| 1.4.3 | Corrective actions are identified in consultation with relevant workers and parties for hazards reported | Select | | |
| 1.4.4 | Corrective actions are identified in consultation with relevant workers and parties for non-conformances identified through inspections and safety observations conducted | Select | | |
| 1.5 Emergency Management | | | | |

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Hamilton City Council ISO45001 Internal Audit Template

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|---------------------------------------|---|--------|--|--|
| 1.5 | Emergency response plans are in place and visibly displayed around the location <i>- Where chemicals are held on site, emergency response plans are in place to respond to spills etc...</i> | Select | | |
| 1.5.1 | Emergency drills are conducted at least 6 monthly | Select | | |
| 1.5.2 | Different types of emergency response scenarios are covered off with team on site to understand how to respond to the different types | Select | | |
| 1.5.3 | Where specific emergency wardens and allocated first aiders are identified onsite - their identify are clearly displayed on site i.e. On the safety and wellbeing noticeboard | Select | | |
| 2. Risk Management | | | | |
| 2.1 Hazard and Risk Management | | | | |
| 2.1.1 | A safety risk register is available on site considering risks to employees, contractors, visitors, members of the public, routine and non-routine activities and foreseeable emergencies. | Select | | |
| 2.1.2 | Safety risk register clearly shows control measures in place using the hierarchy of control under HSAW and demonstrate in the inherent and residual risk. | Select | | |
| 2.1.3 | Evidence of safety risk register being reviewed as per dedicated timeframes on register. Change logs should be present to show changes made and evidence reviews taken place. | Select | | |
| 2.1.4 | Evidence of risk assessments completed for specific areas of business | Select | | |
| 2.1.5 | Evidence to demonstrate a process to identify new risks being introduced to the business or change of knowledge or information about risks. Examples to be provided where available to show implementation of the process. | Select | | |
| 2.1.6 | Evidence to show employees identify hazards through Ora <i>(If no hazards have been identified for business unit, - opportunity for improvement identified)</i> | Select | | |
| 2.1.7 | Evidence to show controls are put in place for when new hazards are identified as per the hierarchy of controls | Select | | |
| 2.1.8 | Evidence to show staff are inducted onto site at beginning of employment (Health and Safety) | Select | | |
| 2.1.9 | Evidence of Standard Operating Procedures (SOP) available to staff | Select | | |
| 2.1.10 | Evidence of Standard Operating Procedures (SOP) signed off by staff undertaking work i.e. Using machinery | Select | | |

Hamilton City Council ISO45001 Internal Audit Template

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|----------------------------------|---|--------|--|--|
| 2.1.11 | Evidence of plant and equipment risk assessments completed for machinery with high risk when in use. | Select | | |
| 2.1.12 | Evidence of JSA's (Tailgates) completed by Council staff when completing tasks | Select | | |
| 2.1.13 | Evidence of Council staff signed off on JSA (Tailgates) | Select | | |
| 2.1.14 | Evidence to demonstrate a Hazardous Materials inventory is available and up to date (in line with the requirements of the Haz Reg) | Select | | |
| 2.1.15 | Evidence of SDS are accessible for the Hazardous Materials held on site (And are up to date, in last 5 years). | Select | | |
| 2.1.16 | Hazardous Materials are stored correctly as per SDS and inventory requirements. Safe distance for incompatible substances | Select | | |
| 2.1.17 | Correct emergency response methods are available eg. spill kits, fire extinguishers, bunding, safety shower, eye wash | Select | | |
| 2.2 Contractor Management | | | | |
| 2.2.1 | Evidence of contractors engaged by business unit are prequalified by accepted prequalification agencies approved by Council (SHE, Totika and Impac) | Select | | |
| 2.2.2 | Evidence of appropriate insurances obtained from contractors engaged by business units | Select | | |
| SSSP | | | | |
| 2.2.4 | Where large projects or where contractors will be taking "ownership" of site (ringfenced) evidence of SSSP obtained from contractor obtained and specific for project engaged to complete | Select | | |
| 2.2.5 | Evidence of SSSP checklist completed to approve contractor SSSP prior to contractor beginning work | Select | | |
| JSA | | | | |
| 2.2.6 | Evidence of JSA's provided by contractors conducting work on site | Select | | |
| 2.2.7 | Evidence of JSA checklist completed and held with JSA to approve work before work commencing by contractor | Select | | |
| 2.2.8 | Evidence obtained for contractors being appropriately qualified for undertaking work. Examples include: Working at heights, qualified electrician, certified plumber | Select | | |
| 2.2.9 | Where a permit to work is triggered by the work being undertaken by the contractor (examples include hot works, working at height, confined space entry and crane lifts) copies of permit to work are held on file with the relevant JSA | Select | | |
| Inductions | | | | |

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Hamilton City Council ISO45001 Internal Audit Template

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|--|--|--------|--|--|
| 2.2.10 | Evidence to show contractors are inducted prior to beginning work at site | Select | | |
| 2.2.11 | Evidence to show contractor inductions are up to date (current). <i>(Business unit must display a process to show contractors do not come onto site if their inductions are expired)</i> | Select | | |
| 2.2.12 | Evidence to show contractors are signing onto and off site when visiting Council properties (excludes ring fenced projects) | Select | | |
| Monitoring | | | | |
| 2.2.13 | Evidence of monitoring of contractors (including ring fenced projects) | Select | | |
| 2.2.14 | Evidence of non-conformances identified, and correct actions put in place | Select | | |
| Reporting | | | | |
| 2.2.15 | Evidence to show contractors are reporting through Health and Safety data based on Council's required timeframes | Select | | |
| 2.2.16 | Evidence to show Health and Safety data and trends from contractors reporting is reviewed | Select | | |
| 2.3 Incident Management - Review and Action | | | | |
| 2.3.1 | Business unit can demonstrate a process for how Council staff have an opportunity to report events. <i>(If only paper based - an opportunity for improvement must be identified)</i> | Select | | |
| 2.3.2 | Evidence of the root causes as a result of underlying factors contributing to the incidents taking place (SMS 2.3.1) <i>(Evidence included could be further detail provided on investigation information to show what the root cause was. Review additional information captured in investigation section - attachments).</i> | Select | | |
| 2.3.3 | Evidence of corrective actions identified when events have been reported <i>(Corrective actions (as per the hierarchy of controls) eliminating hazards, substituting with less hazardous materials, re-designing or modifying equipment or tools, developing procedures; improving the competencies of affected workers; changing the frequency of use; using protective equipment)</i> | Select | | |
| 2.3.4 | Evidence of preventative actions identified (By implementing preventive measures, such as safety procedures, training programs, and regular inspections, businesses can effectively reduce the likelihood of accidents, injuries, and illnesses.) Preventative programs at work e.g. First move | Select | | |

Hamilton City Council ISO45001 Internal Audit Template

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|---|--|--------|--|--|
| 2.3.5 | Evidence of continual improvement opportunities identified <i>(Examples of continual improvement could include: new technology, improved practices, new acquired knowledge, new or improved material, changes in workers capabilities or competencies and implementing simplification or streamlining process)</i> | Select | | |
| 2.3.6 | Evidence of results of investigations are communicated with wider Council staff <i>(Evidence could include Safety Alerts, meeting minutes, Tailgate/Toolbox/JSA)</i> | Select | | |
| 2.3.7 | Where an existing hazard is identified as a contributing factor for an event, evidence to show controls of the hazard are reviewed. | Select | | |
| 2.4 Change Management | | | | |
| 2.4.1 | Evidence of safety risks and controls implemented (risk assessment) for changes to the business where new hazards may be brought into the business. <i>(The objective of a management of change process is to enhance occupational health and safety at work by minimising the introduction of new hazards and OH&S risks to the work environment. Changes could include technology, plant and equipment, work practices and procedures, design specifications, raw materials, staffing, standards or regulations).</i> | Select | | |
| 2.4.2 | Evidence of safety and design factored into changes made to the business | Select | | |
| 2.4.3 | Evidence of Council staff (and/or interested parties) being consulted for relevant changes | Select | | |
| 3. Assurance | | | | |
| 3.1 Health and Safety Performance Measurement and Monitoring | | | | |
| 3.1.1 | Evidence of lead indicators reviewed to measure health and safety performance. <i>(Examples of lead indicators include but not limited to safety training being up to date, identifying training needs, conducting internal inspections, level of employee engagement)</i> | Select | | |
| 3.1.1 | Evidence of lag indicators reviewed to measure health and safety performance. <i>(Examples of lag indicators include but not limited to LTI's, trends of incidents reported)</i> | Select | | |
| 3.2 Health and Safety Audits and Assurance Activities | | | | |
| 3.2.1 | Evidence of safety inspections being regularly completed by People Leaders to ensure legislative requirements and relevant regulations are adhered to. | Select | | |

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|---|--|--------|--|--|
| 3.2.2 | Evidence of safety observations regularly taking place to monitor work being undertaken by workers and contractors to verify systems being put in place are being followed. | Select | | |
| 3.2.3 | Evidence of gaps identified from the inspections identified and corrective actions put in place. | Select | | |
| 4. Participation, Engagement and Representation | | | | |
| 4.1 Engagement, Participation and Representation | | | | |
| 4.1.1 | Health and Safety Representatives are present in the business unit as a fair representation of the work conducted. | Select | | |
| 4.1.2 | Evidence of nomination process to select new HSR | Select | | |
| 4.1.3 | Evidence to show HSR committee meets to review safety data trends, discuss new initiatives and raise concerns regarding work environment | Select | | |
| 4.1.4 | Evidence of consultation with HSR on H&S documents, risk management, participating in investigations, developing safety objectives and reviewing of policies and processes where appropriate | Select | | |
| 4.1.5 | Evidence of HSR having completed required training | Select | | |
| 4.2 Information and Communication | | | | |
| 4.2.1 | Evidence of communication to Council staff about changes to safety system and other relevant safety updates to ensure it reaches all relevant workers and interested parties | Select | | |
| 4.3 Competency | | | | |
| 4.1.5 | Council staff are adequately supervised where required to conduct work safely | Select | | |
| 4.1.6 | Evidence of a training needs analysis available for roles within business unit | Select | | |
| 4.1.7 | Evidence of periodic checks that Council staff are competent to undertake the tasks assign to them safely | Select | | |
| 4.1.8 | Evidence to show Council staff are trained as per the training needs analysis and records are kept safe | Select | | |
| 5. Wellbeing | | | | |
| 5.1 Wellbeing Support | | | | |
| 5.1.1 | Evidence of communications about EAP and other service providers available at Council to educate Council staff on services provided | Select | | |
| 5.2 Injury Management and Return to Work | | | | |
| 5.2.1 | Evidence to demonstrate all people leaders have attended the Tukanga Whakaora - Recovery Process from the business unit | Select | | |

Hamilton City Council ISO45001 Internal Audit Template

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|------------------------------|--|--------|--|--|
| 5.2.2 | Evidence of medical certificates received and where appropriate RTW plans demonstrating support for the Council staff member to return to work safely | Select | | |
| 5.3 Health Monitoring | | | | |
| 5.3.1 | Evidence of health monitoring taken place (Health monitoring for the compliance task monitoring) This is not in relation to the voluntary health monitoring. | Select | | |

Item 7

Attachment 2

Council Report

Committee: Strategic Risk and Assurance Committee
Date: 03 September 2024
Author: Nicholas Whittaker
Authoriser: David Bryant
Position: Senior Risk and Resilience Advisor
Position: General Manager Business Services
Report Name: Risk Management Report

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Council's nine strategic risks, three organisational risks and any potentially significant emerging risks.

Staff Recommendation - *Tuutohu-aa-kaimahi* (Recommendation to the Council)

2. That the Strategic Risk and Assurance Committee recommends that the Council receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Council's strategic and organisational risks have been reviewed over the last financial quarter and have been updated to reflect the changing environment.
4. There has been an increase in the residual risk rating for **Strategic Risk 2**, from Medium to High, given the constrained financial and economic environment Council continues to operate under. Council continues to implement the relevant corrective controls as we navigate this tough climate.
5. As detailed in **Strategic Risk 3, 5, and 6** the Government's pace of legislative change and the scale of potential impact continues to be a core focus of Council. Ensuring that we are in the best position to respond to these changes is a key focus for staff.
6. As reported to the last committee, further updates are provided on the Emerging Risk related to **Lake Taupo Levels**. Current data trends reflect a lower-than-average level, which if it declines further may require Council to implement its low river response. Staff are monitoring the situation and are actively managing this risk.
7. An update is also provided on the emerging operational risk regarding **Golden Clams**. The clams have been seen and detected on infrastructure within the river and infrastructure that contains untreated Waikato River water at both the Water Treatment and Wastewater Treatment Plants. It's important to note that **Hamilton's drinking water remains safe**. All clams detected have been disposed of in accordance with Ministry for Primary Industries (MPI) advice. Staff continue to work with MPI to review current work practices and to support the development of a corbicula operations and maintenance plan.

8. A new Emerging Risk (**Dutch Elm Disease**) is being reported to the Committee this quarter. This risk has a residual risk rating of Extreme due to unknown potential scale and consequence it could have on Hamilton's biodiversity, as well as the operational financial impacts from increased compliance and tree management. Staff continue to undertake existing tree management protocols however further work is required to develop additional protocols and monitoring for this disease.
9. A review of Council's strategic and organisational risk register is scheduled for the 3 September Strategic Risk and Assurance Committee workshop. Following the workshop, the reviewed strategic and organisational risk register will be brought to the December Strategic Risk and Assurance Committee meeting for approval and reporting.
10. Staff consider the matters in this report have medium significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Strategic Risk 1 – Failure to Respond to a Disaster

11. This risk description is 'A lack of preparedness leads to **a failure to respond or an ineffective response to a natural or human induced disaster event** resulting in compromised community resilience.' This risk links to Strategic Risk 4 – Loss of information or access to systems, Strategic Risk 8 – Failure to respond to a crisis or emergency and Strategic Risk 9 – Failure to respond to climate change.
12. There is no change to the residual risk rating for this risk – it remains very high. This sits outside of our appetite of 'cautious'.
13. Our Emergency Management Officers are currently undertaking work to improve our preparedness to respond to an emergency. Internally, we are bringing a greater focus on planning and preparedness by talking about when an emergency will occur, rather than if an emergency will occur.
14. A staff training plan is being developed which will require all staff to have completed Civil Defence Emergency Management (CDEM) foundation training within 3 months of onboarding. This enables a greater number of staff to be skilled and available when a disaster event occurs.
15. The annual capability assessment has been completed in which we scored 63%. This is an increase from last year and importantly moves us into the Advancing Category. An 'Advancing' Council is assessed as having good organisational commitment and practice activation methodologies, the organisation comprehensively implements the requirements of the CDEM Act and demonstrates ability and a systematic approach through a variety of exercises.

Strategic Risk 2 – Significant Negative Impact on Financial Strategy

16. This risk description is 'A major economic or financial shock event **negatively impacts Council's financial strategy, fiscal and monetary position** resulting in significant financial pressure on Council.' This risk links to Strategic Risk 7 – Failure to deliver our work programmes.
17. The residual risk rating has increased from Medium to High following a review of the residual consequence rating from moderate to serious. The 2024-34 Long-Term Plan was landed with expenditure restricted by the required Local Government Funding Agency (LGFA) covenants. This means a constrained amount of debt headroom and therefore reduced financial resilience is available to respond in the event of an economic or financial shock. The new risk rating sits outside of the risk appetite of Cautious.

18. Council has corrective controls that can be executed in the case of such an event. The Council can call on an additional \$100 million in standby facilities. This is made up of a \$60 million Evergreen ANZ facility and a \$40 million standby facility with the LGFA. These facilities are not included in Council's forecast debt position and drawing on them would increase overall Council debt. Should Council breach its debt-to-revenue limit it would need to either increase rates revenue or reduce its planned capital programme to bring spending back in line with this ratio.
19. Collectively with other councils in the Waikato region, we have an insurance programme brokered by Aon and coordinated through Co-Lab. This programme will fund some operational costs (e.g. business interruption) and capital costs where a claimable event occurs. All councils in the Co-Lab group have material damage insurance and infrastructure insurance using a maximum probable loss approach rather than reinstatement value for declared assets. This approach has the benefit of spreading risk across a wider geographical area. Maximum probable loss is the anticipated value of the largest insurable monetary loss that might result from an event, whether natural or otherwise. Loss modelling to validate the material damage policy is underway for the 1 November 2024 insurance renewal and will be discussed within the Insurance Paper at the December 2024 Committee meeting.
20. Development confidence remains very low and there has been little genuine residential consenting activity. Over the past six months, 470 new dwellings were granted building consents. This compares to 692 over the same period last year, and 648 for the same period the previous year. Subdivision consenting was also down with 212 lots consented over the past six months. An oversupply of sections remains in the market and land development is unlikely to increase until demand picks up again. Staff revised down Development Contribution revenue expectations for the coming year prior to the last update to reflect lower consenting activity.
21. A new treatment plan has been identified for Council to work with LGFA to obtain additional debt headroom, with a LGFA shareholder vote on the matter scheduled in November 2024.
22. While New Zealand technically came out of a recession in the March 2024 quarter, growth is still low and on a per capita basis remains negative. Hamilton's growth continues to outperform New Zealand, but growth was only 0.4% in the March 2024 quarter. Growth is forecast to remain slow throughout the coming financial year.
23. Staff will continue to actively monitor and report on economic conditions and their impact on Development Contribution revenue, capital expenditure and operational budgets. Reflective of the controls for Strategic Risk 2 the pressures on Council's budget are being managed through forecasting.

Strategic Risk 3 – Failure to Meet Compliance Standards

24. This risk description is 'Compliance requirements from Central Government and regional council or changes in community expectations leads to a **failure to meet compliance standards** resulting in increased exposure to litigation.' This risk links to Strategic Risk 6 – Political changes negatively impact strategic direction.
25. There is no change to the residual risk rating for this risk – it remains at high. This sits within our appetite of 'neutral'.
26. Over the last quarter there have been no significant events to report.
27. Central Government continues to enact legislation at pace that impacts local government, water reforms, Maaori Ward provisions in the Local Electoral Act 2001 and Fast-track resource consents are three streams of the more significant changes currently taking place.

Strategic Risk 4 – Loss of Information or Access to Systems and Services

28. The risk description is 'In the event of a cyber-attack, IT service or technology asset failure there is a risk that **confidential information and / or Council services are compromised or fail and / or there is a loss of information** resulting in ongoing reputational, legal, and financial consequences.
29. There is no change to the residual risk rating for this risk – it remains at very high. This sits outside of our appetite of 'neutral'.
30. Commentary and treatment plans relating to this risk contains confidential and commercially sensitive information and are covered in the Loss of Information or Access to Systems Report presented to the Committee in the public excluded part of this meeting.

Strategic Risk 5 – Failure to Deliver Growth Outcomes

31. This risk description is 'Step-changes in growth requirements or demand or consequences of growth means **Council can't deliver expected growth outcomes** resulting in increased costs and the perception that growth delivers negative outcomes for the community.'
32. There is no change to the residual risk rating for this risk – it remains at high. This sits within our appetite of 'neutral.' This risk is impacted by the economic conditions outlined in Strategic Risk Two.
33. On 4 July 2024, Minister Bishop announced the Governments Going for Housing Growth Policy that will be implemented over the coming 12 months, with a Bill to be introduced December 2024. This policy will require several further changes to the Operative District Plan related to intensification requirements and specific related rules, a requirement for Tier 1 urban areas (of which Hamilton is one) to zone enough land for 30 years of feasible supply and the removal of urban limits.
34. The Fast-Track Approvals Bill is set to be passed into law in the third quarter 2024. Staff have engaged with developers and understand that there are at least seven urban development proposals in and around Hamilton of significant scale. Some are part of future growth cells on the edge of the city, some are entirely new greenfield areas. We will not know until the Bill has passed into law which projects will proceed.
35. Constrained Long-Term Plan funding means that the enabling infrastructure for any new zoned areas will not be met by Council. Furthermore, there is very limited funding in the Long-Term Plan for upgrades of existing networks to service this growth. Collectively, this will mean Council will need to consider levels of service, water allocations, funding levers and developer agreements in order to service increased growth demand if these areas are to be serviced by Council. To respond to these growth pressures will require a change in operating model given the financial and other constraints, for example who build, owns, and operates infrastructure, who leads the planning processes for new growth areas and in which jurisdiction new growth areas might sit.
36. These new policies will place additional pressure on existing environmental limits and compliance standards.
37. These changes present operational, financial, and political risk to Council. How new areas are serviced and who delivers the infrastructure, including the consenting process, presents operational risk. There will be associated financial implications as responding to these policy changes are unbudgeted. There are cross-boundary political risks as responding to these policies will require collaboration and agreement with Future Proof partners.

Strategic Risk 6 – Political Changes Negatively Impact Strategic Direction

38. This risk description is 'Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme.' This risk links to Strategic Risk 3 – Failure to meet compliance standards.
39. There is no change to the residual risk rating for this risk – it remains at very high. This sits within our appetite of 'receptive.'
40. The coalition government has enacted a number of significant changes to legislation which will impact on the business of council, including repealing the previous Government's replacement legislation for the Resource Management Act 1991, and Three Waters legislation.
41. Council has adopted its 2024-34 Long-Term Plan, which outlines the budget for the next 10 years. The scale of political change, both legislation and policy direction, has the potential to impact on council's financial situation. For example, changes to transport funding allocations impacts council's revenue and therefore debt capacity, which impacts council's ability to deliver on its programmes.
42. The second bill in the Local Water Done Well programme (after the Water Services Acts Repeal Act 2024) was introduced in June 2024. The Local Government (Water Services Preliminary Arrangements) Bill lays the foundations for councils to move to the next stage of water reform. In the next year, all councils will need to produce plans showing how they will deliver financially sustainable water services.
43. For all territorial authorities, the Bill provides for the following for water services – that is water supply, stormwater, and wastewater:
 - i. requirements to develop water services delivery plans (within 12 months);
 - ii. foundation "economic regulation" through information disclosure requirements; and
 - iii. the ability to choose a new category of water services council-controlled organisations to deliver services (among other options).
44. This Bill will require council to undertake a Long-Term Plan amendment in advance of the 2025-26 financial year to remove waters from its balance sheet and review the rating framework to separately identify 3 waters rates.
45. These changes will fundamentally impact the form, function and structure of council and present challenges related to financial sustainability, both for waters and for the remaining business units of council.
46. Council continues to collaborate with Future Proof partners on the development of a City/Regional Deal, as the Government is due to release further detail on the framework for deals. These deals are likely to provide the structure for local and central government (and the private sector) to partner to deliver significant infrastructure over the long-term.
47. Council staff continue to meet regularly with other growth councils (including Tauranga, Queenstown, and Auckland) to discuss collaborative approaches to working with central government, and areas of shared interest to influence policy and legislative change.
48. In July 2024 the Government announced decisions requiring councils to free up land for housing. These changes will be implemented through amendments to the Resource Management Act and the National Policy Statement on Urban Development, with the requirements expected to be in place by mid-2025. Formal consultation on the detailed design of changes will occur in early 2025. There are a range of policy implications impacting existing urban areas plus the requirement to zone 30-years of supply and be more responsive to out-of-sequence and unanticipated private plan change proposals.

49. Part of the Q3 Government Action Plan is to initiate work on the replacement to the Resource Management Act, which the Government seeks to introduce by way of new law later 2025. This will require engagement and input from Council when formal submission processes start.

Strategic Risk 7 – Failure to deliver our Work Programmes

50. This risk description is ‘An ongoing shortage of necessary resources (people and materials) means **Council is unable to deliver our work programmes** resulting in constrained growth and negative long-term outcomes for the community.’ This risk links to Strategic Risk 2 – Significant negative impact on financial strategy.
51. There is no change to the residual risk rating for this risk – it remains at medium. This sits within our appetite of ‘neutral’.
52. The largest risks to the delivery of the programme are availability of people or resources as well as uncertainty around funding from New Zealand Transport Agency (NZTA), which may have an impact on the overall programme. This risk is managed under Strategic Risk 2 – Significant negative impact on financial strategy.
53. Internal resourcing requirements continue to be reviewed as part of each long-term or annual plan process. With the recent restructure, the “Breathe In Breathe Out” model has been adopted for delivery. Supply chain insights are routinely obtained through close relationships with the construction industry and ongoing collaboration with the Te Waihangā /NZ Infrastructure Commission, and the Waikato Branch of Civil Contractors NZ (CCNZ), including provision of a pipeline of work opportunities to industry.
54. The annual Waikato Construction Industry Update was held in July 2024, with Council and the Infrastructure Commission presenting. Te Waihangā presented the pipeline of active and planned infrastructure projects for Waikato. In this session they illustrated an aggregate picture of infrastructure activity (planned and in planning) for the region from across local government, central government, and the private sector (where available). Te Waihangā also discussed the profile of activity including potential constraints and opportunities. This session served as an introduction to the Infrastructure Pipeline for those unfamiliar with the tools Te Waihangā makes available to support planning and coordination. Council has participated in this process on a quarterly basis for a number of years.
55. The Te Waihangā is developing a National Infrastructure Plan (Plan) that will draw heavily on the Regional Pipeline of works. The Plan will cover current and future infrastructure needs for all regions and sectors’ asset renewal and maintenance, as well as new infrastructure projects. Over the next few quarters, Te Waihangā will be moving to rapidly to build a complete picture of infrastructure investment intentions included in the Pipeline. It’s important that all regions are represented in the Plan.
56. Through the development of the 2024-34 Long-Term Plan, deliverability was a major consideration when developing the capital works programme. For this reason, for the 2023-24 financial year the likelihood of this risk occurring was reduced and will remain reduced in the 2024-25 financial year. It is vital that Council continues to optimise procurement processes and contracts, to be a construction industry client of choice.
57. There are some supply chain issues remaining, impacting on delivery of our work programmes. Cost escalation continues to impact on the delivery of our work programmes. For commentary relating to cost escalation, refer to Strategic Risk 2 - Significant negative impact on financial strategy.

Strategic Risk 8 – Failure to Respond to a Crisis or Emergency

58. The risk description is 'A lack of Council's preparedness leads to a **failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack)** resulting in compromised business resilience.' Links to Strategic Risks 1 and 4.
59. There is no change to the residual risk rating for this risk – it remains at very high. This sits outside of our appetite of 'cautious'. The treatment plans for Strategic Risk 8 focus on developing a stronger readiness and response framework.
60. Over the last quarter there have been no significant events to report.
61. Continuing to progress through the Crisis, Emergency, Incident, and Business Continuity Management work programmes (as reported in detail to the last Committee) remains a core focus for the risk management team. Business Impact Analysis workshops have been completed with all identified critical units. Organisational and operational analysis is now underway which will form the foundation of the next stages of the risk and resilience programmes. Work continues at an organisational level to develop a clear work programme for the crisis, emergency, and incident management frameworks.

Security Risk Assessment (SRA) Recommendations

Background

62. Across 2019-20, Council engaged a security consultant to conduct 12 site-specific Security Risk Assessments (SRAs) and an Organisational Security Risk Assessment (OSRA). Additionally, three existing site-specific security risk assessments were peer reviewed. This process included physically assessing sites, consulting with key stakeholders, and auditing existing controls. The final SRA reports were then approved by the consultant and activity leadership. Within each of these reports, recommendations were identified which were split into 'high', 'medium', and 'low' priorities. The peer reviewed reports used a different priority rating framework (Short and Longer Term). For the purposes of this report short-term will be grouped with high, and longer term with medium.
63. This work was introduced to the Committee under Strategic Risk 8 and staff are providing an update on the implementation of those recommendations. The last update was provided to the March 2024 Committee meeting, which reported that 258 of 336 recommendations (excluding Infrastructure and Assets) were completed (77%), 46 in progress, and 32 not yet started.

Summary

Site-specific Security Risk Assessments:

64. An update on the progress of the SRA recommendations can be found in the following table. In the last six months the key statistics (excluding Infrastructure and Assets) have changed to 283 of 336 completed, 46 in progress, and 7 not started. This is a significant shift from the March update.
65. Overall, there were 411 recommendations (including Infrastructure and Assets) from the fifteen security risk assessments. 314 of 411 have been completed, 74 are in progress, and 24 have not been started. Due to the variety of methodologies used across the different consultants involved in this project staff cannot report on the number completed vs. priority ratings.
66. Broadly speaking many of the In Progress items are reliant on key projects being completed (such as building refurbishment) or contractors coming to site for minor fixes (which are booked and scheduled to be completed over the next two months). It is anticipated that at the next Committee update many of these recommendations will move to Completed.

67. Several of the Not Started recommendations are currently unfunded. Work is underway to scope and prioritise existing funding and determine whether the risks identified are currently controlled and managed through other means.

| Group | Completed | In Progress | Not Started | Total |
|---|-----------|-------------|-------------|-------|
| Customer and Community (6 assessments) | 170 | 19 | 6 | 195 |
| Partnerships, Communication & Maaori (1 assessment) | 8 | 7 | 0 | 15 |
| Destinations (4 assessments) | 105 | 20 | 1 | 126 |
| Infrastructure and Assets (4 assessments) | 31 | 27 | 17 | 75 |
| Totals | 314 | 73 | 24 | 411 |

Organisational Security Risk Assessment:

| | High | Medium | Low | Total |
|-------------|------|--------|-----|-------|
| Completed | 1 | 0 | 0 | 1 |
| In progress | 3 | 1 | 0 | 4 |
| Not Started | 4 | 1 | 0 | 5 |
| Total | 8 | 2 | 0 | 10 |

68. One of the 10 recommendations is now considered complete – security risk management. Council’s Enterprise Risk Management System (SHIELD) captures security related risks across Council’s operational activities.
69. Of the remaining nine recommendations, three of the recommendations are in progress and are partially completed, with further refinement required to move these to ‘complete.’ Key areas include establishing a Chief Security Officer role (which is underway), standardising security incident management reporting (which is available but due to capacity has not been formally rolled out), and training staff in Civil Defence/Coordinated Incident Management System (CIMS) management (which is a continual work in progress).
70. Three ‘High’ and one ‘Medium’ priority recommendations that have not been started, focus on security governance and process. This work is not currently a priority for the organisation however, aspects of these processes are interconnected with the work in the Crisis, Emergency, and Incident management workstream. Following the Future Fit programme resource has been made available and it is expected that this new role will focus on security governance as part of its new scope.
71. The final recommendation that is ‘Not Started’ relates to site specific self-audits, as not all site-specific recommendations have been completed, this ‘High priority’ recommendation has not been completed and is deferred until late 2025.

72. Further updates will be provided on a six-monthly basis to the Strategic Risk and Assurance Committee.

Strategic Risk 9 – Failure to Respond to Climate Change

73. This risk description is 'Climate change causes **changes to our community and City we have not anticipated or planned for** which will negatively impact on the wellbeing of our community.' This risk links to Strategic Risk 1 – Failure to respond to a disaster.
74. This risk description is 'Climate change causes **changes to our community and City we have not anticipated or planned for** which will negatively impact on the wellbeing of our community.' This risk links to Strategic Risk 1 – Failure to respond to a disaster.
75. There is no change to the residual risk rating for this risk – it remains at very high. This sits outside of our appetite of 'cautious'.
76. Climate change was identified as a key assumption in the 2024-34 Long-Term Plan and as a challenge in the Infrastructure Strategy, however the investment decisions do not align with our current risk appetite.
77. Key areas where investment was not made include the proposed Community Resilience and Extreme Weather Targeted Rate and investment into emissions reduction actions. The targeted rate was intended to fund a range of projects that would build our understanding and response to climate change. Funding (\$50,000) was provided for the latest climate change modelling and impacts but not for a comprehensive community climate change risk assessment. Staff are scoping the modelling and impacts work, as part of this we are assessing the information that is being released by the Ministry for the Environment in this space. Staff will then develop a modified scope for the climate change risk assessment, to understand what can be done within existing budgets to help inform the next Long-Term Plan.
78. Funding in the Long-Term Plan was also reduced for actions that could help us to achieve Council's corporate emissions target, putting Council at risk of not achieving the 2030 emissions reduction target set in Our Climate Future: Te Pae Tawhiti o Kirikiriroa. This includes electric vehicle infrastructure to support Council's fleet transition and funding to switch gas boilers to electric heat pumps. Staff are working to understand the extent of the emissions impact and to identify which projects are most critical and which projects will be required in the next Long-Term Plan.
79. The Sustainability and Climate Change Team are continually prioritising the work programme to ensure that the key challenges are being addressed and the most impactful work is being delivered within the current constraints.
80. The last eight months has seen a significant change in the approach taken to climate change by central government. The Climate Change Strategy (<https://environment.govt.nz/news/government-releases-new-climate-strategy>) and the Second Emissions Reduction Plan discussion document (2ERP) (<https://environment.govt.nz/news/erp2/>), both released in July, outline the current government's approach.
81. The Climate Change Strategy has 5 key themes:
- i. Infrastructure is resilient and communities are well prepared.
 - ii. Credible markets support the climate transition.
 - iii. Clean energy is abundant and affordable.
 - iv. World-leading climate innovation boosts the economy.
 - v. Nature-based solutions address climate change.

82. The Inquiry into climate adaptation is due to deliver their report by 5 September 2024 which will provide more clarity on the proposed adaptation framework and support delivery of the first theme in the Climate Change Strategy.
83. The approach to achieving the emissions budgets and targets for New Zealand has significantly changed from the first Emissions Reduction Plan (2022-25). Based on the current discussion document, for Hamilton, the change in approach means we are unlikely to see our emissions reduce by 2030, as the estimated reduction in transport emissions is only one per cent in the latest plan, as the focus is more on forestry and energy emissions. A submission is under development at the time of writing this report.
84. Council's first Climate Change Disclosure report is under development for 2023-24. The disclosure report will outline how Council is integrating and addressing climate change with the four domains of Governance, Strategy, Risk Management and Metrics and Targets. The disclosure report will be presented at the next 23 October Committee meeting. At the 12 September Council meeting, staff will be seeking a resolution for the Strategic Risk and Assurance Committee to oversee and monitor the disclosure and maturity programme.

Organisational Risk 1 – Failure to Provide a Safe and Healthy Work Environment

85. This risk description is 'Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a **failure to provide a safe and healthy work environment for Council staff or workers** (inc. contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation.'
86. There is no change to the residual risk rating for this risk – it remains at high. This sits outside of our appetite of 'averse.'
87. A separate report (Health and Safety Report) to this Committee provides further details about the Organisation's Health and Safety strategic direction and improvement schedule.

Organisational Risk 2 – Failure to Provide a Safe Environment for the Community

88. This risk description is 'Ineffective or inadequate safety and security management at our community attractions and facilities might mean **we fail to provide and maintain a safe environment for the community** resulting in a serious injury incident or fatality and increased exposure to litigation.'
89. There is no change to the residual risk rating for this risk – it remains at high. This sits outside of our appetite of 'averse.'
90. Last quarter we reported that the presence of Safety Officers at key community facilities was coming to an end. The presence of the officers was particularly valued at Waterworld, so we are pleased to report that the City Safe rosters have been altered which will ensure that officers can continue to be present at Waterworld 5 days per week and additional days in holidays.
91. Assurance activities such as audits and drills continue to occur across our sites which helps ensure they remain a safe environment for the community.

Organisational Risk 3 – Failure of Critical Assets

92. This risk description is 'Incorrect investment (timing and/or amounts) results in the **unexpected failure of critical assets** (loss of levels of service), resulting in loss of service delivery, financial impact, environmental damage.
93. There is no change to the residual risk rating for this risk – it remains at very high.

94. Council has confirmed budgets for the 2024-34 Long-Term Plan. A prioritised delivery programme is being prepared to reflect the confirmed Renewals and Compliance budget provision for the first three years of the new Long-Term Plan. This delivery programme is based on the projects included in the latest prepared Activity Management Plans (AMPs) and using any updated information that is relevant that may alter these priorities – such as reactive renewals that may have become apparent since preparation.
95. Staff will continue to actively monitor asset need and reprioritise Renewals and Compliance programme to ensure that highest priority projects are progressed. The programme will be prioritised and adjusted based on factors including criticality. The prioritised delivery programme will also consider the interaction with maintenance activities and other capital improvements that are both funded and unfunded.
96. Having adequate funding and the continued delivery of the Renewals and Compliance budgets as a programme that allows for continual reprioritisation and flexibility on timing across the three-year period, will help staff in managing the risks associated with failure of critical assets. The programme approach is a key tool to ensure that timing and investment is optimised and targeted on the assets with highest need and criticality.
97. A fuller review of the risk assessment of Organisational Risk 3 will be undertaken once the last of the external funding contributions from New Zealand Transport Agency for the 2024-34 Long-Term Plan are confirmed and the timing and level of investment in new infrastructure and asset renewal programmes is known.

Emerging Risks

Dutch Elm Disease

98. An emerging operational risk has been identified this quarter relating to Elm trees across the city. This risk has a residual rating of **extreme** due to the almost certain likelihood of the disease appearing within our city and the financial and biodiversity consequences being assessed as major.
99. Dutch Elm disease is currently well established within Auckland Council and in 2021 was identified to have spread as far south as Huntly/North Waikato. In June 2024 Waipā District Council reported that the disease had been identified within Waipā's boundaries (South of Hamilton).
100. At the time of this report, there have been no reported cases of the disease within Hamilton City's boundaries however we believe that it is almost certain that the disease will spread to Elm trees in Hamilton. Once infected with the disease, Elm trees have an increased risk of tree failure, so they require removal. At some point we can expect to see the decline of our Elm species resulting in death, disposal and replanting requirements that will have environmental, financial and reputational impacts associated with compliance. We have approximately 275 Elm trees within our street areas but the total across the whole city is unknown.
101. The disease is spread through:
 - i) the European elm bark beetle
 - ii) through nursery stock sourced from a contaminated area (outside of Council boundaries)
 - iii) non-disinfected pruning tools
 - iv) Elm flowers (fresh) and bark on timber, chips, and handicrafts
102. At present staff are undertaking passive trees assessment using the VALID risk assessment framework as part of normal business-as-usual processes.

103. Further work is needed to:

- i) Communicate and engage with Council business units re: the disease,
- ii) Consider and develop a monitoring framework,
- iii) Develop protocols for dealing with trees infected with the disease.

Update on Impact of Golden Clams on Infrastructure

104. Freshwater Gold Clams (*Corbicula Fluminea*) were first detected in the Waikato River in early 2023. Since that time populations of the species have been found in the river at Wellington Street Beach and more recently in locations north (downstream) of Hamilton along with a recreational water park near Taupo alongside the Waikato River. The clam is an unwanted organism under the Biosecurity Act 1993 and the Ministry for Primary Industries (MPI) are the lead agency in this biosecurity response.
105. As reported to previous Strategic Risk and Assurance Committees, a number of adult size freshwater gold clams were found during routine cleaning and maintenance in the intake wells at the Waiora Water Treatment Plant at the beginning of November 2023. All clams found were disposed of in accordance with MPI advice. In response to the identification of the clams at the Waiora Water Treatment Plant, staff have increased planned inspections of other areas of the water treatment plant with the intent to identify and remove any clams as early as possible to minimise impacts on infrastructure and process performance.
106. As at 5 August 2024 Gold Clams have been seen and detected at infrastructure within the river and infrastructure that contains untreated Waikato River water at both Waiora Water Treatment Plant and Pukete Wastewater Treatment Plant.
107. Staff continue to work with MPI to review current work practices and to support the development of a corbicula operations and maintenance plan.
108. Council continues to follow advice from MPI. Further information about fresh water gold clams can be found at: <https://www.mpi.govt.nz/biosecurity/exotic-pests-and-diseases-in-new-zealand/pests-and-diseases-under-response/freshwater-gold-clam/>

Lake Taupo Levels

109. The level of Lake Taupo has been declining since February and in mid-August reached a level of 0.22m above the minimum operating level for the Lake. This level is the lowest level we have observed at this time of year since 2018 (see figure 1).
110. Rain that occurred in mid-August has resulted in a small upward trend, however lake levels remain at a low level.
111. If the minimum operating level of Lake Taupo is reached, Mercury is required under their resource consent to operate the Waikato River hydro system so the outflows from the Karapiro Dam match the inflows to Lake Taupo. This can result in the Waikato River level downstream of the Karapiro Dam dropping significantly.
112. The Waiora Water Treatment Plant's water inlet pipe is located at a fixed level in the Waikato River. If river levels drop below the level of this pipe, the treatment plant is unable to physically pump water from the river to the treatment plant. Since 2016, Council has had a low river contingency plan (pumping platform) that can be deployed, to pump water from the deeper part of the awa into the water treatment plant during exceptionally low river levels. This contingency plan, if implemented, will ensure that the treatment plant can continue to treat and supply Hamilton with up to 90 million litres of treated drinking water per day.

113. Generally, the risk period for low water levels in Lake Taupo is during April – June; so, while lower-than-average Lake levels are not unusual at this time of year, recent trends may be an indication that there is an increased likelihood of needing to deploy the low river contingency pumping platform this year.
114. NIWA is predicting near normal or above normal rainfall is likely for all regions of the country during August-October 2024 with an increase in rainfall expected from mid-August.
115. Staff are in regular contact with Mercury and Waikato Regional Council and will continue to closely monitor both Lake Taupo and Waikato River levels to actively manage this risk to Hamilton's water supply.
116. The graph below shows the historical trend in Lake Taupo levels since 2018:

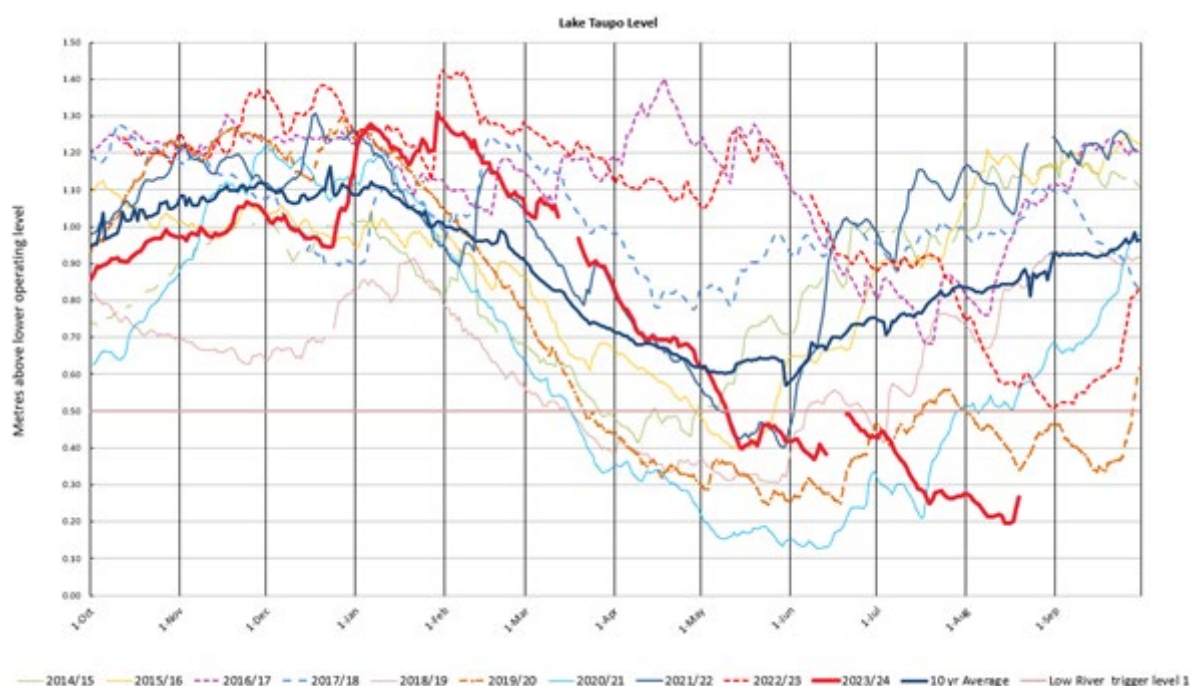


Figure 1: Graph showing historical trends in Lake Taupo levels since 2018 in comparison to the 10 year average lake level.

Financial Considerations - *Whaiwhakaaro Puutea*

117. This is a regular operating activity funded through the Long-Term Plan and there are no financial implications in relation to receiving this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

118. Staff confirm that this Risk Management Report complies with Council's legal and policy requirements.

Climate Change Impact Statement

119. Staff have assessed this option and determined that no adaption assessment is required.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

120. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

121. The subject matter of this report has been evaluated in terms of the 4 wellbeings' during the process of developing this report as outlined below.

122. The recommendations set out in this report are consistent with that purpose.

Social

123. The risks highlighted in this report have the capacity to affect social wellbeing should they materialise. Social wellbeing continues to be prioritised through Council's management of the risks and opportunities arising from the risks outlined in this report.

Economic

124. The risks highlighted in this report have the capacity to affect economic wellbeing should they materialise. Threats and opportunities relating to external material and human resources could impact on economic wellbeing locally, regionally, nationally, and globally. Council's management of the risks and opportunities in this report continues to reflect the impact on economic wellbeing.

Environmental

125. Council continues to manage its response to the impact on the environment by establishing services that are safe and sustainable and embedding climate change considerations into priority projects across Council. Finding opportunities such as this means that environmental wellbeing continues to be prioritised.

Cultural

126. Staff consider the matters set out in this report do not have a direct impact on cultural wellbeing.

Risks - *Tuuraru*

127. The Strategic & Organisational Risk Register (**Attachment 1**) identifies the strategic and organisational risks discussed in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

128. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a medium level of significance.

129. Community views and preferences are already known to the Council.

130. Given the medium level of significance determined, the engagement level is medium. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Strategic and Organisational Risk Register - September 2024



Strategic & Organisational Risk Register





Q1 2024/25

How to read this document

Strategic risks are defined as ‘the risk of an event or impact that is external to Council and could impact the organisation’s strategies, including Council’s Financial Strategy, Long Term Plan and 30 Year Infrastructure Strategy’.

Organisational risks are defined as ‘the risk of an event or impact that is internal or external to Council and could impact the whole organisation’.










Pages 3 provide a summary of strategic and organisational risks. Movement from the previous quarter is shown by the following indicators:




| Indicator | Description | Indicator | Description |
|---|-------------------------|---|--|
|  | No change from previous |  | Increase in residual risk rating from previous |
|  | New risk |  | Decrease in residual risk rating from previous |

Pages 4 onwards provides additional detail, including the existing controls and treatment plan updates, for each strategic and organisational risk.

The residual risk rating is determined following assessment of likelihood and consequence for each risk category using the following matrix. The maximum residual risk rating from this process is then reported on:

| | | CONSEQUENCE | | | | |
|------------|----------------|-------------|------------|----------|----------------|--------------|
| | | Minor | Moderate | Serious | Major | Catastrophic |
| LIKELIHOOD | Almost Certain | H | H | VH | E | E |
| | Likely | M | H | VH | VH | E |
| | Possible | L | M | H | VH | VH |
| | Unlikely | L | M | M | H | VH |
| | Rare | L | L | L | M | H |
| | | L = Low | M = Medium | H = High | VH = Very High | E = Extreme |

| Strategic Risk Name | Risk Description | Risk Appetite | Risk Owner | Residual Risk Rating |
|---|---|---------------|----------------|--|
| SR1 Failure to respond to a disaster | A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 and SR8 | Cautious | Helen Paki | Very High  |
| SR2 Significant negative impact on financial strategy | A major economic or financial shock event negatively impacts Council's financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 | Cautious | David Bryant | High  |
| SR3 Failure to meet compliance standards | Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 | Neutral | Janet Carson | High  |
| SR4 Loss of information or access to systems and services | In the event of a cyber-attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences. SR4 links to SR1 and SR8 | Neutral | Sean Hickey | Very High  |
| SR5 Failure to deliver growth outcomes | Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community. | Neutral | Blair Bowcott | High  |
| SR6 Political changes negatively impact strategic direction | Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council's strategic direction resulting in significant changes to Council's form or function, resourcing and work programme. Links to SR3 | Receptive | Blair Bowcott | Very High  |
| SR7 Failure to deliver our work programmes | An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 | Neutral | Andrew Parsons | Medium  |
| SR8 Failure to respond to a crisis or emergency | A lack of Council's preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4. | Cautious | Janet Carson | Very High  |
| SR9 Failure to respond to climate change | Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community. | Cautious | Blair Bowcott | Very High  |

| Organisational Risk Name | Risk Description | Risk Appetite | Risk Owner | Residual Risk Rating |
|---|---|---------------|----------------|--|
| OR1 Failure to provide a safe and healthy work environment | Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (including contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation. | Averse | Sean Hickey | High  |
| OR2 Failure to provide a safe environment for the community | Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation. | Averse | Helen Paki | High  |
| OR3 Failure of critical assets | Incorrect investment (timing and/or amounts) results the unexpected failure of critical assets (loss of levels of service). Resulting in loss of service delivery, financial impact, environmental damage. | Averse | Andrew Parsons | Very High  |

Item 8

Attachment 1

| Strategic Risk 1 | | | | | |
|---|---|-----------------------|---|---------------|--------------|
| SR1 Failure to Respond to a Disaster | | | | | |
| A lack of preparedness leads to a failure to respond or an ineffective response to a natural or human induced disaster event resulting in compromised community resilience. Links to SR4 Loss of information or access to systems and SR8 Failure to respond to a crisis or emergency | | | | | |
| Risk Owner | Helen Paki | Category | Disaster Recovery/Business Continuity Strategic | Risk Appetite | Cautious - 2 |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Annual external (NEMA) capability assessments 2. Collaboration on emergency management response approach 3. Co-located EOC in a dedicated leading-edge centre 4. Early warning processes are in place at a national and regional level 5. Emergency Management Framework 6. Emergency management training program 7. Robust emergency exercise schedule in place 8. Council has established an Incident Management Team 9. Availability of technical expertise 10. Regional and national emergency services relationship management 11. Council has responsibility for climate change response 12. District Plan 13. Asset Management. 2021-2051 Infrastructure Strategy is in place. 14. Asset Management.2021-31 Activity Management Plans int. ext. reviewed 15. Asset Management. Manage, monitor, operate and maintain critical assets 16. Asset Management. Plan policy in place to set standards | | | | | |
| Residual Risk Rating | | | Very High – Possible x Major | | |
| Responsible Manager(s) | Kelvin Powell Helen Schlegel | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | Previous Update | | September –2024 | | |
| Implement workplan to address findings raised in Capability Assessment by September 2024 | June 2024 We are awaiting the approval of the LTP to enable this action to progress. Due date moved out accordingly. | | September 2024 Funding has been approved via the LTP for Community Engagement, Hazard research and to improve power resilience at Claudelands. A new capability assessment has also been undertaken. This action will be closed and a new action added next quarter to progress the findings of the new capability assessment. | | |

| Strategic Risk 2 | | | | | |
|---|--------------|--|---------------------------|--|--------------|
| SR2 Significant Negative Impact on Financial Strategy | | | | | |
| A major economic or financial shock event negatively impacts Council’s financial strategy, fiscal and monetary position resulting in significant financial pressure on Council. Links to SR7 Failure to deliver our work programmes | | | | | |
| Risk Owner | David Bryant | Category | Financial | Risk Appetite | Cautious - 2 |
| Inherent Risk Rating | | Very High – Likely x Major | | | |
| Existing Controls | | | | | |
| 1. PwC, as Council’s treasury partner | | | | | |
| 2. Financial forecasting cycles at the Finance & Monitoring Committee | | | | | |
| 3. Monitoring of macro trends | | | | | |
| 4. Additional \$100M bank facility | | | | | |
| 5. Financial scenario modelling | | | | | |
| 6. Council’s ability to urgently reprioritise and reduce capital spending | | | | | |
| 7. Ability to urgently reprioritise and reduce community LOS spending | | | | | |
| 8. Financial Policies | | | | | |
| 9. Governance report review | | | | | |
| Residual Risk Rating | | | High – Possible x Serious | | |
| Responsible Manager(s) | | Sarah Vaz Greg Carstens | Risk Treatment Option | | Mitigate |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – September 2024 | |
| Develop the Financial Strategy & Related Policies (LTP 2024-2034) | | June 2024 Public consultation on the LTP has concluded including oral submissions in mid-May. Council deliberations are scheduled for 4 and 5 June with the adoption of the LTP set for July 4 (not 27 June as noted in the March update). The Investment and Liability policy went to Council in Feb and was approved. Other LTP related policies were approved in draft for consultation purposes, and these will be approved for final on July 4 in line with above. | | September 2024 The LTP was adopted on the 4 th of July. This action is now closed. | |
| Work with LGFA to increase borrowing limits by November 2024 | | - | | September 2024 New Treatment Plan | |

| Strategic Risk 3 | | | | | |
|--|--|-----------------------|---|---------------|-------------|
| SR3 Failure to Meet Compliance Standards | | | | | |
| Compliance requirements from central government and regional council or changes in community expectations leads to a failure to meet compliance standards resulting in increased exposure to litigation. Links to SR6 Political changes negatively impact on strategic direction. | | | | | |
| Risk Owner | Janet Carson | Category | Compliance and Regulatory Environmental Political Reputation | Risk Appetite | Neutral - 3 |
| Inherent Risk Rating | | | High – Possible x Serious | | |
| Existing Controls | | | | | |
| 1. Advice available from external legal service providers - ad hoc basis 2. Central oversight of bylaw and Council policy programme at HCC 3. Competency assessments and training in place for staff 4. Council has access to a legal database 5. Council has established an Incident Management Team 6. External experts – for example advice on HR, taxation matters. 7. Internal legal advisor resource 8. Internal programme for continuous improvement in place 9. Internal resource allocated for specific compliance changes 10. Key stakeholders engaged for central government submissions 11. Local and regional council relationships established 12. Notification protocols in place for unforeseen events 13. Regular legal services advice and input from other specialist experts 14. Regular reporting, accreditation and auditing by independent providers | | | | | |
| Residual Risk Rating | | | High – Possible x Serious | | |
| Responsible Manager(s) | Mish Hawthorne | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | Previous Update | | Update – September 2024 | | |
| Legislative Compliance - Implement organisational monitoring and reporting by early 2025. | June 2024 Work has progressed on the organisational compliance monitoring programme. a number of specific legislative compliance risks have been loaded into SHIELD (Council's enterprise risk management system). Further work is required to roll this out across the organisation and is expected to be completed by September 2024. | | September 2024 Unexpected resource constraints have led to a delay in this treatment plan. The due date has been amended to reflect the new programme. | | |
| Develop additional Compliance Training modules. | June 2024 The LGOIMA, Privacy, and Fraud & Corruption modules are now live. Additional modules are yet to be scoped and developed. | | September 2024 No update. | | |

| Strategic Risk 4 | | | | | |
|--|--|-----------------------|--|---------------|-------------|
| SR4 Loss of Information or Access to Systems and Services | | | | | |
| In the event of a cyber-attack, IT service or technology asset failure there is a risk that confidential information and / or Council services are compromised or fail and / or there is a loss of information resulting in ongoing reputational, legal, and financial consequences. SR4 links to SR1 (Failure to respond to a disaster) and SR8 (Failure to respond to a crisis or emergency). | | | | | |
| Risk Owner | Sean Hickey | Category | Disaster Recovery/Business Continuity Technology | Risk Appetite | Neutral - 3 |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| A separate public excluded report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Cyber Security and Risk | | | | | |
| Residual Risk Rating | | | Very High – Possible x Major | | |
| Responsible Manager(s) | Allan Lightbourne Ron Rahman Eric Wang | Risk Treatment Option | Mitigate | | |
| Treatment Plans | | | | | |
| A separate public excluded report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation's Cyber Security and Risk Improvement Schedule | | | | | |

| Strategic Risk 5 | | | | | |
|--|---|-----------------------|---|---------------|-------------|
| SR5 Failure to Deliver Growth Outcomes | | | | | |
| Step-changes in growth requirements or demand or consequences of growth means Council can't deliver expected growth outcomes resulting in increased costs and the perception that growth delivers negative outcomes for the community. | | | | | |
| Risk Owner | Blair Bowcott | Category | Community and Wellbeing, Strategic | Risk Appetite | Neutral - 3 |
| Inherent Risk Rating | | | Very High – Possible x Major | | |
| Existing Controls | | | | | |
| <div>1. Numerous strategies and plans in place to manage growth outcomes</div> <div>2. Hamilton Urban Growth Strategy</div> <div>3. Future Proof Partnership and work programmes</div> <div>4. Engagement with Central Government</div> <div>5. Engagement with neighbouring Councils on strategic growth planning</div> <div>6. Preparation of growth programme business cases</div> <div>7. Sustainable Communities Unit</div> <div>8. Communications and engagement strategies for Growth</div> <div>9. National Policy Statement Urban Development</div> <div>10. Changes to District Plan (plan changes) where required</div> <div>11. Zoning Decision Process</div> <div>12. Submissions on any neighbouring councils plan changes.</div> <div>13. Management of Resource Consent applications</div> <div>14. Out of Boundary Principles</div> <div>15. Private Developer Agreements</div> <div>16. Monitoring the broader environment</div> <div>17. HCC Growth and Development Contributions model</div> <div>18. Long Term Plan (LTP) and Annual Plan reviews</div> | | | | | |
| Residual Risk Rating | | | High – Possible x Serious | | |
| Responsible Manager(s) | Karen Saunders Greg Carstens Mark Davey Hannah Windle | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | Previous Update | | Update – September 2024 | | |
| Progress and notify District Plan Change Programme in response to Government Direction from NPS-UD and RMA Bill, by early 2025 | June 2024 Plan Change 14 notification is due mid-2024 to update flood hazards city-wide to inform intensification under Plan Change 12. Government has announced its intentions regarding MDRS and NPS:UD implementation with updated legislation - bill to be introduced to Parliament mid-2024. On this basis, Plan Change 12 will resume hearings in September 2024 allowing sufficient time to make decisions by 20 December 2024. A timetable for | | September 2024 Plan Change 14 (Flood Hazards) notification is expected at the beginning of 2025, note the due date has been changed to reflect this. The Plan Change will allow consents to be assessed against best available information and will better manage flood hazards city-wide. Central government has announced its plans to implement MDRS and NPS:UD through new legislation, with a bill expected to be presented to Parliament by mid-2025. On this basis, Plan Change 12 will | | |

| | | |
|---|--|---|
| | evidence exchange for PC12 has been set commencing 27 May. | resume hearings in September 2024 considering the current MDRS and NPS:UD guidelines. Plan Change 12 decisions are due on 20 December 2024. Another Plan Change may be needed once the new requirements from Central Government are released mid-2025. |
| Incorporate a growth lens to the 2024-34 LTP discussions and consultation, by June 2024 | <p>June 2024</p> <p>Proposed changes to the capital programme and potential options for amending the DC policy are being presented to Council for consideration leading into LTP deliberations as a result of submissions received. Implications for the City's growth are being presented and will inform the deliberations report for Council to consider on the 4-6 June 2024.</p> | <p>September 2024</p> <p>Final LTP 2024-34 adopted by council with decisions made on amendments to the DC Policy. Final budgets and projects agreed. There is a significant funding gap to between what is needed to fully service growth and what has been included in the final LTP. Now that the LTP has been adopted this action will be closed and new treatment plan(s) identified, linked to the Governments Going for Housing Growth reforms (3 pillars) and 3 Waters reforms, which have significant implications for delivering growth outcomes in Hamilton.</p> |

| Strategic Risk 6 | | | | | |
|---|---|----------------------------|---|---------------|---------------|
| SR6 Political Changes Negatively Impact Strategic Direction | | | | | |
| Political stakeholders make unanticipated changes or decisions or take actions that negatively impact Council’s strategic direction resulting in significant changes to Council’s form or function, resourcing and work programme. Links to SR3, Failure to meet compliance standards. | | | | | |
| Risk Owner | Blair Bowcott | Category | Political Service Delivery Strategic | Risk Appetite | Receptive - 4 |
| Inherent Risk Rating | | Very High – Likely x Major | | | |
| Existing Controls | | | | | |
| 1. Collaborative governance group meetings 2. Culture, expectation, and policies of HCC organisation 3. Monthly ELT discussion to ensure awareness of strategic initiatives 4. Participation in national and regional advisory groups 5. Participation in processes to influence government policy direction 6. Proactive steps taken at the start of each local government triennium 7. Regular Council briefings 8. Regular engagement with stakeholders at political and executive level 9. Regular meetings with Government Ministers and MPs 10. Future Fit Programme Established | | | | | |
| Residual Risk Rating | | Very High – Likely x Major | | | |
| Responsible Manager(s) | Hannah Windle | Risk Treatment Option | Mitigate | | |
| Treatment Plans | | | | | |
| Treatment Plan | Previous Update | | Update – September 2024 | | |
| Work with Future Proof Partners on the implications of RM reform to ensure sub-regional voice is championed by October 2023 | June 2024 There is still no further certainty on the path forward for RM reform, however a Fast Track consenting bill has been released to enable development at pace. Council has submitted on the Bill, and also put forward projects for inclusion in the Act's schedule. | | September 2024 The Government has signalled a further review of the Resource Management Act, but details are not yet known. This action will be revised once more details are announced. Note that this treatment plan has links to SR5.. | | |
| 3 Waters Reform Treatment Plan | June 2024 Council has begun discussions with neighbouring councils and other growth councils regarding the future of three waters. This includes investigations into CCO arrangements and other potential options. No decisions have been made on a path forward to date. | | September 2024 The second Waters Service Bill has been released noting the next steps for councils in regards to three waters. Council is continuing with internal work to separate waters finances from the rest of council which will form the basis of an LTP amendment in 2025. Note that this treatment plan has links to SR5 | | |
| Future for Local Government Treatment Plan | June 2024 The new Government has informally indicated that it does not support the recommendations of the Future for Local Government review but has not signalled any further work in this area. | | September 2024 The Government has noted that it will not be pursuing any of the recommendations of the Future for Local Government Review Report. Therefore, this action will be closed | | |

| Strategic Risk 7 | | | | | |
|--|----------------|---|---|--|-------------|
| SR7 Failure to Deliver our Work Programmes | | | | | |
| An ongoing shortage of necessary resources (people and materials) means we are unable to deliver our work programmes resulting in constrained growth and negative long-term outcomes for the community. Links to SR2 Significant negative impact on financial strategy. | | | | | |
| Risk Owner | Andrew Parsons | Category | Financial People Service Delivery | Risk Appetite | Neutral - 3 |
| Inherent Risk Rating | | | Extreme – Almost Certain x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Adjustment of cost escalation provisions in the 2021/31 Long Term Plan | | | | | |
| 2. Established procurement planning frameworks | | | | | |
| 3. Forward works pipeline visibility and supply chain engagement | | | | | |
| 4. Procurement optimisation | | | | | |
| 5. Utilising panel arrangement for procurement and engagement | | | | | |
| 6. Portfolio Framework in place | | | | | |
| 7. Resource management tool for Project Management | | | | | |
| 8. Annual Plan 23/24 Capital Portfolio | | | | | |
| 9. Scope of projects reduced to fit the budget | | | | | |
| Residual Risk Rating | | | Medium – Unlikely x Serious | | |
| Responsible Manager(s) | Kelly Stokes | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – September 2024 | |
| Optimise procurement processes and contracts to enable HCC to be a construction industry client of choice. | | June 2024 Actively participating in the Co-Lab Professional Services Panel evaluation, to ensure HCC receives the most qualified services and value for money. | | September 2024 The Co-Lab PSP evaluation continues and will be in place in December 2024. | |

| Strategic Risk 8 | | | | | |
|--|--------------------------------------|---|--|--|--------------|
| SR8 Failure to Respond to a Crisis or Emergency | | | | | |
| A lack of Council’s preparedness leads to a failure to respond or an ineffective response to a crisis (e.g. pandemic) or emergency (e.g. security attack) resulting in compromised business resilience. Links to SR1 and SR4. | | | | | |
| Risk Owner | Janet Carson | Category | Disaster Recovery/Business Continuity Service Delivery | Risk Appetite | Cautious - 2 |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Enterprise Business Impact Analysis (EBIA) 2. Business Continuity Management Policy and Plans 3. Business continuity and disaster recovery (BCDR) processes 4. Council has established an Incident Management Team 5. Security Risk Assessments 6. Quarterly Operational Risk Reviews 7. Risk Management Training 8. Risk Management Policy (2024) | | | | | |
| Residual Risk Rating | | | Very High – Possible x Catastrophic | | |
| Responsible Manager(s) | Mish Hawthorne Nicholas Whittaker | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – September 2024 | |
| Adopt and implement accepted recommendations from SRAs by June 2025 | | June 2024 Staff continue to work on the recommendations and a detailed update will be provided at the next Committee. | | September 2024 314/411 recommendations have been completed, 73 are in progress, and 24 have not been started. | |
| Review of Organisational Security Risk Assessment (OSRA) by June 2025 | | June 2024 Staff continue to work on the recommendations and a detailed update will be provided at the next Committee. | | September 2024 1 recommendation has been completed, 4 remain in progress and 5 not started. The due date for this action has been extended to June 2025. | |
| Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates by Early 2024 | | June 2024 Operational BIA workshops have been completed for the majority of Tier 1, 2, 3 and Critical Support Business Units. Those that haven't been completed are booked in to be completed by the end of the month. | | September 2024 All workshops have now been completed. Organisational and operational analysis is now underway. This programme will now feed into business-as-usual risk and resilience activities. This treatment plan is now closed. | |
| Refresh the BCP template by March 2024 | | June 2024 No update | | September 2024 The template has been drafted therefore this action is now closed. The implementation of the revised BCP and BCM programme will be a new treatment plan. | |
| Develop a Resilience Management Policy by March 2024 | | June 2024 A Resilience Management Policy has been drafted. The next step is to circulate this with key staff for review. | | September 2024 No update | |

| | | |
|---|-------------------------------|---|
| Establish resilience working and governance groups by end of 2024 | June 2024 No update | September 2024 Work is underway to establish the working and governance groups. Further work is required to finalise and agree the scope. This action will be completed by end of 2024. |
|---|-------------------------------|---|

Item 8

Attachment 1

| Strategic Risk 9 | | | | | |
|--|--|-----------------------|--|---------------|--------------|
| SR9 Failure to Respond to Climate Change | | | | | |
| Climate change causes changes to our community and City we have not anticipated or planned for which will negatively impact on the wellbeing of our community. | | | | | |
| Risk Owner | Blair Bowcott | Category | Climate Change | Risk Appetite | Cautious - 2 |
| Inherent Risk Rating | | | Very High – Likely x Major | | |
| Existing Controls | | | | | |
| 1. Activity Management Plans incorporate climate change considerations. 2. Our Climate Future: Te Pae Tawhiti o Kirikiriroa 3. Climate Change Policy 4. Council has responsibility for climate change response 5. Council Climate Change Risk Assessment 6. Hamilton Urban Growth Strategy 7. Access Hamilton - transport strategy 8. Future Proof Strategy 9. Open Spaces Strategy 10. Nature in the City strategy 11. Stormwater Master Plan 12. Emissions trajectory for Hamilton 13. Long term Plan (LTP) and Annual Plan reviews 14. District Plan 15. Changes to District Plan (plan changes) where required | | | | | |
| Residual Risk Rating | | | Very High – Likely x Major | | |
| Responsible Manager(s) | Charlotte Catmur Karen Saunders Cathy Kopeke Poppy Barran | Risk Treatment Option | Mitigate | | |
| Treatment Plans | | | | | |
| Treatment Plan | Previous Update | | Update – September 2024 | | |
| Staff learning and development programme for climate change developed and implemented from June 2024 to occur during 2024/25. | June 2024 Climate change knowledge sessions with the Executive Leadership Team have been well received and will be updated and rolled out across Council. Two workshops using the Climate Fresk model have been scheduled for June and July and staff will be trained to deliver these internally going forward. Climate 101 resources are under development for staff and Elected Members. This programme of work will continue in 2024/2025 to continue build knowledge and awareness across Council. | | September 2024 Three Climate Fresk workshops have been held for staff and have been well received. Staff will commence facilitator training in September to role out more workshops for staff and in the future for community. Education was identified as a key programme of work to improve climate change maturity across council. This workstream will continue to be delivered under the maturity programme for 2024/2025. | | |

| | | |
|---|---|---|
| Integration of climate change considerations into the Long-Term Plan by June 2024 | <p>June 2024</p> <p>Climate change considerations have been built into the Long-Term Plan where possible. An unfunded targeted rate for Community Resilience and Extreme Weather was included in community consultation on the 2024-2034 Long Term Plan. Climate change has been included as a significant assumption and noted in the Infrastructure Plan as a key challenge.</p> | <p>September 2024</p> <p>Climate change considerations have been built into the Long-Term Plan where possible. Climate change has been included as a significant assumption and noted in the Infrastructure Plan as a key challenge. A community outcome measure has been included for Council's operational emissions. The proposed targeted rate for Community Resilience and Extreme Weather was not funded in the Long-Term Plan and neither was the Community Climate Change Risk Assessment. This action will now be closed.</p> |
| Climate change maturity and disclosure programme | <p>June 2024</p> <p>A current state analysis has been completed against the four disclosure domains and areas for improvement identified. Staff are now preparing a 3-year roadmap of actions to improve our integration of climate change risk across council. The first disclosure report for 2023/2024 is starting to be prepared alongside the Annual Report process.</p> | <p>September 2024</p> <p>The first disclosure report is under development and will be presented to the next Strategic Risk and Assurance Committee . At the 12 September Council meeting staff will seek approval for the Strategic Risk and Assurance Committee to oversee the ongoing delivery of the climate change maturity programme and council's climate change disclosure reporting.</p> |

| Organisational Risk 1 | | | | | |
|---|----------------------------|-----------------------|----------------------------------|---------------|------------|
| OR1 Failure to Provide a Safe and Healthy Environment | | | | | |
| Ineffective or inadequate health, safety and wellbeing management at our work sites leads to a failure to provide a safe and healthy work environment for Council staff or workers (including contracted or volunteer workers) resulting in a serious injury incident or fatality and increased exposure to litigation. | | | | | |
| Risk Owner | Sean Hickey | Category | People Compliance and Regulatory | Risk Appetite | Averse - 1 |
| Inherent Risk Rating | | | Extreme – Likely x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Safety Management System (SMS) aligned to ISO45001 2. Appropriate resources available for Council capabilities 3. Assurance activities are carried out regularly int / ext 4. Council has an effective safety governance structure 5. Council safety software system that provides reporting 6. Council’s critical safety risks are reviewed regularly. 7. Prequalification and Safety Standards for Contractors 8. Council undertakes an annual engagement survey 9. He waka eke noa - Our Way of Working | | | | | |
| Residual Risk Rating | | | High – Rare x Catastrophic | | |
| Responsible Manager(s) | Marie Snowball Dan Finn | Risk Treatment Option | Mitigate | | |
| Treatment Plans | | | | | |
| A separate report is taken to the Strategic Risk and Assurance Committee which provides further details about the Organisation’s Health and Safety strategic direction and improvement schedule. | | | | | |

| Organisational Risk 2 | | | | | |
|--|--|---|-------------------------------------|---|------------|
| OR2 Failure to Provide a Safe Environment for the Community | | | | | |
| Ineffective or inadequate safety and security management at our community attractions and facilities might mean we fail to provide and maintain a safe environment for the community resulting in a serious injury incident or fatality and increased exposure to litigation. | | | | | |
| Risk Owner | Helen Paki | Category | Community and Wellbeing | Risk Appetite | Averse - 1 |
| Inherent Risk Rating | | | Very High – Possible x Catastrophic | | |
| Existing Controls | | | | | |
| 1. Communication plans for new projects around safety requirements 2. Community education support for ongoing Community safety 3. Condition assessments for assets 4. Emergency and safety response training drills 5. Emergency response and Pandemic plans 6. Incorporated risk assessments and safety in design planning 7. Maintenance and monitoring plans – buildings 8. Management drop-ins and Unit Audits 9. Operational asset maintenance (trees and operational infrastructure) 10. Specific staff training programmes in facilities & service management 11. Subject matter expert support – internal and external 12. Traffic management plan adoption per requirements 13. Mechanism for public to report issues that require action to us 14. Activity Management Plans (AMPs) | | | | | |
| Residual Risk Rating | | | High – Unlikely x Major | | |
| Responsible Manager(s) | Jo Keall Donna Burt Irene James Claire Toko | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | | Previous Update | | Update – September 2024 | |
| Development of a monitoring framework by September 2024 | | June 2024 There are a number of operational risks that relate to this organisational risk. By 30 September will have developed a framework which identifies and records the related operational risks. This will enable changes to them to be monitored which will then help inform and support monitoring of this risk. | | September 2024 This work is ongoing. | |

| Organisational Risk 3 | | | | | |
|---|---|-----------------------|---|---------------|------------|
| OR3 Failure of Critical Assets | | | | | |
| Incorrect investment (timing or amounts) results in the unexpected failure of critical assets (loss of levels of service), resulting in loss of service delivery, financial impact, and environmental damage. | | | | | |
| Risk Owner | Andrew Parsons | Category | Compliance and Regulatory Environmental Financial Reputation Service Delivery | Risk Appetite | Averse - 1 |
| Inherent Risk Rating | | | Very High – Likely x Major | | |
| Existing Controls | | | | | |
| Asset Management Controls | | | | | |
| 1. 3 yearly Independent asset management maturity | | | | | |
| 2. Regular monitoring and submission on industry change | | | | | |
| 3. Resourcing for Activity Management Plan (AMP) funded | | | | | |
| 4. 2021-2051 Infrastructure Strategy is in place. | | | | | |
| 5. Modelling and master planning of strategic assets | | | | | |
| 6. Asset Management Plan policy in place to set standards | | | | | |
| 7. 2021-31 Activity Management Plans int. ext. reviewed | | | | | |
| 8. Asset Strategy Team in place to drive org consistency | | | | | |
| 9. Manage, monitor, operate and maintain critical assets | | | | | |
| Operational Controls: | | | | | |
| 10. Processes in place Re: supervision design and test | | | | | |
| 11. Quarterly Threat and Risk assessments | | | | | |
| 12. Training and development plans in place for staff | | | | | |
| 13. Business Continuity and Essential Maintenance Plans | | | | | |
| Planning Controls: | | | | | |
| 14. Annual review of build/Facilities capital programme | | | | | |
| 15. Anomaly detection and vulnerability scanning capability | | | | | |
| 16. Solutions for redundancy (physical and process) in place | | | | | |
| 17. Project management and procurement processes are in place | | | | | |
| 18. Staff have project management skills and experience | | | | | |
| Procurement Controls: | | | | | |
| 19. Robust procurement process followed to identify/scope | | | | | |
| 20. Maintenance and service agreements in place with the supplier | | | | | |
| 21. Speciality contracts in place to maintain critical assets | | | | | |
| 22. Stakeholder engaged before procure/replacement of asset | | | | | |
| Residual Risk Rating | | | Very High – Possible x Major | | |
| Responsible Manager(s) | Paul Gower, Tania Hermann, Jo Keall, Claire Toko, | Risk Treatment Option | | Mitigate | |
| Treatment Plans | | | | | |
| Treatment Plan | Previous Update | | Update – September 2024 | | |

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|---|--|--|
| Implement the Organisational Asset Management Improvement Plan by June 2025 | June 2024 The community and facility asset management improvement programme has begun. This programme comprises 10 related projects - improving asset registers, practices and capabilities across key community infrastructure and assets and Council buildings. The recent Future Fit staffing changes has made some changes to staffing of asset management activities and these will be progressed over coming months. These have been informed by the themes contained in the organisational improvement programme. | September 2024 The community and facility asset management improvement programme is in progress and the current set of projects will continue until June 2025. Funding is available for this programme and comprises 10 related projects - improving asset registers, practices and capabilities across key community infrastructure and assets and Council buildings. |
| Implement Asset Criticality Framework by June 2025 | June 2024 How critical assets are identified, and this information used will be reviewed as part of reviewing AMP process and considering improvements for the next long-term planning cycle | September 2024 The organisational frameworks have been created. Implementation has been delayed due to organisational capacity. This will be a core focus over the coming year. |
| Critical assets are considered as part of the 2024-54 Infrastructure Strategy | June 2024 Renewals and Compliance budget in the Final 2024-34 LTP is yet to be finalised. Once the financial provision for the programme is finalised, a prioritisation will be completed to create a delivery programme that factors in asset criticality. | September 2024 Infrastructure Strategy was adopted as part of the LTP. This action is now closed. |

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2024

Author: Sarah Vaz

Authoriser: David Bryant

Position: Accounting Manager

Position: General Manager Business Services

Report Name: KPMG - Internal Audit Update and Report

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

- To inform the Strategic Risk and Assurance Committee on the internal audit progress to August 2024.

Staff Recommendation - *Tuutohu-aa-kaimahi*

- That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

- The Procurement Maturity Assessment review has been completed, and the summary report is attached as **(Attachment 1)**
- Accounts Receivable and Debtor Management review has been completed. The draft report has been issued to Management for comments. The final report will be presented in the next Committee meeting.
- Communication Integrity review has been initiated and scoping in progress.

Discussion - *Matapaki*

- Council's internal audit function incorporates engagements and actions from KPMG.
- This report provides an update on progress by KPMG on the internal audit work stream.
- Since the last report to this committee, there are two updates to note:
 - KPMG Internal Audit Plan – progress summary FY2024

| Engagement | Current Status |
|---|--|
| Procurement Maturity Assessment | Completed |
| Accounts Receivable and Debtor Management | Draft report issued to Management for comments |

b) KPMG Internal Audit Plan – progress summary FY2025

| Engagement | Current Status |
|--------------------------------|----------------|
| Communication Integrity Review | Initiated |

9. Staff consider the matters in this report to have low significance and that the recommendations comply with Council’s legal obligations.

Financial Considerations - *Whaiwhakaaro Puutea*

10. The internal audit programme is a regular operating activity funded through the 2023-24 Annual Plan and 2024-34 Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

11. Staff confirm that the matters in this report comply with the Council’s legal and policy requirements.
12. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matters in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

13. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future (‘the 4 wellbeings’).
14. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
15. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

16. No known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

17. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Procurement Maturity Assessment by KPMG (Summary Report)



Contents

| | |
|----|--|
| 01 | Executive Summary Key Findings Management Comment |
| 02 | Findings and Recommendations Summary of Findings Recommendations and Roadmap |
| 03 | Appendices Detailed Procurement Maturity Assessment HCC Context, current NZ procurement trends, and expectations on procurement Terms of Reference |



Disclaimers

Inherent Limitations

This report has been prepared in accordance with our Terms of Reference document dated February 2024. The services provided under our scope document dated February 2024 have not been undertaken in accordance with any auditing, review or assurance standards. The term "Audit/Review" used in this report does not relate to an Audit/Review as defined under professional assurance standards.

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

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by HCC consulted as part of the process.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

Any redistribution of this report requires the prior written approval of KPMG and in any event is to be a complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of those parties identified in the engagement letter. KPMG accepts no liability if the report is or has been altered in any way by any person.

Third Party Reliance

This report is solely for the purpose set out in the Executive Summary and Appendix 1 of this report and for HCC information and is not to be used for any other purpose or copied, distributed or quoted whether in whole or in part to any other party without KPMG's prior written consent.

Other than our responsibility to HCC, neither KPMG nor any member or employee of KPMG assumes any responsibility, or liability of any kind, to any third party in connection with the provision of this audit report. Accordingly, any third party choosing to rely on this audit report does so at their own risk.

Internal Controls

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

01

Executive Summary



Executive summary

Introduction

We completed a maturity assessment of procurement at HCC in accordance with the Internal Audit Plan for FY2024 as approved by the Strategic Risk and Assurance Committee (SRAC). The review focussed on HCC's current procurement maturity, highlighting potential risks and identifying improvement opportunities. HCC Management has set up a Procurement Task Force to help inform the future for procurement at HCC. The procurement maturity assessment was completed via a combination of 19 stakeholder interviews and review of HCC data and information.

In this report, we present our findings, recommendations, and a roadmap with actions and timelines to help increase HCC's procurement maturity, mitigate risk and reduce value leakage.

KPMG's detailed findings and recommendations were provided to Management in a separate Detailed Report.

KPMG proposes a 4-phase roadmap to drive improvements. The first priorities should be to align on a procurement strategy and desired organisational structure, improve reporting, agree on sourcing approaches, and establish a collaboration framework.

A summary of findings and our recommendations are presented on pages 8 to 11.

Objective

The objectives of this engagement were to conduct the following:

1. Procurement Structure Review: review of HCC's existing organisational procurement structure (including individuals involved in the procurement activities, collaboration, communication, alignment and more).
2. Spend Analysis: conduct data analytics covering spend, purchasing, POs and procure to pay and more.
3. Risk Assessment: identify potential risks and the impact of these risks on HCC's procurement operations.
4. Value Leakage Assessment: identify areas where current practices may lead to value leakage.



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Scope

In scope for the project was:

- Review HCC's procurement-related structures.
- Assessment of procurement touchpoints.
- Evaluation of roles and responsibilities related to procurement activities.
- Identification of risks associated with the current organisational structure.
- Analysis of risks for potential value leakage in the current procurement model.
- Spend analytics activities subject to the availability of data.

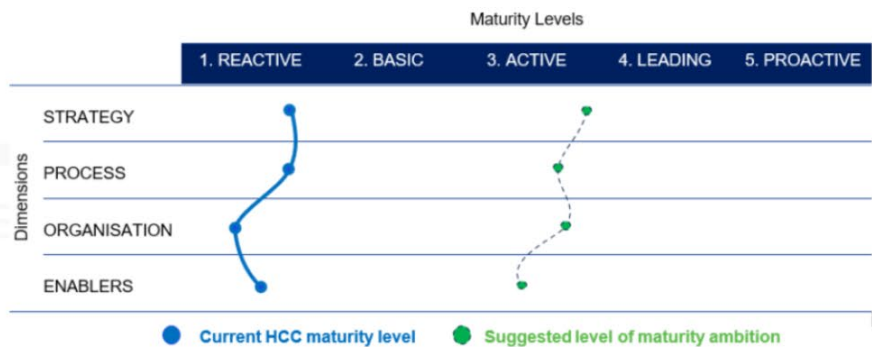
Out of scope for the project:

- Attributing specific dollar savings from procurement improvements.
- Evaluation of the identification, vetting, and awarding of tenders.
- Comprehensive review of compliance with HCC's current procurement policies.
- Assessment of key controls related to supplier master file management, purchasing, payments, and other transactional aspects.

The detailed scope and approach is presented in Appendix 3 (refer to page 15).

Key Findings

We assessed HCC's procurement maturity as **REACTIVE** (see below). This is not uncommon, particularly among somewhat decentralized organisations, and is consistent with other public sector entities in NZ in our experience. KPMG included the suggested level of maturity ambition.



The maturity rating gives HCC a starting point to progress from and highlights what aspects should be addressed to increase maturity. The suggested maturity ambition is based on HCC's current context of being a City Council in New Zealand, and current procurement trends and expectations - refer Appendix 2 for more details on background, trends, and expectations (page 13).

The **key findings** driving HCC's current *Reactive* procurement maturity rating are:

- The procurement strategy is not understood by the broader organisation. This leads to an inconsistent approach across purchasing categories and limits collaboration.
- Low-value and manual purchasing is a strain on resources and could be streamlined to improve compliance and save time.
- The decentralised approach means a large number of employees within BU's conduct procurement, with limited understanding of processes & policies creating the perception of undue complexity
- Roles & responsibilities (particularly between Central Procurement and Business teams) are not well defined. This impacts collaboration & compliance and creates inefficiency and tension between teams.
- No procurement knowledge-sharing platform or onboarding programme limits sharing of best practices, exacerbating the above challenges .
- Technology limitations impact reporting & analysis hindering data-driven decision-making.
- Data integrity issues impacted the spend analytics, therefore some findings require further validation, however we observed:
 1. A trend of more purchase orders being raised without contracts.
 2. An increase in non-PO spend.
 2. Some contracts could potentially benefit from a competitive tender process.



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Management Comments

This assessment was completed at the request of the Chief Executive to determine what further improvements could be made to the way Council procures services. KPMG have taken an approach of focusing in on improvements that will lead to increased maturity in the procurement activity so current strengths in practice have not been highlighted specifically. For background, procurement at Council has a high focus on probity and risk assurance. As a result, Council procurement is very strong in the level of standard processes, compliance, and transparency utilising strong procurement principles. Council routinely employs independent probity auditors to shadow large high value procurement tenders. Our tender management protocols ensure strict adherence to both our own policies and NZTA funded procurement. Our Conflict-of-Interest procedures ensure Council procurement is conducted ethically and with integrity. The Central Procurement (CP) team offer comprehensive guidance to staff. Where required, Council uses external specialised procurement consultants to support complex and critical procurement projects.

Council is challenged with significant cost headwinds and optimising procurement outcomes is a key management focus. The scope of the assessment was broad and included all procurement activities conducted by staff across the organisation. Implementation of some or all of these findings will require an understanding of the cost of implementation, effort required and benefits of each.

To this end the Executive Leadership Team has stood up a Procurement Taskforce, with representation from a cross-section of Council staff, to review and progressively implement the report's findings. The initial focus of the Taskforce will be to review Council's Procurement Strategy and design Council's optimal procurement delivery model ensuring key roles and responsibilities are well defined.



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02

Findings and Recommendations



Summary of findings

*Risk rating indicates the observation's likelihood to cause HCC compliance, probity, corruption risk etc.

**Value leakage indicates the potential for value leakage that the observation may cause HCC.

The table below highlights the key findings and gives each finding a risk and value leakage rating:

| Findings that are driving the current state maturity assessment | | RISK RATING* | VALUE LEAKAGE RATING** |
|---|---|--------------|------------------------|
| STRATEGY | <ul style="list-style-type: none"> The procurement strategy is not clearly communicated and understood by the Organisation. This causes misalignment between BU's & people. Policies & guidelines exist but compliance is inconsistent due to perceived complexity, and a lack of training. Despite Central Procurement's focus on risk, a lack of broader awareness, manual workarounds and insufficient review resources creates risk Exec-level reports do not enable effective performance monitoring, preventing rapid escalation of issues and accountability amongst teams | High | High |
| | | High | Medium |
| | | High | Medium |
| | | Medium | Medium |
| PROCESS | <ul style="list-style-type: none"> There is misalignment between BUs and Central Procurement on how to approach tenders, negotiations and supplier selection Processes are not frequently updated, or automated where possible, leading to frustration and workarounds. Lot of time is spent on low-value-add activities due to overcomplicated processes for low-value products and services (one size fits all). Purchasing initiatives are rarely coordinated between Categories and Central Procurement (limited collaboration). | Low | High |
| | | Low | Medium |
| | | Low | Medium |
| | | Low | High |
| ORGANISATION | <ul style="list-style-type: none"> Poor communication between all HCC branches reduces collaboration, slows decision-making and creates risk. Roles and responsibilities exist. However, ambiguity has created duplication and inconsistency across the organisation No easily navigable knowledge-sharing platform or onboarding programme creates inefficiency, errors, rework and compliance risk. High workloads create tension, unproductive behaviour and attrition in HCC's procurement areas. | High | High |
| | | Low | Medium |
| | | Medium | Low |
| | | Medium | Medium |
| ENABLERS | <ul style="list-style-type: none"> The limited use of technology to facilitate procurement activities leads to manual effort and inefficiencies There is no ongoing and centrally led spend or vendor-use analytics, primarily driven by a lack of capacity. Templates are irregularly updated, incorrectly used, lack version control, and are not automated. Contracts are not stored centrally, and document changes are not always communicated, limiting oversight and creating risk. | Low | High |
| | | High | High |
| | | Medium | Medium |
| | | Medium | Low |

*Risk rating indicates the observation's likelihood to cause HCC compliance, probity, corruption risk etc. **Value leakage indicates the potential for value leakage that the observation may cause HCC.



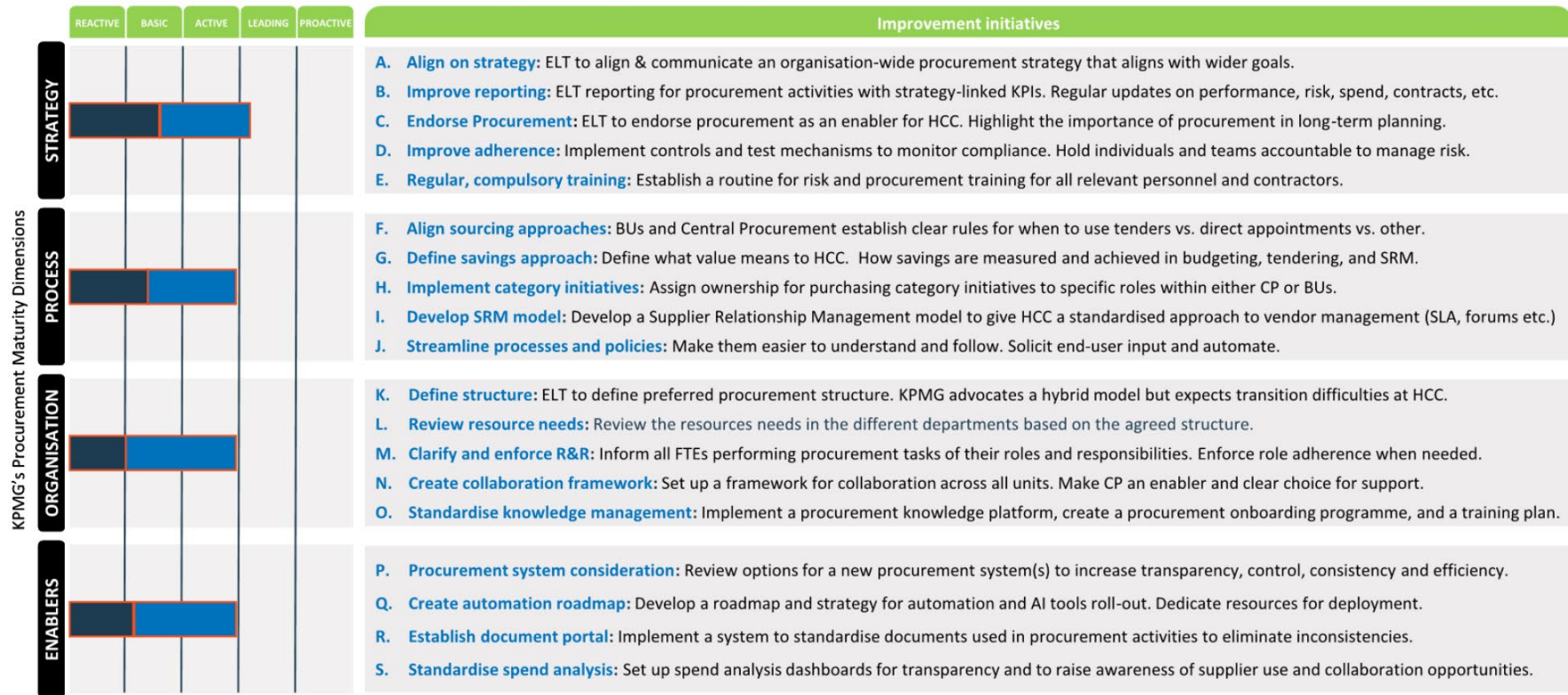
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Recommendations and Roadmap

The following changes will increase maturity, reducing value leakage and risk



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Current HCC maturity level

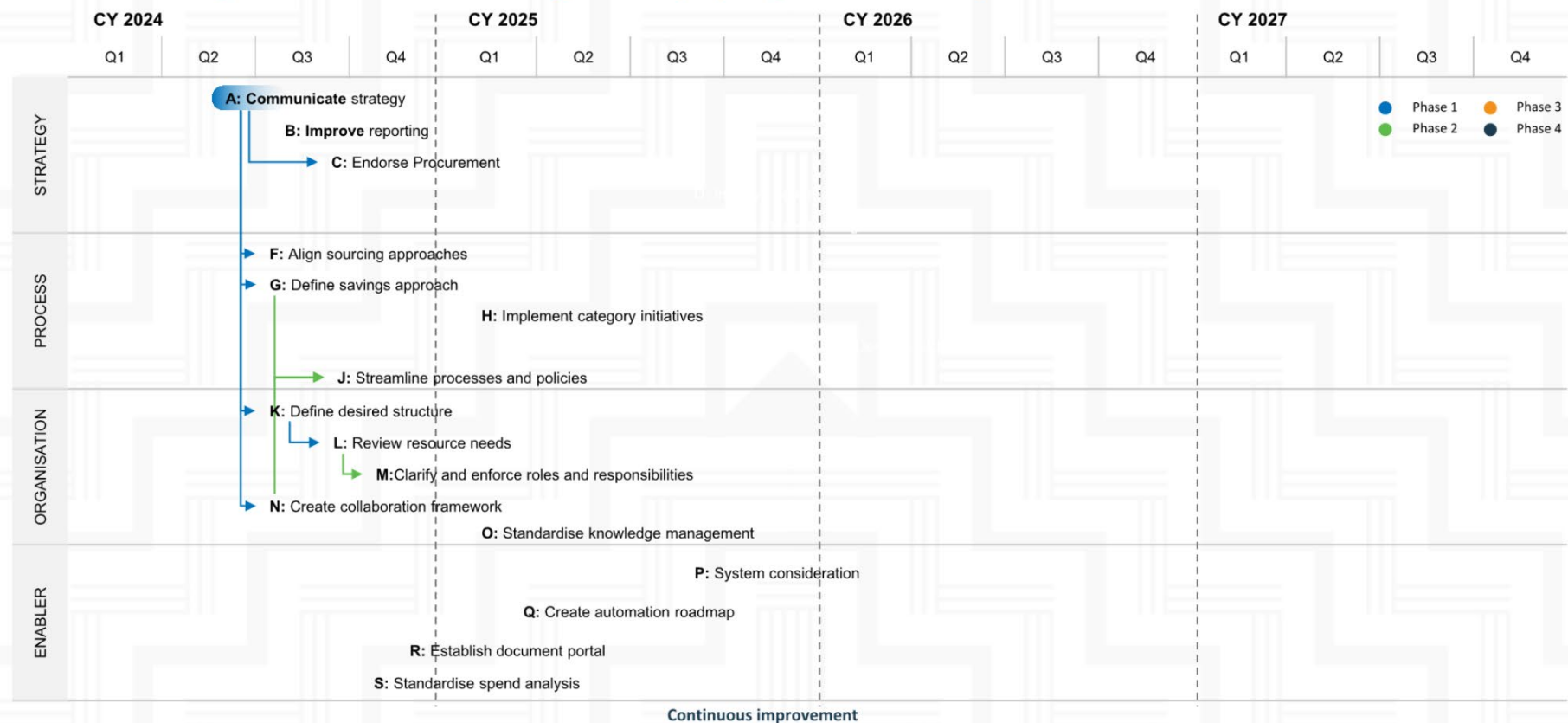
Suggested level of ambition

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Recommendations and Roadmap

We recommend starting with communication of the strategy, followed by reporting and collaboration improvements



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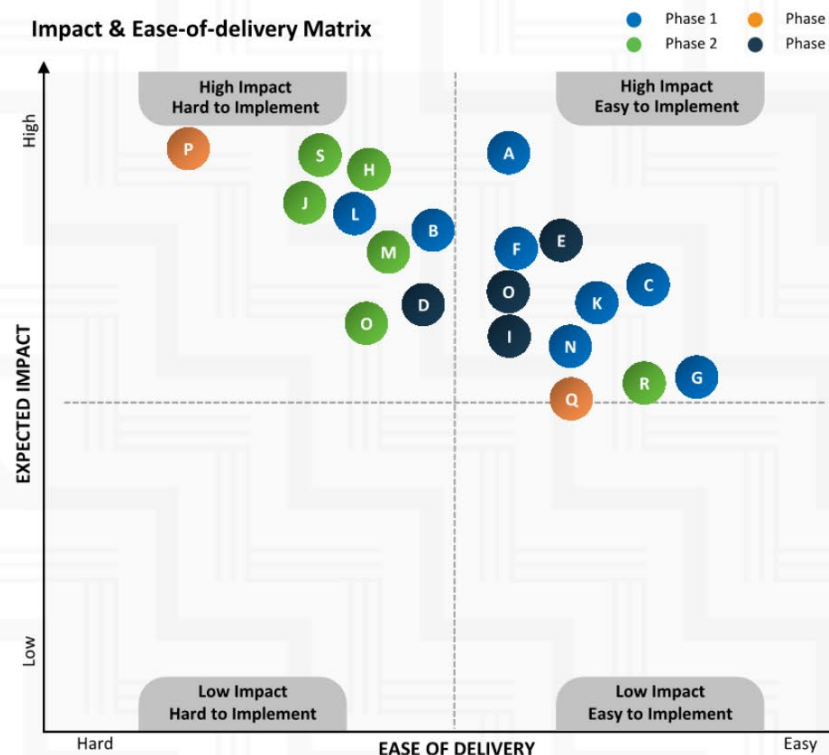
Recommendations and Roadmap

By using the impact & ease-of-delivery matrix, the initiatives with high impact and low effort can be prioritised in the implementation roadmap

Initiatives Key

| | | | |
|---|-----------------------------------|---|--|
| A | Communicate strategy | K | Define desired structure |
| B | Improve reporting | L | Review resource needs |
| C | Endorse Procurement | M | Clarify and enforce roles and responsibilities |
| D | Improve adherence | N | Create collaboration framework |
| E | Mandate training | O | Standardise knowledge management |
| F | Align sourcing approaches | P | System consideration |
| G | Define savings approach | Q | Create automation roadmap |
| H | Implement category initiatives | R | Establish document portal |
| I | Develop SRM model | S | Standardise spend analysis |
| J | Streamline processes and policies | | |

Impact & Ease-of-delivery Matrix



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03

Appendices



Item 9

Attachment 1

Appendix 2:

HCC Context, current NZ procurement trends, and expectations on procurement

Hamilton City Council's Context

HCC is looking to become "Future Fit"

- In anticipation of cost reduction pressure, HCC is undergoing a reorganisation.
- This is being conducted in two tranches. The first was completed in 2023. HCC is currently implementing the second phase and recently announced reductions to personnel.

HCC has seen growth in spend

- HCC's invoiced amounts have increased by 260% in the last 3 years, with total growth from \$180m in 2021 to \$464m in 2023.
- Infrastructure & Assets is leading the growth, having tripled their invoiced amounts from \$98m (54% of total invoiced amounts) in 2021 to \$304m (66%) in 2023.

Procurement is mainly performed by the business units with central support and reviews

- Central Procurement (CP) sits under Finance and contains six team members, with additional roles being recruited.
- The CP team supports all of HCC's business units (BUs) with procurement plan reviews, tender document approvals, guidance, contract approval, and more.
- In addition to CP, there are 40+ roles with regular procurement responsibilities inside the BUs, and 15+ consultants conducting procurement.

HCC has deployed a Procurement Task Force (PTF)

- HCC has deployed a Procurement Task Force sponsored by the GMs of Business Services and Infrastructure & Assets.
- The PTF held a workshop with a cross-section of staff from HCC teams to share challenges and to suggest improvements. Participants agreed HCC would benefit from redesigning procurement processes and systems to ensure they are simple, scalable, and work for everyone.

Government's expectations for change in New Zealand procurement

Procurement for the Future Strategy

- The strategy launched in April 2022 for New Zealand to have a fair, transparent, inclusive and efficient all-of-government procurement system so that it delivers more value to New Zealand and can respond to changing government priorities.
- The strategy sets out expectations for improved data transparency to drive more informed decision making, greater accountability and leadership, and more collaboration across sectors and industries.
- This will form stronger supplier relationships and contract management and result in more inclusive procurement that encourages non-traditional participation and champions alternative approaches to traditional tendering.

New Zealand Government Procurement Broader Outcomes

- 'Broader outcomes' is a government-wide initiative that seeks to achieve wider social, economic, cultural and environmental outcomes through the acquisition of goods, services and works.
- The initiative was mandated by the government in 2019 in the Government Procurement Rules 2019 (Rule 16), and requires organizations to think about additional secondary benefits they can generate in addition to the core scope of a project, in order to achieve greater value.

Opportunities for Māori, Pasifika regional businesses, and social enterprises to access contract opportunities

- Rule 17 of the Government Procurement Rules 2019 outlines that agencies must incorporate opportunities for such businesses.
- In December 2020, government mandated agencies to ensure that at least 5% of the total number of annual procurement contracts are awarded to Māori businesses, i.e. at least 50% Māori ownership or a Māori authority as defined by Inland Revenue.

Additional expectations for procurement

Changing expectations of value

- Internationally, government procurement is recognised as important in delivering 'public value' to citizens, moving away from the traditional 'lowest cost' procurement approach to one that supports and provides positive community outcomes.

Digital and automation

- A shift away from traditional data collection in spreadsheets towards real-time data with automated processes, data capture and spend analysis.
- Agencies are building the capabilities needed to derive insights from high-quality data, making effective use of specialist expertise.

Environmental, Social, and Governance (ESG) requirements

- For example, ethical supply chains, sustainable procurement, modern slavery, carbon neutral targets.



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Appendix 3: Terms of Reference

Internal Audit Objective

The primary objective of this review was to assess HCC's internal procurement structure with the aim to flag risk and improvement areas that would enable HCC to enhance its functional support and achieve its key priorities and values. Through a thorough evaluation of the current state, including the organisational overview, procurement touchpoints, roles, mandates, and associated risks, we assessed council's process to uncover potential risks of non-compliance and value leakage from sub-optimal purchasing practices.

Internal Audit Approach

Our approach consisted of the following steps:

1. Procurement Structure Review

Conducted a review of HCC's existing organisational procurement structure by analysing data provided by HCC and conducting interviews with selected stakeholders in central procurement.

The review looked at procurement hierarchies and relationships, touchpoints where procurement intersects with other functions and Business Units, and roles and responsibilities of individuals involved in the procurement activities.

- Effectiveness of structure in of collaboration, communication, and alignment was reviewed.
- The extent of purchasing mandates and decision-making processes within HCC was reviewed to identify any gaps, overlaps, or inefficiencies in roles and mandates.

The review assessed how the current structure supports procurement operations and identified areas for improvement by leveraging KPMG's in-house knowledge.

2. Spend Analysis

Conducted data analytics covering spend, purchasing, POs and procure to pay.

3a. Risk Assessment of Organisational Structure

Identified potential risks associated with the current organisational structure, focusing on non-compliance with regulations and internal policies.

Highlighted the impact of these risks on HCC's procurement operations and potential impact on the wider organisation.

3b. Value Leakage Assessment of Procurement

Based on the spend analytics and organisational review, we reviewed the current state of HCC's procurement activities to identify areas where sub-optimal purchasing practices may lead to value leakage.

Highlighted potential cost savings, quality improvements, and enhanced supplier performance. Specific dollar savings values are not provided in this project.

Suggested value leakage areas for HCC to explore further.

Project Deliverable

The project deliverable is a report capturing all the above elements. A draft version of this report was shared with HCC in week five out of the project's six weeks. Following input from HCC, a final report was shared with HCC end of week six. Throughout the project, weekly status updates were shared with HCC.

In scope of the project

- Review of HCC's current organisational structures, hierarchy and relationships
- Evaluation of roles and responsibilities related to procurement activities, including purchasing mandates and decision-making processes.
- Identification of risks associated with the current organisational structure, focusing on non-compliance
- Analysis of value leakage in the current model, including sub-optimal purchasing practices.
- Spend analytics activities subject to the availability of data

Out of scope for the project

- Attributing specific dollar savings when discussing increased value from procurement.
- Overall effectiveness testing of the procurement function.
- Evaluation of the vetting and awarding of tenders.
- Comprehensive review of compliance with HCC's current procurement policies.

By adhering to this scope, we provided HCC with a focused analysis of their procurement, and improvement recommendations, ensuring the project remains targeted and delivers valuable outcomes



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Council Report

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2024

Author: Sarah Vaz

Authoriser: David Bryant

Position: Accounting Manager

Position: General Manager Business Services

Report Name: Organisational Improvement Report

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on the status of Council's Organisational Improvement Register as of 31 August 2024.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. Council's risk management programme includes the completion of external audits by Audit New Zealand, Office of the Auditor General (OAG), Waka Kotahi (NZ Transport Agency), Ministry of Business, Innovation and Employment (MBIE) and others, and internal audits by PricewaterhouseCoopers (PwC), KPMG and Council staff.
4. **Attachment 1** to this report is the Organisational Improvement Register, listing all high-risk items.
5. Staff consider the matters have low significance and that the recommendations comply with Council's legal requirements.

Discussion – *Matapaki*

Organisational Improvement Register

6. The Organisational Improvement Register contains a detailed breakdown of all external audit recommendations and recent (2020 onwards) PwC internal audit recommendations. They are categorised by risk (low, moderate, high) and by their current status (complete and ready for reauditing, in progress, delayed or not yet started). For the items that are complete, the next audit round needs to occur before they can be cleared from the register.
7. Recommendations arising from internal audits performed by Council staff, and older PwC internal audits (2020 and prior) have been re-assessed for completion. Items have been added to the Organisational Improvement Register if they are still uncleared.
8. All 'in progress' or 'delayed or not yet started' items are actively monitored on a quarterly basis.

9. The tables below summarise the status of the high-risk items contained within the attached Organisational Improvement Register.

| Auditors | Complete | In progress | Delayed or not yet started | Not due yet | Total |
|---------------------|----------|-------------|----------------------------|-------------|-----------|
| PwC Internal Audits | 6 | 3 | 1 | 0 | 10 |
| Total | 6 | 3 | 1 | 0 | 10 |

| Risk | Complete | In progress | Delayed or not yet started | Not due yet | Total |
|--------------|----------|-------------|----------------------------|-------------|-----------|
| High | 6 | 3 | 1 | 0 | 10 |
| Total | 6 | 3 | 1 | 0 | 10 |

10. In addition to the above, there have been completed audits in the following areas where we are awaiting the final audit report:

| Who | What | Last Done |
|--|--|--|
| International Accreditation New Zealand (IANZ) | Building Consent Authority accreditation assessment | May 2024 |
| KPMG | Internal Audit - Procurement | Report to be presented in Internal Audit Update. |
| KPMG | Internal Audit – Accounts Receivable and Debtor Management | Report to be presented in Internal Audit Update. |

11. Once the audit reports have been finalised, any recommendations will be included in the organisational improvement register.

Financial Considerations - *Whaiwhakaaro Puutea*

12. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

13. Staff confirm that matters in this report comply with the Council's legal and policy requirements.
14. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matters in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

15. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

16. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
17. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

18. There are no known risks associated with this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

19. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.
20. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Organisational Improvement Register August 2024 - High Risks

| ID Number | Description | Audit Recommendation | Risk | Date raised | Owner | Reporting user | CM Document | Action taken | Status | Status Update |
|---|---|---|------|-------------|--------------------|--------------------|-------------|--|----------------------------------|--|
| Out-E 3018 IBIS Breeze System D-3845480 | | | | | | | | | | |
| Ent-E 3024 | Refresh alerts to indicate batch status | Breeze to be further developed to either force a refresh on change of assumptions, or display an alert to the user clearly and prominently within the system, indicating that a refresh is required before outputs can be relied upon. Alternatively, a status bar that tracks at what stage the batch set is at be included, so that the user knows what stage the batch set is at (e.g. inputs loaded/assumptions set/refresh run). | High | Jun-21 | Sarah Vaz | Candice Swanepoel | D-3845480 | IBIS has yet to implement this functionality. | Complete - ready for re-auditing | A display alert is visible in the server interaction window when the Breeze system is refreshing the data (loaded imports, assumptions, new capital data). The batch set status is visible through the 'view execution status' tab under the processing ribbon. This tracks where a batch set is in the process of refreshing data. |
| Out-E 3060 Business Continuity Management D-4469401 | | | | | | | | | | |
| Ent-E 3061 | Development of a Resilience Management Policy | Develop a Resilience Management Policy incorporating business continuity, crisis, emergency and incident, and protective security management. | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 31 March 2023 | In progress | A Resilience Management Policy has been drafted. The next step is to circulate this with key staff for review. |
| Ent-E 3062 | Establish resilience working and governance groups | Establish resilience working and governance groups | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 June 2023 | In progress | Work is underway to establish the working and governance groups. Further work is required to finalise and agree the scope. This action will be completed by end of 2024. |
| Ent-E 3063 | Development and implement a resilience training and testing programme | Development and implement a resilience training and testing programme. | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 June 2024 | Delayed, not started | This programme of work has been delayed due to resource constraints. This treatment plan will be put on hold until mid-2025, following the roll out of the refreshed business continuity management framework. |
| Ent-E 3065 | Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates. | Align operational-level BIA with enterprise-level BIA as part of routine BCM reviews and updates. | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Critical functions due by 30 April 2023Enabling functions due by 31 July 2023. | Complete - ready for re-auditing | All workshops have now been completed. Organisational and operational analysis is now underway. This programme will now feed into business-as-usual risk and resilience activities. This treatment plan is now closed. |
| Ent-E 3066 | Refresh the BCP template | Refresh the BCP template | High | Oct-22 | Nicholas Whittaker | Nicholas Whittaker | D-4469401 | Due date 30 March 2023. | Complete - ready for re-auditing | The template has been drafted therefore this action is now closed. The implementation of the revised BCP and BCM programme will be a new treatment plan (under Strategic Risk 8). |
| Out-E 3100 GST & FBT Compliance Evaluation | | | | | | | | | | |
| Ent-E 3114 | Adoption of pooled alternate rate method for FBT returns | Adopt pooled alternate rate method for Q4 2024 FBT calculations | High | Feb-23 | Sarah Vaz | Nikita Hanrigh | D-4695388 | | Complete - ready for re-auditing | The pooled alternate rate method has been adopted for the Q4 2024 FBT calculations. |
| Out-E 3120 Vendor Analytics Internal Audit D-4634623 | | | | | | | | | | |
| Ent-E 3124 | Segregation of duties in PO process | Investigate how the PO's were raised and approved by the same person. | High | Mar-23 | Igor Magud | | D-4634623 | | Complete - ready for re-auditing | Standing report has been created to monitor any issues. |
| Ent-E 3125 | Segregation of duties and Authority access | Ensure delegated authority workflows are in place and in line with access to Authority | High | Mar-23 | Igor Magud | | D-4634623 | | Complete - ready for re-auditing | Standing reports have been created, and will be monitored regularly for any anomalies in system permissions. |
| Ent-E 3126 | Duplicate Invoices Controls | Investigate the duplicate invoices identified and request refunds from vendors where needed | High | Mar-23 | Matt Bell | | D-4634623 | | In progress | Confirmed Authority 7.1 has controls in place to stop duplicate invoices being entered against the same creditor. Procurement team developing the use of Abby workflow, to assist in monitoring and review of AP transactional data. Ad-hoc reporting has been produced in the interim and assessed for possible duplicate invoices. |

Council Report

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2024

Author: Sarah Vaz

Authoriser: David Bryant

Position: Accounting Manager

Position: General Manager Business Services

Report Name: Audit New Zealand Update

| | |
|----------------------|-------------|
| Report Status | <i>Open</i> |
|----------------------|-------------|

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee on Audit New Zealand audit progress since the last committee meeting, present the Interim Management Report for 30 June 2024 Annual Report and the Management Report for the 2024-34 Long-Term Plan.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

2023-24 Annual Report

3. Audit NZ completed their interim audit of the 30 June 2024 Annual Report. The management report can be found in **Attachment 1**.
4. Three new recommendations were made during the interim audit. Two of the recommendations have subsequently been closed.
5. Council has one open recommendation, six recommendations that will be followed up during the final audit and three recommendations have been closed.
6. Audit New Zealand will be onsite to complete the final audit on 26 August 2024.

2024-34 Long-Term Plan

7. Audit NZ issued an unmodified opinion on the Long-Term Plan on 4 July 2024. Two emphasis of matter paragraphs were included to draw attention to the risks associated with limited debt headroom and the uncertainty over Council's inflation projections.
8. The 2024-34 Long-Term Plan Report to Governors can be found in **Attachment 2**.
9. Four new recommendations were made during the audit.

Discussion - *Matapaki*

2023-24 Annual Report

10. The management report covers the interim audit of the 2023-24 Annual Report. The management report can be found in **Attachment 1**.
11. Three new recommendations were made during the interim audit:

| Recommendation | Priority | Management Comment |
|---|-----------|--|
| <p>Improve the management and monitoring of privileged network user accounts including accounts that have direct access to the underlying database.</p> <p>This has been closed.</p> | Necessary | <p><i>Microsoft Entra Privileged Identity Management, Just in Time has been applied to administrative accounts to manage them with greater scrutiny. Furthermore following the insourcing, a review of administrative accounts has been conducted with the removal of any redundant accounts.</i></p> <p>Further audit comment following management comment:</p> <p>We performed a follow up check of privileged network user accounts in August 2024 and note that they have been reviewed and reduced. As a result, we have now closed this issue.</p> |
| <p>All IT changes are logged and approved prior to changes being made. A record of testing and approvals should also be maintained in the change management system.</p> <p>This has been closed.</p> | Necessary | <p><i>Change and Configuration management meetings are now held weekly with key stakeholders from across Digital Services. No changes by Digital Services may be conducted unless they have been documented, recorded, discussed, and communicated. Platform leaders are charged with ensuring all areas impacted by a change have been included in these considerations.</i></p> <p><i>There is currently one area of the business which has access to change authority and datascope and has historically occurred outside of change management. Digital Services are working with this team to manage this access and bring them in line with change management protocols.</i></p> <p>Further audit comment following management comment:</p> <p>We performed a follow up check of IT change management in August 2024 and confirmed that formalised IT change procedures are now in place. We sighted the minutes of the latest IT Change Meeting. We have now closed this issue.</p> |
| <p>Cyclical full reviews of users and their access levels in Authority is reviewed to ensure access remains appropriate.</p> | Necessary | <p><i>This comment is about three different processes/issues – Delegated Financial Authority (DFA), Staff Establishment and User Access.</i></p> <ol style="list-style-type: none"> <i>i. The DFA process was reviewed when the Delegations to Officers Management Policy was approved in December 2023. All DFA levels were reviewed with all staff DFA levels approved by the relevant GM for each group. The levels were removed from the payroll system as Authority is</i> |

| | | |
|--|--|--|
| | | <p><i>the Master for positions and all DFA levels are attached to a position rather than an employee (PSE is Employee Master). Any changes to DFA levels since then are managed through our Digital Services - Service Request system with the appropriate Manager's approvals.</i></p> <p><i>ii. The Staff Establishment Report is used to provide information on positions to support recruitment, staff movements and ensure budget levels are met. This report does not contain any information regarding DFA or user permissions.</i></p> <p><i>iii. User access – A review of users with level 1 "all access" to Authority is reviewed annually. The process to off-board an employee includes end dating their active directory access which simultaneously ends access in Authority (SSO). Users are also end dated in User Administration in Authority. Contractors access requests include an end date which is entered into Authority which ensures termination of access on that date. A full review of user access is included on our list of improvements.</i></p> <p>Further audit comment following management comment</p> <p>We performed a follow up check in August 2024. The council have made improvements this year in processes for managing delegated authority access and performed a full review of delegations. We understand that a review of Authority users and their access levels is done annually however no evidence has been retained for audit. We will check the review of all Authority users access levels and delegations during our 2025 IS audit.</p> |
|--|--|--|

12. Council has one open recommendation, six recommendations that will be followed up during the final audit and three recommendations have been closed.

13. The open recommendation is:

| Recommendation | Priority | Status |
|---|-----------|--|
| <p>Manual processing of weekly timesheets</p> <p>Council implements an online timesheet function for processing weekly timesheets. Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information.</p> | Necessary | <p>An online timesheet function will be included in the new payroll system that is expected to be implemented in 2026.</p> <p>In progress</p> |

14. The six recommendations to be followed up on at the final visit include:

| Recommendation | Priority |
|--|-----------|
| Work in progress - capitalisations Processes and systems are improved so that the Work in Progress (WIP) balance reflected in the general ledger more closely aligns with the underlying asset systems and the need for manual adjustments is reduced. | Necessary |
| Water meter fixed rate charges A review process should be implemented to ensure the billing system is updated with the adopted water meter fixed rate charges. | Necessary |
| Condition data available for valuer Condition data is included in asset registers and available for valuers. | Necessary |
| Performance reporting – smooth travel exposure A quality review should be performed over data input by third parties into RAMM to ensure the accuracy for reporting purposes. | Necessary |
| Investment properties Council should improve on its process for reviewing the valuation report for completeness. | Necessary |
| Sensitive expenditure approvals Sensitive expenditure transactions are approved on a one-up basis. | Necessary |

15. Audit New Zealand will be onsite to complete the final audit on 26 August 2024.
16. The 2023-24 Annual Report will be presented at the next committee meeting.

2024-34 Long-Term Plan

17. Audit NZ issued an unmodified opinion on the Long-Term Plan on 4 July 2024. Two emphasis of matter paragraphs were included to draw attention to the risks associated with limited debt headroom and the uncertainty over Council's inflation projections.
18. The Long-Term Plan Report to Governors can be found in **Attachment 2**.
19. Four new recommendations were made during the audit:

| Recommendation | Management Comment |
|---|--|
| Inflation assumption For future Long-Term Plans, Council needs to make sure it can provide suitable evidence to support key assumptions made. | <i>The merits of inflation assumptions were robustly debated and local considerations were applied along with consideration of the financial position and risks of Council, with all considerations clearly documented. Council reserves the right to use judgement over the assumptions applied through the LTP. Inflation assumptions are reviewed annually through the Annual Plan process.</i> |
| Forecast renewals We recommend that Council includes the contractual replacement values used for the | <i>Management has taken the advice of audit and completed the fair value assessment considering contractual replacement values for waters</i> |

| | |
|--|---|
| Long-Term Plan financial forecasts when completing the fair value assessment for the 3 waters assets as part of the 2023/24 annual reporting process. We further recommend that you revisit the 2022/23 fair value assessment and determine how much of the difference between carrying value and fair value at 30 June 2024 relates to the prior financial year. | <i>assets (being those capitalised since the previous revaluation). Based on the fair value assessment completed, management is of the view that as at 30 June 2024 the values for waters assets does not materially differ from their carrying value.</i> |
| Matters consulted on in the consultation document In future Council should be clear in the Long-Term Plan what the consultation issues were and what the outcome were. | <i>We note the comment that the LTP document could be clearer on what the consultation issues were and what the outcomes were. We made a conscious decision to focus the document (in particular the narrative in the introduction) on telling the story of the changes in the LTP as a whole, rather than the narrower changes that had taken place between March and July based on community feedback. We will reconsider this balance ahead of the development of the next LTP document.</i> |
| Performance measures We recommend: <ul style="list-style-type: none"> i. The community satisfaction survey should cover 'confidence in decision makers'; ii. Consideration is given to including an appropriate measure(s) at the next opportunity that cover the Council's environmental health activities; and iii. The introduction of a suitable performance measure(s) for the new Support Services group of activities. | <i>We note these comments and will consider them during the development of the next long-term plan. We note that we did propose a measure in the Support Services group of activities relating to obtaining unqualified audit opinions for corporate planning documents/processes, but Audit NZ advised this was not suitable.</i> |

20. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Financial Considerations - *Whaiwhakaaro Puutea*

21. The cost of this engagement is funded through the 2023-24 Annual Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

22. Staff confirm that the matters in this report complies with the Council's legal and policy requirements.
23. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matters in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-orange tonutanga*

24. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
25. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
26. There are no known social, economic, environmental or cultural considerations associated with this matter.

Risks - *Tuuraru*

27. There are no known risks associated with this matter.

Significance and Engagement Policy

28. Having considered the Significance and Engagement Policy, staff have assessed that the matter in this report is of low significance.
29. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

Attachment 1 - Audit NZ Interim Management Report 30 June 2024

Attachment 2 - Long Term Plan 2024-34 Report to Governors

Report to the Council on the interim audit of

Hamilton City Council

For the year ended 30 June 2024

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Key messages

We have completed our interim audit for Hamilton City Council (the City Council) for the year ended 30 June 2024. This report sets out our findings from the interim audit.

The primary purpose of our interim audit was to update our understanding of the City Council's control environment and to gain a better understanding of the issues facing the City Council and how these are being addressed.

We performed a high-level review of the City Council's control environment. Overall we are satisfied the control environment is effective for the purpose of undertaking an efficient and effective audit, our review also identified areas where we believe the control environment can be enhanced. These matters are detailed in section 2 of this report.

We also followed up on the status of issues raised in previous audits. These are detailed further in Appendix 1.

Thank you

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



Clarence Susan
Appointed Auditor
19 August 2024

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommendations.

| Priority | Explanation |
|------------|--|
| Urgent | Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the City Council to significant risk or for any other reason need to be addressed without delay. |
| Necessary | Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control. |
| Beneficial | Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the City Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs. |

1.1 New recommendations

The following table summarises our recommendations and their priority.

| Recommendation | Reference | Priority |
|--|-----------|-----------|
| Improve the management and monitoring of privileged network user accounts including accounts that have direct access to the underlying database. | 2.3.1 | Necessary |
| All IT changes are logged and approved prior to changes being made. A record of testing and approvals should also be maintained in the change management system. | 2.3.2 | Necessary |
| Cyclical full reviews of users and their access levels in Authority is reviewed to ensure access remains appropriate. | 2.3.3 | Necessary |

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous year’s recommendations in detail.

| Priority | Priority | | | |
|---|----------|-----------|------------|-------|
| | Urgent | Necessary | Beneficial | Total |
| Open | - | 1 | - | 1 |
| Implemented or closed | - | 3 | - | 3 |
| Matters that will be followed up during our final audit visit | - | 6 | - | 6 |
| Total | - | 9 | - | 9 |

2 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We reviewed internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

2.1 Control environment

The control environment reflects the overall attitudes, awareness, and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of Council, need to establish, and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures, and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Council and management to establish and maintain effective management procedures and internal controls.

Overall, we concluded that the control environment is effective.

2.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

2.3 General Information Technology Controls review

We performed our assessment under ISA (NZ) 315: *Identifying and Assessing the Risks of Material Misstatement (Revised 2019)* which came into effect in our audit of the City Council for the 2023 financial year.

We documented and evaluated the internal controls in place at the City Council to identify the information systems that contribute to, or are relied upon, to ensure the effective operation of these controls. We completed testing of the general information technology controls (GITCs) to ensure the City Council has mitigated the risks of material misstatements arising from the use of information systems.

We tested the GITCs within the following categories:

- manage access;
- manage change; and
- IT operations.

Where internal controls rely on configuration settings in the supporting information systems, we tested these to confirm they operate effectively throughout the year.

We are satisfied that the GITCs have remained operationally effective for all areas. This means that there are sufficient IT controls in place.

| GITC category | Authority FMIS |
|---------------|-------------------------|
| Manage access | Operationally effective |
| Manage change | Operationally effective |
| IT operations | Operationally effective |

Our review also identified areas where we believe improvements can be made to the GITC environment.

2.3.1 Network privileged user management

During our review we identified a high number of network Domain Administrator (privileged) accounts that should be removed. We also noted user accounts with update access directly to the underlying SQL database that should also be removed.

We understand that a review is to be completed and improvements to management of these network access accounts introduced as part of the transition to bringing IT service management back in house.

Recommendation

Improve the management and monitoring of privileged network user accounts including accounts that have direct access to the underlying database.

Management comment

Microsoft Entra Privileged Identity Management, Just in Time has been applied to administrative accounts to manage them with greater scrutiny. Furthermore following the insourcing a review of administrative accounts has been conducted with the removal of any redundant accounts.

Further audit comment following management comment

We performed a follow up check of privileged network user accounts in August 2024 and note that they have been reviewed and reduced. As a result we have now closed this issue.

2.3.2 IT changes are not following appropriate change management practices

We noted that recent IT changes carried out by IT staff are not following appropriate IT change management processes including documenting approvals and testing where possible.

We understand that the IT change management is to be improved as part of the IT re-organisation that is currently underway.

Recommendation

All IT changes are logged and approved prior to changes being made. A record of testing and approvals should also be maintained in the change management system.

Management comment

Change and Configuration management meetings are now held weekly with key stakeholders from across Digital Services. No changes by Digital Services may be conducted unless they have been documented, recorded, discussed, and communicated, platform leaders are charged with ensuring all areas impacted by a change have been included in these considerations.

There is currently one area of the business which has access to change authority and datascope and has historically occurred outside of change management. Digital Services are working with this team to manage this access and bring them into change management process.

Further audit comment following management comment

We performed a follow up check of IT change management in August 2024 and confirmed that formalised IT change procedures are now in place. We sighted the minutes of the latest IT Change Meeting. We have now closed this issue.

2.3.3 Full review of Authority users and their access levels

We understand there are no full reviews of the Authority system users (staff and contractors) being carried out.

Whilst the process for adding and removing access appears to be effective, there is a risk that access may not be accurate. We understand that managers are asked to check their staff establishment report but this report does not include all contractors where some have Authority access.

Recommendation

Cyclical full reviews of users and their access levels in Authority is reviewed to ensure access remains appropriate.

Management comment

This comment is about three different processes/issues – Delegated Financial Authority (DFA), Staff Establishment and User Access.

- The DFA process was reviewed when the Delegations to Officers Management Policy was approved in December 2023. All DFA levels were reviewed, with all staff DFA levels approved by the relevant GM for each group. The levels were removed from the payroll system as Authority is the Master for positions and all DFA levels are attached to a position rather than an employee (PSE is Employee Master). Any changes to DFA levels since then are managed through our Digital Services - Service Request system with the appropriate Manager's approvals.*
- The Staff Establishment Report is used to provide information on positions to support recruitment, staff movements and ensure budget levels are met. This report does not contain any information regarding DFA or user permissions.*
- User access – A review of users with level 1 all access to authority is reviewed annually. The process to off board an employee includes end dating their active directory access which simultaneously, ends access in Authority (SSO). Users are also end dated in User Administration in Authority. Contractors access requests include an end date which is entered into Authority which ensures termination of access on that date. A full review of user access is on our list of improvements, for when we have the resource to complete this fully.*

Further audit comment following management comment

We performed a follow up check in August 2024. The council have made improvements this year in processes for managing delegated authority access and performed a full review of delegations. We understand that a review of Authority users and their access levels is done annually however no evidence has been retained for audit. We will check the review of all Authority users access levels and delegations during our 2025 IS audit.

Appendix 1: Status of previous recommendations

Open recommendations

| Recommendation | First raised | Status |
|---|--------------|--|
| Necessary | | |
| Manual processing of weekly timesheets | | |
| Council implements an online timesheet function for processing weekly timesheets. Alternatively, the responsibility for capturing weekly timesheets could be delegated to an individual within the various departments, and the payroll staff members could then just perform a review of the captured information. | 2018/19 | An online timesheet function will be included in the new payroll system that is expected to be implemented in 2026. In progress. |

Open matters that will be followed up during our final audit visit

| Recommendation | First raised |
|--|--------------|
| Necessary | |
| Work in progress - capitalisations | |
| Processes and systems are improved so that the WIP balance reflected in the general ledger more closely aligns with the underlying asset systems and the need for manual adjustments is reduced. | 2022/23 |
| Water meter fixed rate charges | |
| A review process should be implemented to ensure the billing system is updated with the adopted water meter fixed rate charges. | 2022/23 |
| Condition data available for valuer | |
| Condition data is included in asset registers and available for valuers. | 2022/23 |
| Performance reporting – smooth travel exposure | |
| A quality review should be performed over data input by third parties into RAMM to ensure the accuracy thereof for reporting purposes. | 2022/23 |
| Investment properties | |
| Council should improve on its process for reviewing the valuation report for completeness. | 2022/23 |
| Sensitive expenditure approvals | |
| Sensitive expenditure transactions are approved on a one-up basis. | 2021/22 |

Implemented or closed recommendations

| Recommendation | First raised | Status |
|--|--------------|--|
| Necessary | | |
| Customer perceptions and satisfaction best practice | | |
| The City Council considers in their decision making and planning for the upcoming LTP 2024-34 whether further satisfaction/perception metrics would be important information for stakeholders. | 2022/23 | <p>We reviewed the City Council's performance framework as part of the 2024-34 Long Term Plan (LTP) audit. We are satisfied the City Council has appropriate performance measures measure the City Council's performance relating to ratepayer satisfaction.</p> <p>We are in the process of drafting our management report for the LTP audit that includes some recommendations to improve the City Council's performance framework.</p> <p>Matter closed.</p> |
| Intangible assets budgeting process | | |
| The intangible assets budget is investigated in more detail to ensure the completeness and accuracy of this for the 10-year plan. | 2022/23 | <p>The budget was reviewed as part of the 2024-34 LTP. No issues identified from our review.</p> <p>Matter closed.</p> |
| No organisational business continuity plan or IT disaster recovery plan | | |
| The City Council prioritises development and testing of Organisational Business Continuity and IT Disaster Recovery plans. | 2014/15 | <p>An IT Service Continuity Management Plan, including business incident plan has been developed. A supporting detailed disaster recovery plan for Authority system has also been developed.</p> <p>Matter closed.</p> |

Appendix 2: Disclosures

| Area | Key messages |
|--|---|
| Our responsibilities in conducting the audit | <p>We carry out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p> |
| Auditing standards | <p>We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining systems of controls for detecting these matters.</p> |
| Auditor independence | <p>We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>To date, in addition to the audit we have carried out engagements in the areas of the Long-Term Plan audit and reviews of selected procurements, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the City Council or its subsidiaries.</p> |
| Fees | <p>The audit fee for the year is \$416,996, as detailed in our Audit Proposal Letter.</p> <p>To date, other fees charged in the period are \$247,228 for the audit of the 2024-34 Long Term Plan and probity assurance reviews for capital projects.</p> |
| Other relationships | <p>To date, we are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations to date where a staff member of Audit New Zealand has accepted a position of employment with the Council or its subsidiaries during or since the end of the financial year.</p> |

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Report to the Council on the audit of

Hamilton City Council's Long-Term Plan

For the period 1 July 2024 to 30 June 2034

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Key messages

This report sets out our key findings from our audit of Hamilton City Council's (the Council's) 2024-34 Long-Term Plan (LTP).

Audit report

In accordance with clause 45 of Schedule 1AA of the Local Government Act 2002, the consultation document on the Council's plan did not contain a report from the Auditor-General. The consultation document is therefore unaudited. Our report below does not provide comments or findings relating to the consultation document or the information that supports it.

We completed our audit of the Council's LTP and issued a non-standard audit report on 4 July 2024. Without modifying our audit opinion, we included two emphasis of matter (EOM) paragraphs in our audit report to draw readers' attention to the risks associated with limited debt headroom and the uncertainty over Council's inflation projections.

Matters identified during the audit of the LTP

Risks associated with limited debt headroom

The Council's financial strategy includes maintaining debt at levels close to its LGFA borrowing limits, leaving minimal available debt headroom over the 10 years of the plan. This has been disclosed in the Council's LTP, along with the risks associated with this strategy.

As a result of the risks associated with this strategy, we included an EOM paragraph in our audit report, drawing the reader's attention to the Council's disclosures in the LTP.

Inflation assumption

The Council has assumed higher inflation rates when compared to Business and Economic Research Limited (BERL) rates which have previously been used by Council.

We included an EOM paragraph in our audit report to highlight the disclosures made in the LTP about the high level of uncertainty over the Council's assumed inflation projections and the risk averse approach taken by the Council.

For future LTPs, Council needs to make sure it can provide suitable evidence to support key assumptions made.

Forecast renewals

We found there were some very large differences between the uninflated budgets and both the AMPs and the theoretical renewals profile we prepared. If the contractual rates are as high as shown in the infrastructure strategy, a full revaluation may be required for the 3 water asset classes for the year ended 30 June 2024.

We recommend that Council includes the contractual replacement values used for the LTP financial forecasts when completing the fair value assessment for the 3 waters assets as part of the 2023/24 annual reporting process. We further recommend that you revisit the 2022/23 fair value assessment and determine how much of the difference between carrying value and fair value at 30 June 2024 relates to the prior financial year.

Performance measures

A key focus of our audit work on the LTP related to whether the forecast performance measures and targets provide a clear basis against which the Council's performance can be assessed. We identified some opportunities to improve the Council's performance measures.

Thank you

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



Clarence Susan
Appointed Auditor
16 August 2024

1 Our audit report

1.1 Our opinion was unmodified

We issued a non-standard audit report on the LTP on 4 July 2024. Our audit report included an unmodified opinion. This means we were satisfied that:

- the LTP provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community; and
- the information and assumptions underlying the forecast information in the LTP are reasonable; and
- the LTP includes a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

Without modifying our opinion, we included two emphasis of matter paragraphs in our audit report, drawing attention to the risks associated with limited debt headroom and the uncertainty over Council's inflation projections.

1.2 Uncorrected misstatements

The forecast financial statements and disclosures are free from material misstatements, including omissions. During the audit, we discussed with management any misstatements that we found, other than those which were clearly trivial. For uncorrected misstatements, please refer to Appendix 1.

A list of corrected misstatements can be provided upon request.

2 Key matters arising from our audit

2.1 Risks associated with limited debt headroom

The Council's financial strategy means it is planning to have minimal head room to maintain compliance with the Debt to Revenue covenants imposed by the LGFA.

We found that the debt headroom is below \$50 million for 5 out of ten years and below \$90 million for 3 out of ten years.

One of the risks associated with this strategy is that the Council will have less ability to respond to the costs of unforeseen events, asset failures, or changes to the timing and delivery of its capital programme.

The Council's strategy indicates that the Council can call on an additional \$100 million in standby facilities and can urgently reprioritise and reduce capital spending and community levels of service spending.

We confirmed that the Council has two standby facilities, one with ANZ and one with the LGFA, with a total value of \$100 million. The Council has immediate (within 24 hrs) access to these facilities if a drawdown is required.

While the facilities are not utilised, they do not form part of the calculation of the Council's debt to revenue ratio. Should the Council draw down the entire \$100 million, it would breach the limit in the years where the forecast is closer to that limit.

The Council also has the option to defer lower priority projects that have not been committed to in circumstances of an unforeseen event.

The plan to maintain debt at levels close to the Council's LGFA borrowing limits has been disclosed in the Council's LTP, along with the risks associated with this strategy. We included an EOM paragraph in our audit report, drawing the reader's attention to these disclosures.

2.2 Inflation assumption

The Council has assumed higher inflation rates when compared to the most recent Business and Economic Research Limited (BERL) rates which have previously been used by Council. The Council's inflation assumption was based on 2021 Business and Economic Research Limited (BERL) rates plus 1%.

We questioned whether this was appropriate and requested additional information from management to obtain evidence that the inflation assumed by the Council was reasonable and supportable. However, the information provided did not provide sufficient evidence and we found that at 2.1%, the average pre-covid Civil Construction Price Index, was more or less in line with BERL capex inflation rates which the Council had used as the basis for its inflation assumption in previous LTPs.

We compared the Council's assumption to the assumptions used by other councils, looked at specific capital inflation rates over the past 10 years and drew on other information available to us. We were able to conclude the financial forecasts were not materially misstated because of the inflation assumption applied by the Council.

We included an EOM paragraph in our audit report to highlight the disclosures made in the LTP about the high level of uncertainty over the Council's assumed inflation projections and the risk averse approach taken by the Council.

Recommendation

For future LTPs, Council needs to make sure it can provide suitable evidence to support key assumptions made.

Management comments

The merits of inflation assumptions were robustly debated and local considerations were applied along with consideration of the financial position and risks of Council, with all considerations clearly documented. Council reserves the right to use judgement over the assumptions applied through the LTP. Inflation assumptions are reviewed annually through the Annual Plan process.

3 Other findings

3.1 Forecast renewals

We compared the amounts in the uninflated budgets used for the infrastructure strategy with the numbers used in the Asset Management Plans (AMPs). We also compared the budgets to a theoretical renewals profile we created based on the age of assets, standard life and replacement cost of assets as per the 2022 revaluation.

We found there were some very large differences between the uninflated budgets and both the AMPs and the theoretical renewals profile.

We discussed this with management who agreed to relook at the budgets used in the infrastructure strategy. It was discovered that a very high replacement unit rate was applied for all pipes. After further investigation, management updated the replacement values for all pipes less than 750 mm in diameter.

The review of all unit rates had not been completed at the time of the final LTP. The Council updated the graphs in the infrastructure strategy for years 11 to 30 where the biggest impact was.

Management advised us that they were confident that the 2022 valuation was correctly recorded based on the best available information at that time and that the unit rates being used for the LTP forecasts are contractual unit rates based on data Council has received since the April 2022 revaluation data.

If the contractual rates are as high as shown in the infrastructure strategy, a full revaluation may be required on the 3 waters asset classes for the year ended 30 June 2024.

Recommendation

We recommend that Council includes the contractual replacement values used for the LTP financial forecasts when completing the fair value assessment for the 3 waters assets as part of the 2023/24 annual reporting process. We further recommend that you revisit the 2022/23 fair value assessment and determine how much of the difference between carrying value and fair value at 30 June 2024 relates to the prior financial year.

Management comments

Management has taken the advice of audit and completed the fair value assessment considering contractual replacement values for waters assets (being those capitalised since the previous revaluation). Based on the fair value assessment completed, management is of the view that as at 30 June 2024 the values for waters assets does not materially differ from their carrying value.

3.2 Matters consulted on in the consultation document

Given Council elected not to have its consultation document audited, we did not provide any assurance to Council as to whether the consultation document achieved its purpose in accordance with Section 93B of the Local Government Act 2002.

As part of our audit of the 2024-34 Long Term Plan, we obtained a high-level understanding about the major matters that the Council consulted on in the consultation document (CD).

The Council consulted on three items and sought feedback on five other items to inform future planning and decision-making.

We found that the LTP document is not clear what the consultation issues were and what decisions the Council made.

Recommendation

In future Council should be clear in the LTP what the consultation issues were and what the outcome were.

Management comments

We note the comment that the LTP document could be clearer on what the consultation issues were and what the outcomes were. We made a conscious decision to focus the document (in particular the narrative in the introduction) on telling the story of the changes in the LTP as a whole, rather than the narrower changes that had taken place between March and July based on community feedback. We will reconsider this balance ahead of the development of the next LTP document.

3.3 Performance measures

A key focus of our audit work on the LTP related to whether the forecast performance measures and targets provide a clear basis against which the Council's performance can be assessed. We identified some opportunities to improve the Council's performance measures.

We understand a community 'Pulse' survey is undertaken (p113 of LTP). In our view, this survey could be used more predominantly to report on community perceptions/satisfaction.

We also found there are no measures for both the Environment Health activity and the new Support Services group of activities.

We therefore recommend:

- The community satisfaction survey should cover 'confidence in decision makers';
- Consideration is given to including an appropriate measure(s) at the next opportunity that cover the Council's environmental health activities; and
- The introduction of a suitable performance measure(s) for the new Support Services group of activities.

Management comments

We note these comments and will consider them during the development of the next long-term plan. We note that we did propose a measure in the Support Services group of activities relating to obtaining unqualified audit opinions for corporate planning documents/processes, but Audit NZ advised this was not suitable.

3.4 Quality and timeliness of information provided for audit

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

The Council had a detailed project plan which included key milestones, deadlines, and the work stream responsibilities.

Council staff were available throughout the audit and provided requested information promptly. Because the Council opted not for the Consultation Document to be audited it was more efficient to audit some of the underlying information and forecast financial statements following deliberations and feedback from the consultation process. Following the outcome of Council deliberations, the draft 2024-34 Long- Term Plan was available for audit on 19 June 2024. This placed pressure on the council staff and audit teams to complete the audit to meet the 4 July adoption deadline. The council staff were very co-operative working with the audit team.

Management was receptive to audit feedback and recommendations and promptly responded to requests for information.

We noted some inefficiencies during the CD and LTP stage. We plan to seek approval from the Office of the Auditor-General (OAG) to negotiate an additional fee recovery.

We will continue to work with management on continuous improvement to the audit process.

Appendix 1: Uncorrected misstatements

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|-------------------------|-----------|-----------|-----------|-------|-------|-------|-------|-------|-------|-------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Revenue* | \$1,111 | \$1,058 | \$820 | - | - | - | - | - | - | - |
| Non-current liabilities | (\$1,111) | (\$2,169) | (\$2,989) | - | - | - | - | - | - | - |

Council has not recognised the funding shortfall within its LTP arising from the NZTA (New Zealand Transport Agency) 2024-27 NLTP — indicative allocations for continuous programmes. The misstatement above assumes the Council will go ahead with the relevant projects and borrow for the remaining unfunded portion.

Explanation for why not corrected

The letter with the indicative funding was received late in the LTP preparation process. The financial amount is not material for each individual year or in the aggregate over the 3 years.

Appendix 2: Disclosures

| Area | Key messages |
|--|--|
| Our responsibilities in conducting the audit | <p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you. This responsibility arises from section 93C(4) of the Local Government Act 2002.</p> <p>The audit of the LTP does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter dated 8 March 2024 contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p> |
| Assurance and auditing standards | <p>We carried out our audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we considered particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 The Examination of Prospective Financial Information that were consistent with those requirements. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your LTP. The Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p> |
| Auditor independence | <p>We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>In addition to the audit of the LTP, we have carried out other engagements that are of an assurance nature and therefore compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Council or any of its subsidiaries.</p> |
| Fees | <p>The audit fee, covering the LTP for the period is \$162,400 (excluding GST and disbursements), as detailed in our audit engagement letter dated 8 March 2024. The actual cost to complete the audit was more than this and we will discuss additional recovery with management and Council.</p> <p>Other fees will be charged in the period for the annual report audit and debenture trust deed assurance engagement.</p> |

| Area | Key messages |
|---------------------|---|
| Other relationships | <p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Council during or since the end of the financial year.</p> |

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Council Report

Item 12

Committee: Strategic Risk and Assurance Committee

Date: 03 September 2024

Author: Michelle Hawthorne

Authoriser: David Bryant

Position: Governance and Assurance Manager

Position: General Manager Business Services

Report Name: Compliance Reporting Update

| | |
|----------------------|------|
| Report Status | Open |
|----------------------|------|

Purpose - *Take*

1. To inform the Strategic Risk and Assurance Committee of any protected disclosures or instances of fraud or corruption since the last Strategic Risk and Assurance Committee meeting.
2. To inform the Strategic Risk and Assurance Committee of any matters of significant non-compliance with the Privacy Act 2020.
3. To inform the Strategic Risk and Assurance Committee of the status of Council's policy reviews.

Staff Recommendation - *Tuutohu-aa-kaimahi*

4. That the Strategic Risk and Assurance Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

5. There are no protected disclosures to report since the last Strategic Risk and Assurance Committee meeting.
6. There are no instances of fraud or corruption to report since the last Strategic Risk and Assurance Committee meeting.
7. There is no significant non-compliance with the Privacy Act 2020 to report since the last Strategic Risk and Assurance Committee meeting.
8. A list of current Council and Management Policies is attached to the report as **Attachment 1**.
9. Staff consider the matters in this report have a low level of significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

Protected Disclosures

10. Council has a current Protected Disclosures Management Policy. The purpose of the Protected Disclosures Policy is to set out procedures enabling employees (defined broadly in the policy) to disclose allegations of serious wrongdoing to designated officers, without fear of reprisal.

11. At each meeting the Strategic Risk and Assurance Committee is advised of any protected disclosures that have been made since the Committee last met. The Strategic Risk and Assurance Committee is also advised of any reports on investigations into past disclosures that have been completed since the Committee last met.

Fraud and Corruption

12. Council has a Fraud and Corruption Management Policy in place. The purpose of the Fraud and Corruption Management Policy is to prevent fraud and/or corruption and ensure the overall integrity and performance of Council. It provides a consistent and transparent approach to reporting and responding to allegations of fraud and/or corruption.
13. In accordance with the Fraud and Corruption Management Policy, allegations are investigated to determine if there is an actual, perceived, or potential instance of fraud and/or corruption involving an employee, representative, or external party to Council.
14. If an allegation of fraud or corruption is established, the Fraud and Corruption Management Policy requires the incident to be reported to the Chair of the Strategic Risk and Assurance Committee and for an appropriate response plan to be developed.

Discussion - *Matapaki*

Protected Disclosures

15. There are no protected disclosures to report to the Strategic Risk and Assurance Committee.

Fraud and Corruption

16. One instance of attempted third party fraud or corruption has been established since the Strategic Risk and Assurance Committee last met. Details of this matter are covered in the Cyber Risk Public Excluded Report in this agenda.
17. The Committee was updated at its last meeting on the fraud perpetrated by a third party in relation to Building Consents. This was subsequently reported to Council and a further update is provided in the Legal Risk Public Excluded Report in this agenda.

Privacy Act 2020

18. There are no notifiable breaches of the Privacy Act 2020 to report to the Committee.

Council and Management Policy Schedule

19. The Strategic Risk and Assurance Committee chair has requested a list of current Council and Management Policies for review. This can be found as **attachement 1**.

Financial Considerations - *Whaiwhakaaro Puutea*

19. This is a regular operating activity funded through the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

Staff confirm that the staff recommendation complies with the Council's legal and policy requirements. **Climate Change Impact Statement**

20. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

21. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
22. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
23. There are no known social, economic, environmental, or cultural considerations associated with this matter.

Risks - *Tuuraru*

24. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

25. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.
26. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - List of current Council and Management Policies for review

Council/committee policies update as of 9 August 2024

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| Committee | Policy | Group | Last reviewed date | Next review date | Status | Related Legislation |
|---------------------------------|--|--|--------------------|------------------|-----------------|-----------------------------------|
| Infrastructure and Transport | Streetscape Beautification and Verge Maintenance Policy | Infrastructure and Assets & Customer and Community | Nov-12 | Nov-18 | Under review | n/a |
| Community & Natural Environment | Dog Control Policy | Customer and Community | May-15 | Feb-23 | Under review | Dog Control Act 1996 |
| Council | Corporate Hospitality and Entertainment Policy | Partnerships, Communication and Maaori | Jul-15 | Jul-18 | Under review | Remuneration Authority Guidelines |
| Infrastructure and Transport | Hamilton Gateways Policy | Infrastructure and Assets | Dec-15 | Oct-18 | Under review | n/a |
| Community & Natural Environment | Citizens Initiated Referenda Policy | Partnerships, Communication and Maaori | Jul-16 | Jul-19 | Under review | Local Electoral Act 2001 |
| Community & Natural Environment | Psychoactive Substances (Local Approved Products) Policy | Strategy, Growth and Planning | Oct-18 | Oct-23 | Under review | Psychoactive Substances Act 2013 |
| Community & Natural Environment | Community Occupancy Policy | Customer and Community | Nov-18 | Apr-21 | Under review | Reserves Act 1997 |
| Strategic Risk & Assurance | Risk Management Policy | CFO | Dec-23 | Dec-27 | Current | n/a |
| Community & Natural Environment | Smokefree and Vape free Outdoor Areas Policy | Customer and Community | Sep-20 | Sep-23 | Review deferred | n/a |
| Infrastructure and Transport | Three Waters Connections Policy | Infrastructure and Assets | Sep-20 | Sep-23 | Under review | Waikato River Settlement Act 2010 |
| Community & Natural Environment | City Honours Policy | Partnerships, Communication and Maaori | Oct-20 | Oct-23 | Review Deferred | n/a |
| Community & Natural Environment | Domain Endowment Fund Policy | Customer and Community | Nov-20 | Nov-23 | Review Deferred | n/a |
| Community & Natural Environment | Trading in Public Places Policy | Customer and Community | Dec-20 | Dec-23 | Under review | n/a |
| Economic Development | International Relations Policy | Partnerships, Communication and Maaori | Mar-21 | Mar-24 | Under review | n/a |

| Committee | Policy | Group | Last reviewed date | Next review date | Status | Related Legislation |
|------------------------------------|---|-------------------------------|--------------------|------------------|---------|---|
| Strategic Growth and District Plan | Growth Funding Policy | Strategy, Growth and Planning | July-24 | July-27 | Current | Local Government Act 2002; Local Government Rating Act 2002 |
| Finance and Monitoring | Funding Needs Analysis Policy | CFO | Jun-21 | Jun-24 | Current | Local Government Act 2002 |
| Finance and Monitoring | Investment and Liability Management Policy | CFO | Jun-24 | Jun-27 | Current | Local Government Act 2002 |
| Finance and Monitoring | Rating Policy | CFO | Jun-21 | Jun-24 | Current | Local Government Act 2002; Local Government Rating Act 2002 |
| Finance and Monitoring | Revenue and Financing Policy | CFO | Jun-21 | Jun-24 | Current | Local Government Act 2002 |
| Economic Development | Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy | Strategy, Growth and Planning | Jun-21 | Nov-22 | Current | Local Government Act 2002 |
| Economic Development | Freeholding of Council Endowment Land Policy | Strategy, Growth and Planning | Aug-21 | Aug-24 | Current | Hamilton Domain Endowment Act 1979 |
| Council | Delegations to officers specific to the Resource Management Act 1991 | Strategy, Growth and Planning | Oct-21 | Oct-24 | Current | Resource Management Act 1991 |
| Community & Natural Environment | Monuments and Memorial Art Policy | Customer and Community | Nov-21 | Nov-24 | Current | n/a |
| Community & Natural Environment | Permanent Public Art Policy | Customer and Community | Nov-21 | Nov-24 | Current | n/a |
| Economic Development | Event Sponsorship Policy | Venues, Tourism and Events | Mar-22 | Mar-25 | Current | n/a |
| Council | Climate Change Policy | Strategy, Growth and Planning | Jun-22 | Jun-27 | Current | n/a |

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| Committee | Policy | Group | Last reviewed date | Next review date | Status | Related Legislation |
|------------------------------------|---|--|--------------------|------------------|--------------|---------------------------|
| Community & Natural Environment | Naming of Roads, Open Spaces and Council Facilities Policy | Infrastructure and Assets | Jun-22 | Jun-25 | Current | n/a |
| Strategic Growth and District Plan | *Development Contributions Policy | Strategy, Growth and Planning | July-24 | July-27 | Current | Local Government Act 2002 |
| Finance and Monitoring | *Rates Remissions and Postponements Policy | CFO | Jun-22 | Jun-24 | Current | Local Government Act 2002 |
| Infrastructure and Transport | Hamilton Parking Policy (incorporating demand responsive parking pricing) | Infrastructure and Assets | Mar-24 | Mar-27 | Current | n/a |
| Community & Natural Environment | Disability Policy | Customer and Community | Sep-22 | Sep-25 | Current | n/a |
| Council | Elected Members Support Policy | Partnerships, Communication and Maaori | Nov-22 | Nov-25 | Current | Local Government Act 2002 |
| Strategic Growth and District Plan | Sale and Disposal of Council Land Policy | Strategy, Growth and Planning | May-23 | May-26 | Current | n/a |
| Council | Delegations to Positions Policy | Partnerships, Communication and Maaori | Jun-23 | Jun-26 | Under review | Local Government Act 2002 |
| Infrastructure and Transport | Dangerous and Insanitary Buildings Policy | Customer and Community | Aug-23 | Aug-26 | Current | Building Act 2004 |
| Community & Natural Environment | TAB Board Venue Policy | Strategy, Growth and Planning | Oct-23 | Oct-26 | Current | Racing Industry Act 2020 |
| Community & Natural Environment | Class 4 Gambling Venue Policy | Strategy, Growth and Planning | Oct-23 | Oct-26 | Current | Gambling Act 2003 |
| Community & Natural Environment | Community Grants Policy | Partnerships, Communication and Maaori | Oct-23 | Oct-26 | Current | n/a |
| Economic Development | Municipal Endowment Fund Policy | Strategy, Growth and Planning | Oct-23 | Oct-26 | Current | n/a |
| Community & Natural Environment | External Funding Applications Policy | Partnerships, Communication and Maaori | Oct-23 | Oct-26 | Current | n/a |

| Committee | Policy | Group | Last reviewed date | Next review date | Status | Related Legislation |
|---------------------------------|---|--|--------------------|------------------|----------------------|-------------------------------------|
| Council | Significance and Engagement Policy | Partnerships, Communication and Maaori | Dec-23 | Dec-26 | Current | Local Government Act 2002 |
| Economic Development | Business Improvement District (BID) Policy 2019 | Strategy, Growth and Planning | Apr-24 | Jun-25 | Current | n/a |
| Community & Natural Environment | Open Space Provision Policy | Customer and Community | Apr-24 | Apr-27 | Current | n/a |
| Finance and Monitoring | Procurement Policy | CFO | N/A | N/A | Development deferred | |
| Community & Natural Environment | Tree Policy (new) | Customer and Community | N/A | N/A | In development | n/a |
| Community & Natural Environment | Provisional Local Alcohol Policy (LAP) | Customer and Community | N/A | N/A | Development deferred | Sale and Supply of Alcohol Act 2012 |

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Bylaws

| Committee | Bylaw | Group | Next review date | Status |
|-----------------------------------|---|---------------------------|------------------|---|
| Community and Natural Environment | Cultural and Recreational Facilities Bylaw 2012 | Customer and Community | Revoked Feb 24 | Revoked |
| Community and Natural Environment | Animal Nuisance Bylaw 2013 | Customer and Community | Jul-23 | Under review alongside Dog Control Bylaw (2023 - 2024) |
| Infrastructure and Transport | Water Supply Bylaw 2013 | Infrastructure and Assets | Nov-34 | Current |
| Community and Natural Environment | Dog Control Bylaw 2015 | Customer and Community | May-25 | Under review alongside Animal Control Bylaw (2023-2024) |
| Community and Natural Environment | Alcohol Control Bylaw 2015 | Customer and Community | Dec-25 | Current |
| Community and Natural Environment | Public Places Bylaw 2016 | Customer and Community | Feb-26 | Current |
| Community and Natural Environment | Parks, Domains and Reserves Bylaw 2019 | Customer and Community | Jun-29 | Current |
| Community and Natural Environment | Prostitution Bylaw 2019 | Customer and Community | Jul-29 | Current |
| Infrastructure and Transport | Waste Management and Minimisation Bylaw 2019 | Infrastructure and Assets | Nov-29 | Current |
| Community and Natural Environment | Safety in Public Places Bylaw 2020 | Customer and Community | Oct-30 | Current |
| Infrastructure and Transport | Traffic Bylaw 2021 | Infrastructure and Assets | Dec-31 | Current |

| Committee | Bylaw | Group | Next review date | Status |
|-----------------------------------|---------------------------------------|---------------------------|--------------------|----------|
| Infrastructure and Transport | Trade Waste and Wastewater Bylaw 2016 | Infrastructure and Assets | Jul-33 | Current |
| Community and Natural Environment | Cemeteries and Crematorium Bylaw 2012 | Customer and Community | Apr-34 | Current |
| Infrastructure and Transport | Stormwater Bylaw 2021 | Infrastructure and Assets | April/October 2031 | Current |
| Community and Natural Environment | Alcohol Control (Fees) Bylaw | Customer & Community | N/A | Proposed |

Management Policies

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|-------------------------|---|-------------------------|------------------|-----------------|--|
| Records Management | Defines the role and functions of Records Management and establishes the principles and responsibilities of Hamilton City Council and its officers to ensure appropriate management of records. | Dec-14 | Dec-17 | Review Deferred | People, Performance and Culture |
| Herbicide Use | To provide high level guidelines around the use of herbicides in the management of unwanted vegetation. | Mar-15 | Mar-18 | Review Deferred | Customer and Community |
| Smoke Free Workplace | To provide a healthy work environment for workers and visitors to our facilities and open spaces. It is an additional requirement that sets our minimum standard above current legislation to prevent the detrimental effects of smoking on the health of people who do not smoke, or who do not wish to smoke. | Oct-16 | Mar-20 | Under review | People, Performance and Culture |
| Gifts and Hospitality | To explain the principles and procedures for Council Staff to follow when considering whether to accept or decline offers of Gifts or Hospitality. | Jun-23 | Jun-26 | Current | Partnerships, Communication and Maaori |
| Asset Management | To outline the organisation's approach to asset management to ensure the City's physical infrastructure is managed in a way that delivers the desired level of service in a sustainable, well planned and cost effective manner. | Jun-18 | Jun-26 | Current | Infrastructure and Assets |

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|--|---|-------------------------|------------------|-----------------|--|
| Treasury | To outline approved policies and procedures in respect of all treasury activity to be undertaken by Hamilton City Council ("HCC"). The formalisation of such policies and procedures will enable treasury risks within HCC to be prudently managed. | Mar-24 | Mar-27 | Current | CFO |
| Museum Collection | To guide the growth, development and management of the Museum's collection. | Apr-24 | Apr-27 | Current | Destinations |
| Unreasonable Customer Conduct Policy | To set out Council's commitment to fair, transparent and appropriate dealings with customers and the principles that guide this commitment and provide a management framework for dealing with unreasonable customer conduct | Aug-23 | Aug-26 | Current | Customer and Community |
| Surveillance Camera | To outline the guidelines for Councils collection, storage and use of images collected. | Oct-18 | Oct-21 | Under review | Customer and Community |
| Execution of Documents | To provide procedure for execution and signing of documents having legal significance. | Nov-19 | Nov-21 | Due for review | Partnerships, Communication and Maaori |
| Acceptable Use | To ensure that all computer systems and networks owned or managed by HCC are operated in an effective, safe, ethical and lawful manner and it is the responsibility of every computer user to know these requirements and to comply with them. | Jan-18 | Nov-21 | Under review | People, Performance and Culture |
| Intellectual Property and Ownership Rights | To ensure Council retains ownership and rights of use of its assets, information, and intellectual property. | Dec-18 | Dec-21 | Review Deferred | People, Performance and Culture |
| Fencing | To provide guidance for how Council will apply their obligations under the Fencing Act 1978 in regard to contributions towards fences that share a boundary | Feb-19 | Feb-22 | Review deferred | Infrastructure and Assets |
| Capitalisation | To provide guidance to council officers around the recognition and treatment of capital costs, revaluation, depreciation, impairment, disposal and accounting for assets. | Mar-19 | Mar-22 | Under review | CFO |
| Compliance | To provide the principles and set the expectations for how the Council will manage and achieve compliance in all areas of its operations. | Dec-23 | Dec-26 | Current | Partnerships, Communication and Maaori |

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|------------------------------------|--|-------------------------|------------------|----------------|--|
| H3 Venue Conditions of Entry | To provide guidelines and support for the implementation of Conditions of Entry at Hamilton City Council event venues managed by H3. | Aug-19 | Jun-22 | Under review | Destinations |
| Encroachment Policy | To enable Council to reasonably control encroachments into Road Reserves and Reserves | Aug-19 | Aug-22 | Under review | Infrastructure and Assets |
| Business Continuity | This policy provides the principles and sets the expectations for how Hamilton City Council will provide business continuity management with respect to its critical functions. It should be read alongside the Business Continuity Management Standards and Guidelines, which provide guidance for staff on how to meet those expectations in practice. | Aug-19 | Aug-22 | Under review | Partnerships, Communication and Maaori |
| Domestic Violence Leave | To set out Council's commitment in protecting the wellbeing of all staff who may be subject to or perpetrators of Domestic Violence. | Sep-19 | Sep-22 | Due for review | People, Performance and Culture |
| Visitor Control | To control visitors exposure to work place hazards and to control visitor access for all council buildings. | Oct-23 | Oct-26 | Current | People, Performance and Culture |
| Energy and Carbon Management | To minimise energy consumption and greenhouse gas emissions across the organisation in accordance with our sustainability principles. | Nov-19 | Nov-22 | Due for review | Infrastructure and Assets |
| Remuneration | Our remuneration supports our strategy to attract and retain talented people to achieve key community outcomes that help to improve the wellbeing of Hamiltonians. | Apr-24 | Apr-27 | Current | People, Performance and Culture |
| Flexible Working Arrangements | To support the achievement of organisational goals and objectives by supporting staff to balance their work and personal lives. In turn, this is expected to enhance the attraction, retention and productivity of our people. | Oct-20 | Oct-23 | Under review | People, Performance and Culture |
| Leave | To provide guidance on how HCC manages Leave. This policy should be read in conjunction with the relevant employment agreement. | Oct-23 | Oct-26 | Current | People, Performance and Culture |
| Hamilton City Libraries Collection | To provide a framework for the development and management of Hamilton City Libraries' collections. | Nov-20 | Nov-23 | Current | Customer and Community |

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|--|---|-------------------------|------------------|---------|--|
| Procurement Policy and Procedures Manual | This Policy is to provide Council staff with clear guidelines relating to procurement and ensure any Hamilton City Council procurement is made appropriately and in line with good public sector practice. | Dec-21 | Dec-24 | Current | Business Services |
| Child Protection | To take all practicable measures to protect young people under the age of 18 years by providing a safe environment for children attending council-owned and operated facilities. Hamilton City Council will work in partnership with government and social development agencies to ensure the safety and wellbeing of children whilst meeting the requirements of the Vulnerable Children's Act (2014). | Jan-22 | Jan-25 | Current | People, Performance and Culture |
| Health and Safety | To contribute to all aspects of Hamilton City Council's organisational health and safety performance as part of a demonstratable commitment to continuous improvement in health and safety. | Jan-22 | Jan-25 | Current | People, Performance and Culture |
| Recruitment and Selection | To ensure that the recruitment and selection of HCC staff is undertaken in a fair, consistent, transparent and cost effective way. | Jan-22 | Jan-25 | Current | People, Performance and Culture |
| Litter Enforcement | To provide guidance to Council officers on issuing infringement notices under the Litter Act 1979. | Jan-22 | Jan-25 | Current | Infrastructure and Assets |
| Civil Defence and Emergency Management | To ensure that Hamilton City Council (HCC) meets the requirements of the Civil Defence Act 2002 and is able to effectively and efficiently respond to and recover from an emergency event. | Mar-22 | Mar-25 | Current | Customer and Community |
| Staff Election Protocols | To help employees understand and balance their role in a politically neutral public organisation, with their right to participate in the local democratic process and local elections. | Mar-22 | Mar-25 | Current | Partnerships, Communication and Maaori |
| Media and Social Media | to ensure Council staff understand our process to take a coordinated and consistent approach to communicating with the public and media. | Jun-22 | Jun-25 | Current | Partnerships, Communication and Maaori |
| Revaluation | To outline the organisations approach to revaluations to ensure that the value and depreciation held for the City assets is accurate. | Jun-22 | Jun-25 | Current | People, Performance and Culture |

Item 12

Item 12

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|--|--|-------------------------|------------------|---------|--|
| Workplace Diversity and Inclusion Policy | To ensure all Council employees work in an environment where diversity and inclusion (D&I) is encouraged, respected and embraced in day-to-day operations; individuals are supported. Recognised as valuable. Treated with respect, positively included and feel safe; and Council's commitment to D&I in the workplace helps us to be inclusive in our engagement with the community and delivery of services. Note this includes the Rainbow Policy and, in future, Religion Policy, ethnicity Policy etc. | Aug-22 | Aug-25 | Current | People, Performance and Culture |
| LGOIMA Charging Policy | To provide guidance on when and how HCC will charge for LGOIMAs and the considerations in doing so. | Aug-22 | Feb-27 | Current | Partnerships, Communication and Maaori |
| Fleet | To ensure that Council fleet is operated and managed in a manner that is fit for purpose, cost efficient, safe, lawful, and reduces carbon emissions. | Oct-22 | Oct-25 | Current | Infrastructure and Assets |
| Cash Handling | To ensure that there is consistent cash management practices which minimise risk and hazards, and enable cash handling processing to be carried out in a safe and secure manner. | Oct-22 | Oct-25 | Current | CFO |
| Membership of Professional Organisations | To specify the circumstances when Council will pay for/reimburse the cost of professional membership fees for Council employees. | Oct-22 | Oct-25 | Current | People, Performance and Culture |
| Study Assistance Policy | To support staff who wish to continue to develop their personal and/or professional skills through further study, in support of their career development whilst working at Council. The purpose of this Policy is to outline relevant information in support of staff pursuing further study through approval, which is relevant and beneficial to both the staff member and Council. | Nov-22 | Nov-25 | Current | People, Performance and Culture |

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|---|--|-------------------------|------------------|--------------|--|
| Drug and Alcohol | To: show our responsibility and commitment to ensure a safe and healthy workplace for our staff; ensure that our staff can work in an environment free of alcohol and drug use or abuse; outline Council's expectations and requirements for creating and maintaining an alcohol and drug-free work environment and for dealing with substance abuse in the workplace; and provide an opportunity to staff members with a substance use problem to get well. | Nov-22 | Nov-25 | Current | People, Performance and Culture |
| Bullying, Harassment and Discrimination | To provide a safe and supportive working environment for all its employees and customers. To promote awareness of the issues and define workplace harassment, bullying, discrimination and conflict. | Dec-22 | Dec-25 | Current | People, Performance and Culture |
| Performance Management and Disciplinary | To ensure that HCC has a performance management and disciplinary process that is fair, transparent and applied consistently. | Dec-22 | Dec-25 | Current | People, Performance and Culture |
| Code of Conduct | To set out the rules and expectations of staff while they are employees at Hamilton City Council. | Dec-22 | Dec-25 | Current | People, Performance and Culture |
| Lone Worker | | Apr-24 | Apr-27 | Current | People, Performance and Culture |
| Customer Feedback | This customer feedback policy sets out how Council will adhere to good governance obligations in relation to complaints, compliments, and customer insights about our services as the territorial authority for the people of Hamilton. | Aug-23 | Aug-26 | Current | Customer and Community |
| Privacy Policy Statement | To outline how Council will comply with the 13 information privacy principles outlined in the Privacy Act 2020. | Apr-24 | Apr-27 | Current | Partnerships, Communication and Maaori |
| Debtor Management | To support organisational debtor management. | June-24 | June-27 | Current | CFO |
| Delegations to Officers under the Public Works Act 1981 | To set out the delegations from the Chief Executive to Council Officers under the Public Works Act 1981. | Oct-23 | Oct-26 | Under review | Strategy, Growth and Planning |

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|--|--|-------------------------|------------------|--------------|---------------------------------|
| Financial Delegations to Officers | To ensure consistency in carrying out activities and to ensure that the authority to commit (or bind) Council to arrangements with third parties (suppliers, vendors, contractors, tenants, event promoters, sales agencies, CCO's, government departments and statutory organisations, etc.) is properly delegated and correctly monitored. | Dec-23 | Dec-26 | Current | People, Performance and Culture |
| Delegations to Officers under the Trespass Act 1980 | To set out the delegations from the Chief Executive to Council Officers under the Trespass Act 1980. | Dec-20 | Dec-23 | Under review | Customer and Community |
| Delegations to Growth Officers and City Safe Unit Officers | To set out the delegations from the Chief Executive to Council officers in Growth and the City Safe Unit. (excluding delegations under the RMA) | Jul-21 | Jul-24 | Under review | Strategy, Growth and Planning |
| Delegations to City Infrastructure Officers | To set out the delegations from the Chief Executive to Council Officers in City Infrastructure. | Sep-18 | Sep-21 | Under review | Infrastructure and Assets |

Management Policies with Committee Oversight

| Management Policy Title | Purpose | Last reviewed /approved | Next Review Date | Status | Group |
|-------------------------|--|-------------------------|------------------|---------|---------------------------------|
| Conflicts of Interest | To ensure staff are aware of and declare actual and potential conflicts of interest between their employment and their activities outside of work. | Nov-22 | Nov-25 | Current | People, Performance and Culture |
| Sensitive Expenditure | To provide Council staff with clear guidelines relating to Sensitive Expenditure and ensure any HCC expenditure is made appropriately and in line with good public sector practice. | Apr-24 | Apr-27 | Current | CFO |
| Protected Disclosure | If an employee discovers information which they believe shows serious wrongdoing within the organisation, there should be established procedures which enable the employee to disclose such information without fear of reprisal | Sep-22 | Sep-25 | Current | People, Performance and Culture |
| Fraud and Corruption | To prevent fraud and/or corruption and ensure the overall integrity and performance of Council. This policy provides a consistent and transparent approach to all allegations of fraud and/or corruption. | Jun-23 | Jun-26 | Current | CFO |

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. Confirmation of the Strategic Risk and Assurance Public Excluded Minutes 18 June 2024 |) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987 | Section 48(1)(a) |
| C2. Organisational Improvement Register - Public Excluded | | |
| C3. Legal Risks - Committee Update | | |
| C4. SR4 Loss of Information or Access to Systems and Services | | |

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 prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C3. | to maintain legal professional privilege | Section 7 (2) (g) |
| | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) |
| | to enable Council to carry out negotiations | Section 7 (2) (i) |
| Item C4. | to protect information which is subject to an obligation of confidence where disclosure would likely damage the public interest | Section 7 (2) (c) (ii) |
| | to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (h) |
| | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |